

LHN GROUP

LOGISTICS

LHN Logistics Limited
Stock code: GIH

DRIVING PROGRESS DELIVERING VALUE

2022 ANNUAL REPORT



ABOUT LHN LOGISTICS



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This annual report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Singapore Exchange") and the Singapore Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

Corporate Overview

Established in 2003, LHN Logistics is a division of LHN Limited, a company listed on the Catalist Board of the SGX-ST in 2015 and dual listed on Main Board of The Stock Exchange of Hong Kong Limited in 2017. The logistics management business includes transportation in Singapore and Malaysia and container depot services in Singapore, Thailand and Myanmar.

On 29 April 2022, the Company successfully listed and commenced trading on the Catalist Board of the SGX-ST. We are a one-stop logistics management solutions provider with a wide range of comprehensive transportation and container depot management services.



Transportation

- Owns a fleet of 72 prime movers and 365 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.
- Handle up to 4,500 TEUs in Singapore.
- Handle up to 19,000 TEUs in Thailand.
- Handle up to 4,000 TEUs in Myanmar.

Operating in **4 countries** with trucking yards and container depots strategically located near important ports.

SINGAPORE (HQ)

- Operate one container depot at Gul Circle that is able to handle up to 4,500 TEUs.
- Provide domestic and cross-border ISO tank and container transportation services.

THAILAND

- Operate two container depots in Laem Chabang, Thailand and in the vicinity of Bangkok, Thailand, with a capacity of up to 19,000 TEUs altogether.

MALAYSIA

- Provide domestic and cross-border ISO tank and container transportation services.

MYANMAR

- Operate one container depot located along the bank of Hlaing River with a capacity of up to 4,000 TEUs



Chairman's Message



“With the successful listing, we can expect enhanced visibility of the logistics business and improved access to capital, both of which will allow us to tap on new opportunities that are in line with our expansion plans, further strengthening our position in the market.”

Mr. Kelvin Lim
Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors (the “Board”), I am pleased to present the inaugural Annual Report of LHN Logistics Limited (“LHN Logistics” or the “Company”, and together with our subsidiaries, the “Group”), for the financial year ended 30 September 2022 (“FY2022”).

It was a historical milestone for us on 29 April 2022 when LHN Logistics was successfully listed and commenced trading on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Since 2003, the Company has evolved from a small division providing transportation services under LHN Limited to an independent company with two principal business segments, namely

the Transportation Business and Container Depot Services Business. In our 20 years of experience in the industry, we have not only built well-established infrastructure, a good market reputation and a strong portfolio of prestigious clients, but also expanded our corporate footprint across the ASEAN region. Such strong foundations have supported us in maintaining our position amidst the upheaval of the current industry situation.

With the successful listing, we can expect enhanced visibility of the logistics business and improved access to capital, both of which will allow us to tap on new opportunities that are in line with our expansion plans, further strengthening our position in the market. To express our sincere

gratitude and as a reward for our shareholders in participating in the Group's growth, the Board intends to recommend and distribute dividends of not less than 40% of the Group's profit attributable to equity holders of the Company excluding non-recurring, one-off and exceptional items over the next few years. Please refer to the section entitled "Dividend Policy" of the Offer Document dated 19 April 2022 for more details.

THE YEAR IN REVIEW

In the neck of the digitalisation era, the logistics industry had been in a race to adopt automation and newer technologies to optimise operations, whilst providing cost effective and seamless solutions amidst growing demands and pressure on the global supply chain. Ongoing pandemic-related delays and closures, high demand for ocean freight from Asia to the U.S., and capacity constraints have resulted in high freight rates and unreliable transit times for both air and ship freight. Additionally, shortage of shipping containers, port congestion, evolving geopolitical tensions, rising energy prices and inflation, and the renewed COVID-19 lockdowns in China compound the uncertainties in the business environment. In such a landscape, it is essential that we respond swiftly and appropriately in order to preserve our performance.

Our revenue generated for the financial year remained stable, seeing a slight increase of S\$0.1 million to S\$27.3 million for FY2022 as compared to S\$27.2 million for the financial year ended 30 September 2021 ("FY2021"). The increase in revenue was mainly due to the S\$0.4 million increase in revenue from the Container Depot Services business to S\$9.6 million during the financial year, being slightly offset by the decline in revenue from the Transportation business.

The increase in revenue for the Container Depot Services Business

was due to the increase in volume of containers handled by our depot in Thailand, which translated to an increase in revenue generated from Thailand. On the other hand, the Transportation business recorded a revenue of S\$17.7 million for FY2022, compared to S\$18.0 million in FY2021. This was mainly due to the S\$0.9 million decrease in revenue from Singapore as a result of the disruption of operations during the construction of the ISO Tank Depot, slightly offset by the S\$0.6 million increase in revenue generated from Malaysia.

Gross profit decreased to S\$7.7 million in FY2022 from the S\$8.9 million recorded in FY2021, mainly due to higher operating costs. In line with the decrease in gross profit, gross profit margins also saw a decline from 32.8% in FY2021 to 28.0% in FY2022.

The Group's net loss attributable to equity holders of the Company stood at S\$4.3 million for FY2022 instead of the net profit of S\$3.3 million in FY2021, due to higher operating costs, one-off listing expenses and write-off of leasehold property incurred in the financial year. Excluding the one-off listing expenses of S\$1.4 million as well as a write-off of leasehold property amounting to S\$4.8 million, the net profit attributable to equity holders of the Company for the financial period would have been S\$1.9 million.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Sustainability has been increasingly gaining focus in recent years, with various stakeholders such as governments, investors, and the general public placing more emphasis and attention on the broader impact of businesses beyond just financial figures.

LHN Logistics takes a long-term commitment to sustainability, embedding ESG and sustainable practices into our operations and

strategies. We are committed to building good relationships with our stakeholders through safeguarding the health and safety of our employees and stakeholders; protecting and contributing to the communities we operate in; and supporting the transition to a low-carbon future.

On the operational front, our truck fleet is regularly serviced to optimise fuel consumption and ensure safety for our drivers. To further reduce fuel consumption, we regularly monitor vehicle usage and idle time via the MOBILEYE application. Our drivers have also been equipped with the knowledge of fuel-efficient driving practices and are advised to conduct route analysis prior to each trip to find the most efficient route.

Other highlights of our sustainability endeavours during the financial year include the participation in the "Plant-a-Tree Programme" by the Garden City Fund in support of the OneMillionTrees movement. This plays a key part in the National Parks Board's "City in Nature", which itself is a key pillar under the Singapore Green Plan 2030.

Led by our parent company, LHN Limited, the entire LHN group of companies organised upcycling workshops for employees during the year to promote and inculcate the importance of recycling and reducing waste.

With people and communities at the heart of our business, the Group partnered with Food From The Heart organisation for food donation and participated in volunteering our time to pack food for families in need. Not forgetting the older generation that has helped build Singapore to where we stand now, we got together with Lion Befrienders to sponsor mooncakes and celebrate the Mid-Autumn Festival with their senior citizens, spreading joy and warmth.

Going forward, the Group remains focused on our long-term goals of increasing the scale of our operations.

During the year, the Group has also made donations to the Parkinson Society Singapore as well as the NSRCC Charity Golf 2022 to reach to and help more people and causes.

Through our various initiatives, we seek to play our part to make the world a better place for our future generations as we journey on for sustainable growth.

PROSPECTS AND OUTLOOK

Even as the COVID-19 pandemic has gone endemic and business operations are making an effort to return to pre-pandemic levels, global economic recovery remains an ongoing process. The macroeconomic landscape continues to pose challenges with the rising inflation rates to offset the pandemic-support stimuli, while geopolitical conflict in Europe has led to disruptions in energy supplies and food such as wheat and grain, resulting in a supply-side shortage shock.

These circumstances are expected to impact businesses both globally and regionally. Keeping in mind rising inflationary pressure on our costs of operations and staff, we are still committed to improving our operation efficiency in order to optimise the utilisation of our resources and to harness our capabilities in Southeast Asia.

For our Transportation Business, the construction of the ISO tank depot is expected to be completed in the third quarter of FY2023, upon which we will be able to provide chemical cleaning and repair services for ISO tanks, empty ISO tank storage services, and laden ISO tank storage services for petroleum as well as flammable and hazardous substances. Our Myanmar container depot, which commenced operations in the year under review, is

expected to contribute positively to the Container Depot Services Business and by extension, the Group, barring any unforeseen circumstances.

Going forward, the Group remains focused on our long-term goals of increasing the scale of our operations by growing our transportation fleet, expanding and enhancing our value-added transportation services and expanding our operations into new markets.

We are hopeful in the robust recovery of the global tank container fleet volumes and the promising growth prospects for Singapore's chemical industry, which will help to further create a conducive environment for further business growth.

APPRECIATION

On behalf of the Board, I would like to thank our staff for your tireless efforts in continuing to maintain our business operations in these uncertain times. I would also like to thank members of the Board for your advice and leadership in steering the Group along its path towards its long-term goals.

Last but not least, I would like to thank all shareholders and stakeholders for your support as we continue to navigate the evolving economic and geopolitical landscape now as a listed company on SGX-ST. With the listing of LHN Logistics, we are now able to present investors with unique opportunities offered by the logistics sector and create more shareholder value and we look forward to having you on board alongside us as we continue our journey of growth and expansion.

KELVIN LIM

Executive Chairman

Highlights of FY2022

2022 marks our first year as an independent entity. With the successful listing on the Catalist Board of the Singapore Exchange Securities Trading Limited, we can expect enhanced visibility of the logistics business and improved access to capital, which will allow us to achieve our expansion plans and further strengthen our position in the market.



MAR 2022

Lodged our preliminary offer document and spinned off as an independent entity.



MAY 2022

Our Myanmar container depot commenced operation.

APR 2022

- Successfully listed and commenced trading on the Catalist Board of the Singapore Exchange Securities Trading Limited.
- Commenced the construction of ISO tank depot located at 7 Gul Avenue.



JUL 2022

Successfully set up a shared services office in Malaysia.

Commencing our container depot in Myanmar and successfully setting up our shared services office in Malaysia are among strategic moves to establish our presence in the region.

Board Of Directors

1



- 1. MR. KELVIN LIM**
Executive Chairman
- 2. MR. LIN KAIXIAN**
Executive Director and
Managing Director
(Transportation Business)
- 3. MR. LEON YEE**
Lead Independent
Non-Executive Director
- 4. MR. LIM KIAN THONG**
Independent
Non-Executive Director
- 5. MS. CATHERINE TAN**
Independent
Non-Executive Director

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1

MR. KELVIN LIM**Executive Chairman**

Mr. 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.

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.

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MR. LIN KAIXIAN**Executive Director and Managing Director (Transportation Business)**

Mr. 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) Sdn Bhd, LHN Logistics Shared Services Sdn Bhd, YQ Holdings Sdn Bhd, and Hean Nerng Logistics Pte Ltd.

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.

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MR. LEON YEE**Lead Independent Non-Executive Director**

Mr. 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 FJ Benjamin Holdings Ltd, Yangzijiang Financial Holding Ltd and Yangzijiang Shioptionbuilding (Holdings) Ltd, all of which are SGX-ST listed companies 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.

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MR. LIM KIAN THONG**Independent
Non-Executive Director**

Mr. 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.

Mr. Lim Kian Thong has over 30 years of experience in management, accounting, corporate finance, private equity, investment and financial planning across multiple disciplines and various industries. He is also a non-executive independent director of Sitra Holdings (International) Limited, which is listed on the SGX-ST.

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.

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MS. CATHERINE TAN**Independent
Non-Executive Director**

Ms. 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.



Executive Officers



MR. HEW CHEE FATT
Managing Director
(Container Depot Services Business)

Mr. 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, HLA Container Services (Myanmar) and HLA Container Holdings (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.



MR. KHAW SHEE KAI
Financial Controller

Mr. 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 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.

Company Secretary

MR. CHONG ENG WEE

Company Secretary

Mr Chong Eng Wee was appointed as company secretary of the Company on 24 August 2021.

Mr Chong is the Managing Director and heads the Corporate & Capital Markets Practice at Chevalier Law LLC. He is admitted as an Advocate and Solicitor in Singapore, Solicitor of the High Court of Hong Kong, Lawyer of the Supreme Court of New South Wales, Australia, and a Barrister and Solicitor of the High Court of New Zealand.

Prior to founding his own firm, he was a Partner and head of Corporate at Kennedys Legal Solutions Pte. Ltd., a joint law venture between Kennedys Singapore LLP and Legal Solutions LLC, the Deputy Head of both the Capital Markets and the International China (South East Asia) practices at RHTLaw Taylor Wessing LLP and the representative for the Shanghai representative office of another joint law venture firm, Duane Morris & Selvam LLP in Singapore.

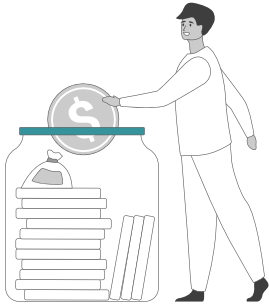
Mr Chong was previously the joint company secretary and company secretary, as the case may be, of 3 SGX-ST Mainboard (the "SGX-ST") listed companies: Hanwell Holdings Limited (Singapore Stock Code: DMO), Intraco Limited (Singapore Stock Code: I06), and Tat Seng Packaging Group Ltd (Singapore Stock Code: T12) between March 2012 and October 2012. He was also the Non-Executive and Independent Director of Innopac Holdings Limited, a SGX-ST Mainboard listed company (Singapore Stock Code: I26) between April 2018 and December 2018, and of CW Group Holdings Limited, a company listed on the Mainboard of the Hong Kong Stock Exchange (Hong Kong Stock Code: 1322) between November 2018 and June 2019 and of KTL Global Limited, a SGX-ST Mainboard listed company (Singapore Stock Code: EB7) between 1 August 2019 and 21 March 2022.

Currently, he is a Non-Executive and Lead Independent Director of Heatec Jietong Holdings Limited (Singapore Stock Code: 50R) since April 2018 and GS Holdings Limited (Singapore Stock Code: 43A) since January 2019, and a Non-Executive and Independent Director of OEL (Holdings) Limited (Singapore Stock Code: 584) since June 2020, all of which are a SGX-ST Catalist listed companies.

He is also the company secretary of Sincap Group Limited, a SGX-ST Catalist listed company (Singapore Stock Code: 5UN) since November 2021 and Shanghai Turbo Enterprises Ltd, SGX-ST Mainboard listed company (Singapore Stock Code: AWM) since October 2022, China Vanadium Titanomagnetite Mining Company Limited, a company listed on Mainboard of the Hong Kong Stock Exchange (Hong Kong Stock Code: 893), since December 2019 and LHN Limited, listed on both SGX-ST Catalist Board and the Mainboard of Hong Kong Stock Exchange (Singapore Stock Code: 410 and Hong Kong Stock Code: 1730) since April 2020.

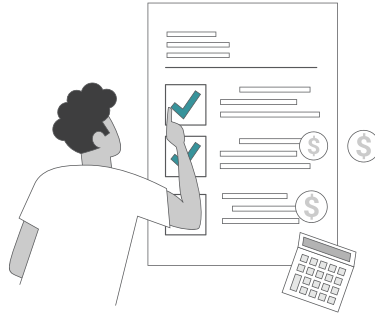
Financial Highlights

Key financial figures



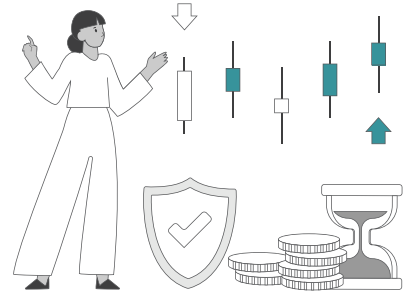
GROUP REVENUE

2022: **27.3M**
 2021: **27.2M**
 2020: **25.2M**



(LOSS)/PROFIT BEFORE TAX

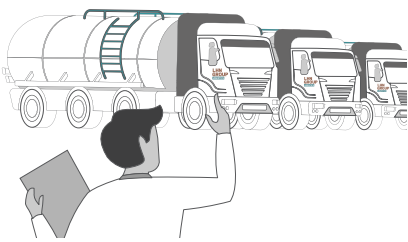
2022: **(2.7)M**
 2021: **4.7M**
 2020: **4.0M**



(LOSS)/EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

2022: **(2.69)** cents
 2021: **2.36** cents
 2020: **2.02** cents

Revenue by business sector



TRANSPORTATION

2022: **17.7M**
 2021: **18.0M**
 2020: **16.1M**



CONTAINER DEPOT SERVICES

2022: **9.6M**
 2021: **9.2M**
 2020: **9.1M**



Operations & Financial Overview

“Most of the revenue was contributed by our Transportation Business, which generated S\$17.7 million in FY2022.

The revenue generated by the Container Depot Services Business increased by S\$0.4 million to S\$9.6 million for FY2022.”

REVENUE

For the financial year ended 30 September 2022 (“FY2022”), Group revenue remained relatively stable, reporting a slight increase of S\$0.1 million to S\$27.3 million from FY2021. This was mainly due to the overall increase in demand from business volume handled in the Container Depot Services Business.

Transportation Business

Most of the revenue was contributed by our Transportation Business, which generated S\$17.7 million in FY2022. The Group acquired 5 prime movers in the financial year, which enabled us to meet the higher demand of the business, leading our business in Malaysia to generate a S\$0.6 million increase in revenue to S\$2.7 million for FY2022. This increase was partially offset by the decrease in revenue of S\$0.9 million in the Singapore side due to the disruption of operations from the ongoing construction of the ISO Tank Depot at 7 Gul Avenue.

Container Depot Services Business

The revenue generated by the Container Depot Services Business increased by S\$0.4 million to S\$9.6 million for FY2022, largely due to the increase in revenue from S\$0.8 million to S\$4.8 million from our Thailand business as a result of the increase in volume of containers handled by our Thailand depot. Our container depot in Myanmar also contributed S\$0.5 million in revenue following the commencement of operations during the financial year. On the other hand, our Container Depot Services Business

in Singapore saw a decline in revenue of S\$0.9 million, mainly due to the relocation of operations from 27 Benoi Sector to the depot at 9 Gul Circle which was completed in June 2022. We anticipate to expand the operations area at the new depot to accommodate the containers currently stored at the former depot.

COST OF SALES

Cost of sales grew to S\$19.7 million in FY2022, an increase of S\$1.4 million, contributed by the increase in depreciation of property, plant and equipment, vehicle-related expenses, direct manpower cost, additional rental expenses incurred for temporary parking yard during the construction period at 7 Gul Avenue for our ISO Tank Depot. Meanwhile, decreases in container depot management charges, leases expenses and transportation cost partially offset the increase.

GROSS PROFIT

In contrast to the increase in revenue, gross profit reported a S\$1.2 million decrease from S\$8.9 million in FY2021 to S\$7.7 million in FY2022. This was mainly due to the higher operating costs such as diesel cost, yards rental and staff costs and consequently resulted in a decrease in gross profit margins from 32.8% in FY2021 to 28.0% in FY2022.

Operations & Financial Overview

OTHER (LOSSES)/GAINS – NET AND OTHER INCOME

Other (losses)/gains – net and other income dipped S\$4.5 million during the financial year, mainly consisting of the loss from redevelopment of the Group’s property at 7 Gul Avenue amounting to S\$4.8 million arising primarily from a write-off of the value of existing building structure which had been demolished for the redevelopment. The details to this were set out in our Offer Document dated 19 April 2022, under the section “General Information on Our Group – Business Strategies and Future Plans”. This was partially offset by higher government grant of S\$0.2 million mainly from the Grant for Equity Market Singapore (“GEMS”), as well as higher administrative service income charged to our depot customer which amounted to S\$0.5 million.

DISTRIBUTION AND MARKETING EXPENSES

The Group’s distribution and marketing expenses increased by S\$0.16 million in FY2022 mainly due to the increase in marketing activities after the lift in COVID-19 restrictions.

ADMINISTRATIVE EXPENSES

Administrative expenses also increased by S\$2.2 million to S\$7.3 million in FY2022, mainly due to the one-off IPO-related expenses of S\$1.4 million for the Company’s listing on SGX-ST, the increase in staff cost due to annual increment and higher headcount.

The increase was slightly offset by the lower management fee and amortisation of intangible assets which had been fully amortised in FY2021.

FINANCE COST

For the financial year, finance cost reduced S\$0.2 million to S\$0.4 million mainly due to the full repayment of certain lease liabilities, repricing for lower interest rate for bank borrowings and capitalising the interest arising from property loan during the construction period.

SHARE OF RESULTS OF ASSOCIATES, NET OF TAX

Share of results of associates, net of tax saw an increase of S\$0.3 million to S\$1.0 million in FY2022, owing to better operating results from HLA Logistics.

INCOME TAX EXPENSE

For FY2022, income tax expenses decreased by S\$0.2 million to S\$0.5 million, largely because of lower taxable profit generated in the financial year.

As a result of the above, the Group reported a net loss attributable to equity holders of the Company of S\$4.3 million for FY2022, down from the S\$3.3 million net profit reported in the previous year, due to, one-off listing expenses and write-off of leasehold property. For illustrative purposes, excluding the one-off IPO-related expenses of S\$1.4 million as

well as a write-off of leasehold property amounting to S\$4.8 million, the net profit attributable to equity holders of the Company for the financial period would have been S\$1.9 million.

REVIEW OF BALANCE SHEET

CURRENT ASSETS

As at 30 September 2022, current assets increased by S\$3.0 million to S\$13.6 million. The increase was mainly due to (i) the increase in trade receivables by S\$0.4 million that was in line with the higher revenue generated from the Container Depot Business during the year; (ii) increase in prepayment by S\$0.8 million mainly related to the prepaid hire-purchase installment and prepaid service fee for our container depot located in Myanmar; and (iii) the increase in cash and cash bank deposits by S\$2.5 million. This was offset by the decrease of S\$0.7 million in other receivables due to the reclassification of deposit paid to construction in progress upon receipt of the equipment of ISO tank depot.

NON-CURRENT ASSETS

The Group's non-current assets decreased by S\$5.2 million to S\$21.7 million as at 30 September 2022 compared to S\$26.9 million as at 30 September 2021. This was mainly due to the depreciation charges of S\$1.7 million on property, plant and equipment, depreciation charges on

rights-of-use assets of S\$1.9 million and loss from the redevelopment of the Group's property located at 7 Gul Avenue to an ISO tank washing depot and ISO tank storage yard amounting to S\$4.8 million. The decrease was partially offset by the addition of property, plant and equipment of S\$2.9 million and the increase in share of results of associated companies by S\$0.1 million.

CURRENT LIABILITIES

Current liabilities increased by S\$0.3 million, largely due to an increase in payables in relation to the purchase of diesel and repair and maintenance cost of vehicles as well as higher accrual of other operating expenses amounting to S\$0.8 million, slightly offset by lower current lease liabilities of S\$0.4 million.

NON-CURRENT LIABILITIES

The Group recorded a decrease in non-current liabilities by S\$3.0 million, mainly due to the net repayment of bank borrowing of S\$2.0 million and lease liabilities of S\$1.0 million.

The Group's net total asset position as at 30 September 2022 stood at S\$14.8 million.

REVIEW OF STATEMENT OF CASH FLOWS

In FY2022, the Group recorded net cash generated from operating activities of S\$6.8 million, mainly due to operating cashflows and partially

offset by the outflow of working capital changes and income tax paid. The net working capital outflows were due to (i) an increase in inventories by S\$0.5 million; (ii) an increase in trade and other receivables by S\$0.5 million; and (iii) an increase in trade and other payables by S\$1.4 million.

Net cash used in investing activities amounted to S\$1.9 million, which was mainly due to the purchase of property, plant and equipment of S\$3.0 million and partially offset by proceeds from the disposal of property, plant and equipment of S\$0.1 million and dividend from associated companies of S\$1.0 million.

Net cash used in financing activities amounted to S\$2.3 million, which was mainly due to (i) proceeds of S\$5.0 million received from issuing Placement Shares; as well as (ii) proceeds from bank borrowings of S\$4.3 million. This was partially offset by (i) the repayment of bank borrowings and lease liabilities of S\$9.5 million; (ii) dividend paid to non-controlling interest amounting to S\$0.7 million; (iii) interest paid of S\$0.5 million; and (iv) payment for IPO-related expenses of S\$1.5 million.

As a result of the above, cash and cash equivalents increased by S\$2.5 million, standing at S\$7.6 million as at 30 September 2022 after taking into account the translation effects of S\$0.04 million.

Corporate Information

BOARD OF DIRECTORS

Lim Lung Tieng

Executive Chairman

Lin Kaixian

Executive Director and Managing Director (Transportation Business)

Leon Yee

Lead Independent Non-executive Director

Lim Kian Thong

Independent Non-executive Director

Catherine Tan

Independent Non-executive Director

AUDIT AND RISK COMMITTEE

Lim Kian Thong (Chairman)

Leon Yee

Catherine Tan

REMUNERATION COMMITTEE

Catherine Tan (Chairwoman)

Leon Yee

Lim Kian Thong

NOMINATING COMMITTEE

Leon Yee (Chairman)

Lim Kian Thong

Catherine Tan

COMPANY SECRETARY

Chong Eng Wee

REGISTERED OFFICE

10 Raeburn Park

#02-15B

Singapore 088702

Tel: (65) 6269 7466

Fax: (65) 6368 9886

PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

10 Raeburn Park

#02-15B

Singapore 088702

CONTINUING SPONSOR (SGX-ST)

PrimePartners Corporate Finance Pte. Ltd.

16 Collyer Quay

#10-00 Income at Raffles

Singapore 049318

SINGAPORE PRINCIPAL SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

Keppel Bay Tower #14-07

Singapore 098632

AUDITORS

PricewaterhouseCoopers LLP

Public Accountants and

Chartered Accountants

7 Straits View

Marina One East Tower

Singapore 018936

Partner-in-charge: Lee Zhen Jian

(since financial year 2022)

PRINCIPAL BANKERS/ FINANCIAL INSTITUTION

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

Hong Leong Finance Limited

16 Raffles Quay

#01-05 Hong Leong Building

Singapore 048581

INVESTOR RELATIONS

LHN Logistics Limited

ir@lhnlogistics.com

WEBSITE

lhnlogistics.com

STOCK CODE

Singapore: GIH

CORPORATE GOVERNANCE

LHN Logistics Limited (the “**Company**”) was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 29 April 2022 (“**Listing Date**”).

The Board of Directors (the “**Board**”) and the management (the “**Management**”) of LHN Logistics Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders.

This report outlines the Group’s corporate governance practices that were in place during the financial year ended 30 September 2022 (“**FY2022**”) with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (“**Code 2018**”). The Group strives to comply with the provisions set out in Code 2018 and where it has deviated from the Code 2018, appropriate explanations are provided.

The Group also ensures that all applicable laws, rules and regulations including the Securities and Futures Act 2001 of Singapore and the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) are duly complied with.

Provisions/ Principles/ Rules	Code and/or Guideline Description	Company’s Compliance or Explanation
BOARD MATTERS		
<u>The Board’s Conduct of Affairs</u>		
Principle 1	The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.	The Company is headed by an effective Board, which is collectively responsible and works with the Management for the long-term success of the Company. Please refer to Provisions 1.1 to 1.7 below for more details and instances of the Company’s compliance with this principle.
Provision 1.1	Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.	<p>The Board works with Management and is collectively responsible for the long-term success of the Company, oversees the corporate policy and overall strategy for the Group. The principal roles and responsibilities of the Board, amongst others, include:</p> <ul style="list-style-type: none"> (a) Oversees the overall strategic plans including sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group; (b) Oversees and safeguards shareholders’ interest and the Company’s assets through a robust system of effective internal controls, risk management, financial reporting and compliance; and (c) Oversees the processes for evaluating the adequacy and effectiveness of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. <p>The day-to-day operations are entrusted to the Executive Directors who are assisted by an experienced and qualified team of executive officers. The delegated functions and work tasks are periodically reviewed. Approvals have to be obtained from the Board prior to any significant transactions entered into by these officers.</p> <p>All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.</p> <p>All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent. In any situation that involves a conflict of interest with the Company, Directors recuse themselves from participating in any discussion and decision on the matter.</p>

CORPORATE GOVERNANCE

Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation																					
		<p>As at the date of this Report, the Board comprises five (5) members as follows:</p> <table border="1" data-bbox="600 499 1430 1003"> <thead> <tr> <th colspan="3" data-bbox="600 499 1430 533">Table 1.1 - Composition of the Board</th> </tr> <tr> <th data-bbox="600 533 842 600">Name of Director</th> <th data-bbox="842 533 1201 600">Designation</th> <th data-bbox="1201 533 1430 600">Date of Appointment</th> </tr> </thead> <tbody> <tr> <td data-bbox="600 600 842 667">Mr. Lim Lung Tieng ("Mr. Kelvin Lim")</td> <td data-bbox="842 600 1201 667">Executive Chairman</td> <td data-bbox="1201 600 1430 667">24 August 2021</td> </tr> <tr> <td data-bbox="600 667 842 757">Mr. Lin Kaixian</td> <td data-bbox="842 667 1201 757">Executive Director and Managing Director (Transportation Business)</td> <td data-bbox="1201 667 1430 757">14 January 2022</td> </tr> <tr> <td data-bbox="600 757 842 846">Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")</td> <td data-bbox="842 757 1201 846">Lead Independent Non-Executive Director</td> <td data-bbox="1201 757 1430 846">29 March 2022</td> </tr> <tr> <td data-bbox="600 846 842 936">Ms. Tan Hui Tsu ("Ms. Catherine Tan")</td> <td data-bbox="842 846 1201 936">Independent Non-Executive Director</td> <td data-bbox="1201 846 1430 936">29 March 2022</td> </tr> <tr> <td data-bbox="600 936 842 1003">Mr. Lim Kian Thong</td> <td data-bbox="842 936 1201 1003">Independent Non-Executive Director</td> <td data-bbox="1201 936 1430 1003">29 March 2022</td> </tr> </tbody> </table>	Table 1.1 - Composition of the Board			Name of Director	Designation	Date of Appointment	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Executive Chairman	24 August 2021	Mr. Lin Kaixian	Executive Director and Managing Director (Transportation Business)	14 January 2022	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Lead Independent Non-Executive Director	29 March 2022	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Independent Non-Executive Director	29 March 2022	Mr. Lim Kian Thong	Independent Non-Executive Director	29 March 2022
Table 1.1 - Composition of the Board																							
Name of Director	Designation	Date of Appointment																					
Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Executive Chairman	24 August 2021																					
Mr. Lin Kaixian	Executive Director and Managing Director (Transportation Business)	14 January 2022																					
Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Lead Independent Non-Executive Director	29 March 2022																					
Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Independent Non-Executive Director	29 March 2022																					
Mr. Lim Kian Thong	Independent Non-Executive Director	29 March 2022																					
Provision 1.2	<p>Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.</p>	<p>Save for Mr. Kelvin Lim and Mr. Lin Kaixian, all other Directors were newly appointed on 29 March 2022.</p> <p>Newly appointed directors will be given briefings and orientation regarding the business-related matters by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. Upon appointment, the Director will receive a formal letter of appointment setting out his/her duties and responsibilities and would receive an orientation kit which includes the codes of corporate governance, model code of securities transactions by directors, terms of reference(s) of the board committee(s) that he/she is appointed to and other relevant materials to enable them to discharge their duties as a director. All newly appointed Directors are also required to attend and undergo relevant induction and orientation programs, courses required under the Catalist Rules and other relevant training courses conducted by the sponsor, the legal advisor and the Company when appropriate.</p> <p>The Directors may join institutes and group associations of specific interests and attend relevant training seminars or informative talks from time to time to enable them to better discharge their duties. The Company encourages the directors to attend courses and trainings in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards, Catalist Rules, insider trading, changes in the Companies Act 1967 of Singapore (the "Companies Act") and industry-related matters, to develop themselves professionally, at the Company's expense.</p> <p>The Company will from time to time arrange for relevant and appropriate continuous professional training to all the Directors to develop and refresh their knowledge and skills in relation to the Catalist Rules to enable them to better discharge their duties as a Director of the Company.</p>																					

CORPORATE GOVERNANCE

Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation																				
Provision 1.3	The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.	<p>The Board has in place an authority matrix to provide guidelines on the approval for material transactions. Matters that require the Board's approval include, amongst others, the following:</p> <ul style="list-style-type: none"> • Board authorisation limits; • Appointment and re-election of Directors with reference to the adopted nomination policy, diversity policy, Catalyst Rules, the constitution of the Company (the "Constitution") and on the recommendation of the Nominating Committee; • Salaries and benefits/allowances of the members of the Board, executive officers and key management personnel (as defined herein) as recommended by the Remuneration Committee; • Evaluation and approval of investments, mergers and acquisitions ("M&A") transactions, divestments and any corporate actions; • Significant capital expenditure; • Public announcements and responses to the SGX-ST/regulators, if any; • Dividend pay-out decisions with reference to the adopted dividend policy; • Assessing the risk of the Group and reviewing and implementing appropriate measures to manage such risks; • Assuming overall responsibility of corporate governance of the Group; and • Auditor's reports if deemed satisfactory and free of material errors after review. 																				
Provision 1.4	Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.	<p>The Board is the highest authority of approval and specific functions of the Board are either carried out by the Board or through various committees established by the Board, namely, the Audit and Risk Committee (the "ARC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC") (collectively, the "Board Committees" and each a "Board Committee"). Each committee has the authority to examine issues relevant to their term of references and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board. The chairperson of each Board Committee will report to the Board on the outcome of the respective Board Committee meetings.</p> <p>The composition of the Board Committees are as follows:</p> <table border="1" data-bbox="638 1541 1479 1733"> <thead> <tr> <th colspan="4" data-bbox="638 1541 1479 1579">Table 1.4 - Composition of Board Committees</th> </tr> <tr> <th data-bbox="638 1579 794 1617"></th> <th data-bbox="794 1579 1023 1617">ARC</th> <th data-bbox="1023 1579 1251 1617">NC</th> <th data-bbox="1251 1579 1479 1617">RC</th> </tr> </thead> <tbody> <tr> <td data-bbox="638 1617 794 1655">Chairperson</td> <td data-bbox="794 1617 1023 1655">Mr. Lim Kian Thong</td> <td data-bbox="1023 1617 1251 1655">Mr. Leon Yee</td> <td data-bbox="1251 1617 1479 1655">Ms. Catherine Tan</td> </tr> <tr> <td data-bbox="638 1655 794 1693">Member</td> <td data-bbox="794 1655 1023 1693">Mr. Leon Yee</td> <td data-bbox="1023 1655 1251 1693">Ms. Catherine Tan</td> <td data-bbox="1251 1655 1479 1693">Mr. Lim Kian Thong</td> </tr> <tr> <td data-bbox="638 1693 794 1733">Member</td> <td data-bbox="794 1693 1023 1733">Ms. Catherine Tan</td> <td data-bbox="1023 1693 1251 1733">Mr. Lim Kian Thong</td> <td data-bbox="1251 1693 1479 1733">Mr. Leon Yee</td> </tr> </tbody> </table> <p>Information on the ARC, RC, and NC, their respective terms of reference, summaries of their activities and any delegation to them by the Board of its decision-making authority can be found in the subsequent sections of this Annual Report.</p>	Table 1.4 - Composition of Board Committees					ARC	NC	RC	Chairperson	Mr. Lim Kian Thong	Mr. Leon Yee	Ms. Catherine Tan	Member	Mr. Leon Yee	Ms. Catherine Tan	Mr. Lim Kian Thong	Member	Ms. Catherine Tan	Mr. Lim Kian Thong	Mr. Leon Yee
Table 1.4 - Composition of Board Committees																						
	ARC	NC	RC																			
Chairperson	Mr. Lim Kian Thong	Mr. Leon Yee	Ms. Catherine Tan																			
Member	Mr. Leon Yee	Ms. Catherine Tan	Mr. Lim Kian Thong																			
Member	Ms. Catherine Tan	Mr. Lim Kian Thong	Mr. Leon Yee																			

CORPORATE GOVERNANCE

Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation																																													
Provision 1.5	Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.	<p>The Board will meet at least half-yearly, and on an ad-hoc basis, if required, as deemed appropriate by the Board members, to consider and approve the announcements, circulars, annual reports (including financial statements) and other publications of the Group, discuss business, financial and corporate governance update and interim and annual results. The Constitution allows Board meetings to be conducted via any form of audio or audio-visual, electronic or instantaneous communication. The Directors are free to discuss any information or views presented by any member of the Board and the Management. Important matters concerning the Group are also tabled for the Board's consideration and approval by way of written resolutions.</p> <p>The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from the Management.</p> <p>When necessary or appropriate, members of the Board exchange view outside the formal environment of board meetings. Each Board member is expected to objectively discharge his or her duties and fiduciary responsibilities in the best interests of the Company.</p> <p>The attendance record of each Director at meetings of the Board and Board Committees during FY2022 is disclosed below:</p> <table border="1" data-bbox="600 1025 1426 1395"> <thead> <tr> <th colspan="5" data-bbox="600 1025 1426 1059">Table 1.5 - Attendance of Board and Board Committees</th> </tr> <tr> <th data-bbox="600 1059 1002 1099"></th> <th data-bbox="1002 1059 1107 1099">Board</th> <th data-bbox="1107 1059 1214 1099">AC</th> <th data-bbox="1214 1059 1321 1099">NC</th> <th data-bbox="1321 1059 1426 1099">RC</th> </tr> </thead> <tbody> <tr> <td data-bbox="600 1099 1002 1167">Number of meetings held in FY2022</td> <td data-bbox="1002 1099 1107 1167">1</td> <td data-bbox="1107 1099 1214 1167">1</td> <td data-bbox="1214 1099 1321 1167">0</td> <td data-bbox="1321 1099 1426 1167">0</td> </tr> <tr> <td data-bbox="600 1167 1002 1205">Name of Directors</td> <td colspan="4" data-bbox="1002 1167 1426 1205">Number of meetings attended</td> </tr> <tr> <td data-bbox="600 1205 1002 1243">Mr. Kelvin Lim</td> <td data-bbox="1002 1205 1107 1243">1</td> <td data-bbox="1107 1205 1214 1243">1⁽¹⁾</td> <td data-bbox="1214 1205 1321 1243">0</td> <td data-bbox="1321 1205 1426 1243">0</td> </tr> <tr> <td data-bbox="600 1243 1002 1281">Mr. Lin Kaixian</td> <td data-bbox="1002 1243 1107 1281">1</td> <td data-bbox="1107 1243 1214 1281">1⁽¹⁾</td> <td data-bbox="1214 1243 1321 1281">0</td> <td data-bbox="1321 1243 1426 1281">0</td> </tr> <tr> <td data-bbox="600 1281 1002 1319">Mr. Leon Yee</td> <td data-bbox="1002 1281 1107 1319">1</td> <td data-bbox="1107 1281 1214 1319">1</td> <td data-bbox="1214 1281 1321 1319">0</td> <td data-bbox="1321 1281 1426 1319">0</td> </tr> <tr> <td data-bbox="600 1319 1002 1357">Ms. Catherine Tan</td> <td data-bbox="1002 1319 1107 1357">1</td> <td data-bbox="1107 1319 1214 1357">1</td> <td data-bbox="1214 1319 1321 1357">0</td> <td data-bbox="1321 1319 1426 1357">0</td> </tr> <tr> <td data-bbox="600 1357 1002 1395">Mr. Lim Kian Thong</td> <td data-bbox="1002 1357 1107 1395">1</td> <td data-bbox="1107 1357 1214 1395">1</td> <td data-bbox="1214 1357 1321 1395">0</td> <td data-bbox="1321 1357 1426 1395">0</td> </tr> </tbody> </table> <p>Note:</p> <p>(1) Attended as an invitee.</p>	Table 1.5 - Attendance of Board and Board Committees						Board	AC	NC	RC	Number of meetings held in FY2022	1	1	0	0	Name of Directors	Number of meetings attended				Mr. Kelvin Lim	1	1 ⁽¹⁾	0	0	Mr. Lin Kaixian	1	1 ⁽¹⁾	0	0	Mr. Leon Yee	1	1	0	0	Ms. Catherine Tan	1	1	0	0	Mr. Lim Kian Thong	1	1	0	0
Table 1.5 - Attendance of Board and Board Committees																																															
	Board	AC	NC	RC																																											
Number of meetings held in FY2022	1	1	0	0																																											
Name of Directors	Number of meetings attended																																														
Mr. Kelvin Lim	1	1 ⁽¹⁾	0	0																																											
Mr. Lin Kaixian	1	1 ⁽¹⁾	0	0																																											
Mr. Leon Yee	1	1	0	0																																											
Ms. Catherine Tan	1	1	0	0																																											
Mr. Lim Kian Thong	1	1	0	0																																											
Provision 1.6	Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.	<p><u>Provision of information on an on-going basis</u></p> <p>The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). Management provides the Board and Board Committees on a timely basis, with sufficient relevant information on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates, in order that it may effectively discharge its duties. The Company adopts a policy which welcomes directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from Management.</p> <p>In addition, the Management keeps the Board apprised of the Group's operations and performance through quarterly updates and reports as well as through informal discussions. Key management personnel who can provide additional insight onto the matters at hand would be invited to Board meetings.</p>																																													

CORPORATE GOVERNANCE

Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation
		<p><u>Provision of information prior to meetings</u></p> <p>Prior to any meetings of the Board or Board Committees, Directors are provided, where appropriate, with sufficient relevant information to enable them to be prepared for making informed decisions at the meetings. On an ongoing basis, all Board members have separate and independent access to Management should they have any queries or require additional information on the affairs of the Group.</p> <p>Before each meeting, Management would provide the Board members with the required explanatory documents relating to matters to be brought before the Board. The Management also provides the Board with half yearly updates on financial results, operational performance, business developments and other important and relevant information.</p>
Provision 1.7	Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.	<p>The Directors also have access to the Company Secretary who attends all Board and its Board Committees' meetings. The Company Secretary assists the Chairman and the Board to implement and strengthen corporate governance practices and processes. The Company Secretary also assists the Directors in the preparation of Directors' resolution, recording of minutes of meetings, the facilitation of the general meeting proceedings, the preparation and release of all SGX-ST announcements as well as updates on the relevant changes to the Companies Act, Catalyst Rules and Code 2018.</p> <p>The Board is given the names and contact details of the Management and the Company Secretary and external advisers, where necessary, to facilitate direct, separate and independent access to the foregoing parties. The appointment and removal of the Company Secretary is a decision subject to the approval of the Board as a whole.</p> <p>Where the Directors either individually or as a group (including as ARC, NC and RC), in the furtherance of their duties, require independent professional advice, assistance is available to assist them in obtaining such advice at the Company's expense.</p>
Board Composition and Guidance		
Principle 2	The Board has 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 the company.	The Board considers that it has 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 the company. Please refer to Provisions 2.1 to 2.5 below for more details and instances of the Company's compliance with the principle.
Provision 2.1	An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company,	<p>During FY2022 and up to the date of this report, the Board comprises five (5) Directors, of which two (2) are Executive Directors and three (3) are INEDs. Accordingly, the Company has complied with the requirement under the Code 2018 for the majority of the Board to comprise independent directors where the Chairman is not independent.</p> <p>Please refer to Provision 4.4 below for more information on the NC's determination of the independence for Directors.</p>

CORPORATE GOVERNANCE

Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation																																	
Provision 2.2 Provision 2.3	Independent directors make up a majority of the Board where the Chairman is not independent. Non-executive directors make up a majority of the Board.																																		
Provision 2.4	The Board and board committees are of an appropriate size, and comprise directors who as a group provide the 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. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.	<p>For FY2022, the NC had reviewed the size and composition of the Board for effective decision-making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of the relevant industry knowledge, accounting and finance, as well as professional legal services. The Independent Non-Executive Directors ("INEDS") are able to constructively challenge and assist in the development of the business strategies and in reviewing and monitoring of the Management's performance against set targets.</p> <p>The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group. The current Board composition provides a diversity of skills, gender, experience, and knowledge to the Company as follows:</p> <table border="1" data-bbox="600 1066 1425 1496"> <thead> <tr> <th colspan="3" data-bbox="600 1066 1425 1099">Table 2.4 - Balance and Diversity of the Board</th> </tr> <tr> <th data-bbox="600 1099 1027 1167"></th> <th data-bbox="1027 1099 1225 1167">Number of Directors</th> <th data-bbox="1225 1099 1425 1167">Proportion of the Board</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="600 1167 1425 1200">Core Competencies</td> </tr> <tr> <td data-bbox="600 1200 1027 1234">Accounting or finance related</td> <td data-bbox="1027 1200 1225 1234">3</td> <td data-bbox="1225 1200 1425 1234">60%</td> </tr> <tr> <td data-bbox="600 1234 1027 1267">Business and management experience</td> <td data-bbox="1027 1234 1225 1267">4</td> <td data-bbox="1225 1234 1425 1267">80%</td> </tr> <tr> <td data-bbox="600 1267 1027 1301">Legal or corporate governance</td> <td data-bbox="1027 1267 1225 1301">4</td> <td data-bbox="1225 1267 1425 1301">80%</td> </tr> <tr> <td data-bbox="600 1301 1027 1335">Relevant industry knowledge</td> <td data-bbox="1027 1301 1225 1335">2</td> <td data-bbox="1225 1301 1425 1335">40%</td> </tr> <tr> <td data-bbox="600 1335 1027 1368">Strategic planning experience</td> <td data-bbox="1027 1335 1225 1368">4</td> <td data-bbox="1225 1335 1425 1368">80%</td> </tr> <tr> <td colspan="3" data-bbox="600 1368 1425 1402">Gender Diversity</td> </tr> <tr> <td data-bbox="600 1402 1027 1435">Male</td> <td data-bbox="1027 1402 1225 1435">4</td> <td data-bbox="1225 1402 1425 1435">80%</td> </tr> <tr> <td data-bbox="600 1435 1027 1496">Female</td> <td data-bbox="1027 1435 1225 1496">1</td> <td data-bbox="1225 1435 1425 1496">20%</td> </tr> </tbody> </table> <p>The Board has undertaken the following steps to maintain or enhance its balance and diversity:</p> <ul data-bbox="600 1574 1425 1749" style="list-style-type: none"> • Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and will enhance the efficacy of the Board; and • Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors. The Board, in concurrence with the NC, is of the view that the current number of five (5) Directors is adequate given the Group's current stage of growth and the composition is appropriate and effective, taking into consideration the scope and nature of the Company's operations and the Group's current expansion plans. No individual or small group of individuals dominate the Board's decision-making. The Board will review its size, structure and composition together with the NC at least annually to ensure that an effective decision-making process is in place.</p> <p>Please refer to Principle 4 for more details on the NC and its duties.</p>	Table 2.4 - Balance and Diversity of the Board				Number of Directors	Proportion of the Board	Core Competencies			Accounting or finance related	3	60%	Business and management experience	4	80%	Legal or corporate governance	4	80%	Relevant industry knowledge	2	40%	Strategic planning experience	4	80%	Gender Diversity			Male	4	80%	Female	1	20%
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Provision 2.5	Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	The INEDs will meet separately without the presence of Management. Led by the Lead INED, the INEDs have met with internal and external auditors in FY2022 without the presence of any Executive Directors and Management.
Chairman and Chief Executive Officer		
Principle 3	There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.	The Board is of the view that there is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making. Please refer to Provisions 3.1 to 3.3 below for more details and instances of the Company's compliance with such principle.
Provision 3.1	The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.	<p>Under Provision 3.1 of the Code 2018, the roles of Chairman and CEO should be separated and should not be performed by the same individual. The Company does not have a CEO. However, this position is carried out by the Executive Director and Managing Director (Transportation Business), Mr. Lin Kaixian, and Executive Officer and Managing Director (Container Depot Services Business), Mr. Hew Chee Fatt (collectively, the "MDs"), which are responsible for the Group's business processes and management of the day-to-day operations of the Group.</p> <p>Mr. Kelvin Lim, the Executive Chairman of the Company, (the "Executive Chairman") will be focused on the overall oversight and broad-based strategic decision making of the Group, and will not be involved in the day-to-day operations of the business. 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 the Company.</p> <p>The Executive Chairman and the MDs are not related to each other. Accordingly, the Board considers that the present arrangement is sufficient to ensure that the decision making process of the Board is independent and that such arrangement is beneficial and in the interests of the Group and the Shareholders as a whole.</p>
Provision 3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	<p>The Executive Chairman provides overall leadership to the Board. The Executive Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with fellow Directors and other key management personnel, and if required, the professional advisors.</p> <p>The Executive Chairman also ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and the Shareholders. He promotes high standards of corporate governance as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of INEDs during the Board meetings.</p> <p>The MDs, in consultation with the Executive Chairman, are responsible for the overall operations, market development, strategic management and business expansion of the Group.</p>

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Provision 3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	The Board has appointed Mr. Leon Yee as the Lead INED to provide leadership in situations where the Executive Chairman is conflicted and not independent. As the Lead INED, he shall be available to the Shareholders, where they have concerns relating to matters which contact through normal channels of the Chairman, the MDs or the Management has failed to resolve or for which such contact is inappropriate, as well as at the Company's general meetings.
Board Membership		
Principle 4	The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.	The Board is of the view that it has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board. Please refer to Provisions 4.1 to 4.5 below for more details and instances of the Company's compliance with such principle.
Provision 4.1	<p>The Board establishes a NC to make recommendations to the Board on relevant matters relating to:</p> <p>(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;</p> <p>(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;</p> <p>(c) the review of training and professional development programmes for the Board and its directors; and</p>	<p>The Company has established the NC, and the key terms of reference of the NC, which are available on the websites of the Company and the SGX-ST, include:</p> <p>(a) making recommendations to the Board on relevant matters relating to (i) the review of Board succession plans for Directors, in particular, the appointment and/or replacement of the 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 the Board, the Board Committees and the Directors; (iii) the review of training and professional development programs for the Board and the Directors; and (iv) the appointment and re-appointment of the Directors (including alternate Directors, if applicable, and re-nominations of existing Directors for re-election in accordance with the 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;</p> <p>(b) ensuring that the Directors submit themselves for re-nomination and re-election at least once every three years;</p> <p>(c) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code 2018 and any other salient factors;</p> <p>(d) undertaking a formal annual assessment of the Board's effectiveness as a whole and that of each of the Board Committees and individual Directors and recommending for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each of the Board committees separately, as well as the contribution of each individual Director to the Board;</p>

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	<p>(d) the appointment and re-appointment of directors (including alternate directors, if any).</p>	<p>(e) reviewing the composition of the Board annually to ensure that the Board and the 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 the 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;</p> <p>(f) setting the objectives for achieving Board diversity and reviewing the Company's progress towards achieving these objectives;</p> <p>(g) ensuring that the Directors disclose their relationships with the Company, related corporations, substantial shareholders or officers, if any, which may affect their independence and review such disclosures from the Directors and highlight these to the Board as required;</p> <p>(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;</p> <p>(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;</p> <p>(j) having oversight of and regularly reviewing the performance of the Executive Officer and Managing Director (Container Depot Services Business), Mr. Hew Chee Fatt; and</p> <p>(k) reviewing and approving the new employment of employees of the Group who are relatives of any of the Directors, the CEO (if applicable) or substantial shareholders and their proposed terms of their employment.</p> <p>In addition, the NC will make recommendations to the Board on the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Executive Chairman and each individual Director to the Board. In this regard, the NC will decide how the Boards' performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term shareholder value.</p> <p>Please refer to Principle 5 for more details on the process for evaluating the performance of the Board, Board Committees and individual Directors.</p>
Provision 4.2	<p>The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.</p>	<p>The Board has established the NC which comprises three (3) INEDs who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole and each of the Board Committees.</p> <p>The Chairman of the NC is Mr. Leon Yee, who is the Lead INED of the Company. The composition of the NC is as follows:</p> <p>Mr. Leon Yee (Chairman)</p> <p>Ms. Catherine Tan</p> <p>Mr. Lim Kian Thong</p>

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Provision 4.3	The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.	<p>While the Company has not adopted any formal nomination policy, the NC relies on the following guidelines set out below to identify individuals suitably qualified to become directors and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new directors, taking into account the need for the progressive renewal and diversity of the Board. The Company shall review and reassess the aforesaid guidelines and its effectiveness on a regular basis or as required.</p> <p><u>Appointment of New Candidates</u></p> <p>In assessing and recommending a candidate for appointment to the Board, the process of selection and appointment of new directors by the NC are as follows:</p> <ol style="list-style-type: none"> 1. the current needs of the Board to complement and strengthen the Board is taken into consideration. The independence of a director, where applicable, is determined in accordance with the recommendations of the Code 2018; 2. the candidates proposed by the Directors, key management personnel or substantial shareholders will be considered; 3. the NC would meet and interview the shortlisted candidates to assess their suitability; and 4. the selected candidate is recommended to the Board for consideration and approval. <p>The NC may also engage external search consultants to search for new Directors at the Company's expense. There were no external search consultants engaged in FY2022, as the Board had already appointed three (3) new directors and was not in the process of identifying any additional appointment to the Board. New Directors are appointed by way of a board resolution after the NC recommends the appointment for the Board's consideration and the same has been approved by the Board.</p> <p><u>Selection Criteria</u></p> <p>The NC will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders.</p> <p><u>Re-election of Incumbents</u></p> <p>The process of re-electing incumbent directors by the NC are as follows:</p> <ol style="list-style-type: none"> 1. The NC would assess the performance of the Director in accordance with the performance criteria set by the Board further elaborated below and consider the current needs of the Board; and 2. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval. <p>Criteria to be considered as part of the process for the re-appointment of Directors include the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour).</p>

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		<p>In general, the Board nomination process for an Executive Director vis-à-vis an INED is different. For an Executive Director, the nomination process would typically be tied to his or her ability to contribute through his or her business acumen and strategic thinking process for the business. As for an INED, his or her nomination hinges on myriad of criteria whereby he or she should possess an independence of mind despite confirmation via in writing, as evaluated by the NC. The NC and the Management has assessed and is satisfied that the existing INEDs will be able to give an independent view to take the Group's business to a higher level.</p>
Provision 4.4	<p>The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.</p>	<p>The NC evaluates on an annual basis whether an INED (including their respective immediate family members) is independent in accordance with the Code 2018 and the Catalist Rules.</p> <p>The NC has reviewed and confirmed the independence of the INEDs namely, Mr. Leon Yee (Chairman), Ms. Catherine Tan and Mr. Lim Kian Thong in accordance with the Code 2018 and Catalist Rules during FY2022.</p> <p>The INEDs have also confirmed their independence (including their respective immediate family members) in accordance with the Code 2018, Catalist Rules, and the Company has received from each of the INEDs an annual confirmation on his/her independence (including their respective immediate family members). In respect of Ms. Catherine Tan, in view of her capacity as the Senior Vice President in the Regional Loan Product Management department at DBS Bank Ltd, Ms Catherine Tan shall abstain from voting, deliberating on, participating in any discussions and/or making any recommendations to the Board in relation to any loan to be obtained from DBS Bank Ltd. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code 2018 and the Catalist Rules that would otherwise deem him/her not to be independent.</p> <p>Each member of the NC has abstained from deliberations in respect of the assessment of his or her independence.</p> <p>There is no INED who has served beyond nine years since the date of his or her first appointment.</p>
Provision 4.5	<p>The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitment of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.</p>	<p>The NC has also implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution of the Executive Chairman and each individual Director to the effectiveness of the Board. The NC Chairman will act on the results of the evaluation, and in consultation with the NC to propose, where appropriate, any new member to be appointed to the Board or seek the resignation of an existing Director.</p> <p>Pursuant to Regulation 117 of the Company's Constitution, at each AGM, at least one-third of the Directors for the time being are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company at regular intervals and at least once every three (3) years. In addition, pursuant to Regulation 122 of the Company's Constitution, new Directors appointed during the financial year, either to fill a casual vacancy or as an additional Director, are required to submit themselves for re-election at the next AGM.</p> <p>On the nomination of re-election of retiring Directors, the NC would assess the performance and contribution of the Director and subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Directors to the Board for its consideration and approval.</p> <p>The NC, with the relevant Director having abstained from voting, deliberating on, participating in any discussions and/or making any recommendations to the Board in relation to their own re-election as a Director, recommended the following Directors to be nominated for re-election pursuant to Article 117 and 122 at the forthcoming Annual General Meeting ("AGM"):</p>

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		<p>(a) Mr. Kelvin Lim be nominated for re-election at the forthcoming AGM pursuant to Regulation 117; and</p> <p>(b) Mr. Lin Kaixian, Mr. Leon Yee, Ms. Catherine Tan and Mr. Lim Kian Thong be nominated for re-election at the forthcoming AGM pursuant to Regulation 122.</p> <p>(collectively, the "Retiring Directors").</p> <p>All Retiring Directors have offered themselves for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation and had tabled for shareholders' approval at the forthcoming AGM, the Retiring Directors be nominated for re-election as Directors of the Company. Please refer to the Notice of AGM for the resolutions put forth in relation to the respective re-elections and details of the Retiring Directors including the information required under Appendix 7F of the Catalist Rules are disclosed in pages 54 to 69 of this Annual Report.</p> <p>Mr. Kelvin Lim will, upon re-election as a Director, remain as the Executive Chairman of the Board.</p> <p>Mr. Lin Kaixian will, upon re-election as a Director, remain as the Executive Director and Managing Director (Transportation Business).</p> <p>The Board, with the concurrence of the NC, has also considered Mr. Leon Yee, Ms. Catherine Tan and Mr. Lim Kian Thong to be independent for the purposes of Rule 704(7) of the Catalist Rules.</p> <p>Mr. Leon Yee will, upon re-election as a Director, remain as the Lead INED, the Chairman of the NC, and a member of the ARC and RC.</p> <p>Ms. Catherine Tan will, upon re-election as a Director, remain as an INED, the Chairman of the RC and a member of the ARC and NC.</p> <p>Mr. Lim Kian Thong will, upon re-election as a Director, remain as an INED, Chairman of the ARC and a member of the NC and RC.</p> <p>Mr. Leon Yee, Ms. Catherine Tan and Mr. Lim Kian Thong, being members of the NC, have each abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his or her own contributions and/or his or her re-election as a Director.</p> <p>The Board did not set any cap on the number of listed company directorships given that the NC has assessed and is satisfied that all INEDs were able to dedicate their time to the Group for FY2022. Nevertheless, if the Board finds that time commitment is lacking from any particular Director, they may consider imposing a cap in future. The Board will also take into consideration the number of directorships and principal commitments of each director in assessing whether a director is able to adequately carry out his or her duties and the guideline on time devotion by the proposed directors as set out in the Practice Guidance in respect of the Code 2018. There is no alternate director being appointed by any Director in FY2022.</p> <p>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the other directorships and other principal commitments of each of the Directors, and is satisfied that all Directors have discharged their duties adequately for FY2022.</p> <p>The considerations in assessing the capacity of Directors include the following:</p> <p>(a) expected and/or competing time/principal commitments of each Director;</p> <p>(b) number of board representations held by each Director (in particular, none of the directors should have seven or more listed company directorships);</p> <p>(c) size and composition of the Board; and</p> <p>(d) nature and scope of the Group's operations and size.</p>

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Board Performance		
Principle 5	The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.	The Board has undertaken a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual Directors. Please refer to Provisions 5.1 to 5.2 below for more details and instances of the Company's compliance with such principle.
Provision 5.1	The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.	<p>The NC has in place an annual performance evaluation process to assess the performance of the Board as a whole, its Board Committees and each individual Director to the effectiveness of the Board. The Company Secretary will collate the Board and Directors' evaluations and provide the summarised results to the NC Chairman. The NC would then discuss the evaluation and conclude the performance results during the NC meeting.</p> <p>In respect of FY2022, the assessment of the Board and each of the Board Committees was done via a confidential questionnaire, covering areas such as Board composition, Board processes managing the Group's performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective Board Committees.</p>
Provision 5.2	The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	<p>The assessment of the individual Directors was done through peer assessments through a confidential questionnaire completed by each Director. The assessment parameters for such individual evaluation include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, Director's attendance at meetings and his or her contribution and performance at such meetings. The NC and the Board strives to ensure that each Director, with his or her contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.</p> <p>The NC, having reviewed the performance of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board has met its performance objectives in FY2022. All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance.</p> <p>During FY2022, the Board did not engage an independent external consultant to facilitate the annual review of the performance of the Board and the Board Committees. However, the NC will consider such an engagement as and when necessary, at the Company's expense.</p>
REMUNERATION MATTERS		
Procedures for Developing Remuneration Policies		
Principle 6	The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.	The Board is of the view that it has a formal and transparent procedure for developing policies on Director's and executive's remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration. Please refer to Provisions 6.1 to 6.4 below for more details and instances of the Company's compliance with such principle.

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Provision 6.1	<p>The Board establishes a Remuneration Committee to review and make recommendations to the Board on:</p> <ul style="list-style-type: none"> (a) a framework of remuneration for the Board and key management personnel; and (b) the specific remuneration packages for each director as well as for the key management personnel. 	<p>The Company has established the RC, with its terms of reference which are available on the websites of the Company, the SGX-ST.</p> <p>The key terms in the terms of reference of the RC include but are not limited to the following:</p> <ul style="list-style-type: none"> (a) reviewing and recommending to the Board, in consultation with the Executive Chairman of the Board, for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("Key Management Personnel"); (b) ensuring the remuneration policies and systems of the Group, as approved by the Board, support the Group's objectives and strategies, and are consistently being administered and being adhered to within the Group; (c) reviewing and recommending to the Board, for endorsement, the specific remuneration packages for each of the 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 the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives; (f) ensuring that a significant and appropriate proportion of the 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 the 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 the Non-Executive Directors is appropriate to their level of contribution, taking into account factors such as effort, time spent and responsibilities; (i) reviewing the 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 the 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 the Company's obligations arising in the event of termination of the 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;

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		(l) approving performance targets for assessing the performance of each of the Key Management Personnel and recommend such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by the Board; and (m) conducting an annual review of and approving the remuneration of employees of the Group who are relatives of any of the 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 the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.
Provision 6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	The RC meets at least once a year, and as warranted by circumstances, to discharge its functions. The current composition of the RC comprises Ms. Catherine Tan (Chairwoman), Mr. Leon Yee and Mr. Lim Kian Thong, who are all INEDs.
Provision 6.3	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. All recommendations made by the RC on remuneration of Directors and key management personnel will be submitted for endorsement by the Board. No member of the RC is involved in setting his or her remuneration package. As and when deemed appropriate by the RC, independent expert advice will be sought at the Company's expense. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.
Provision 6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	No remuneration consultants were engaged by the Company in FY2022.
Level and Mix of Remuneration		
Principle 7	The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.	The Board is of the view that the level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company. Please refer to Provisions 7.1 to 7.3 below for more details and instances of the Company's compliance with such principle.

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Provision 7.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.	<p>The RC recommends to the Board the quantum of directors' fees and the Board in turn endorses the recommendation for Shareholders' approval at each AGM. The remuneration packages of the INEDs take into consideration the performance of the Group and individual assessment of each INED, the level of contribution to the Company and Board, taking into account various factors including but not limited to efforts and time spent, responsibilities and duties of the Non-Executive Directors.</p> <p>For the Executive Directors and key management personnel, each of their service agreements and/or compensation packages is reviewed by the RC. These service agreements cover the terms of employment and specifically, the salaries and bonuses of the Executive Directors and key management personnel. The Company may terminate a service agreement if, inter alia, the relevant Executive Director or key management personnel is guilty of dishonesty or serious or persistent misconduct, become bankrupt or otherwise act to the Company's prejudice. Executive Directors of the Company are not entitled to any Directors' fees.</p>
Provision 7.2	The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	<p>The Company has entered into separate service agreements (the "Service Agreements") with the Executive Directors, namely, Mr. Kelvin Lim and Mr. Lin Kaixian. Their Service Agreements are valid for an initial period of three years with effect from the Listing Date ("Initial Term"). Upon the expiry of the Initial Term, their employment 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, annual leave, grounds of termination and certain restrictive covenants (including non-compete obligation).</p>
Provision 7.3	Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	<p>For FY2022, the RC had reviewed the performance of the Executive Directors in accordance with the performance objectives set forth in the Service Agreements, as well as the evaluation of the performance of key management personnel and were satisfied that the performance objectives had been met. The total remuneration of Mr. Kelvin Lin and Mr. Lin Kaixian (including the terms of the fixed bonus) is in line with companies of the same industry and other market competitors. In assessing the appropriateness of Mr. Kelvin Lim's remuneration package for his duties and responsibilities in the Company, the NC has taken into consideration Mr. Kelvin Lim's dual appointment on LHN Limited and the Company.</p> <p>The RC will ensure that the INEDs are not overcompensated to the extent that their independence may be compromised. INEDs are able to participate in the PSP (terms as defined herein) and hold shares in the Company so as to better align their interests with the interests of Shareholders.</p> <p>There are no termination and post-employment benefits that may be granted to the Directors and key management personnel.</p> <p>Each of Mr. Leon Yee, Ms. Catherine Tan and Mr. Lim Kian Thong being the INEDs, had entered into a letter of appointment with the Company on 29 March 2022 for an initial term of three years commencing on 29 March 2022 and shall be automatically renewed, which may be terminated by not less than three months' notice in writing served by either party on the other.</p> <p>All Directors are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Constitution and the Catalyst Rules, and will continue thereafter until terminated in accordance with the terms of the service agreement/letter of appointment</p> <p>In addition, to enhance its remuneration so as to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel, the Company has adopted the PSP (as defined herein). Please refer to Provision 8.3 for more details on the PSP.</p>

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Disclosure on Remuneration																																					
Principle 8	The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.	The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. Please refer to Provisions 8.1 to 8.3 below for more details and instances of the Company's compliance with such principle.																																			
Provision 8.1	<p>The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:</p> <p>(a) each individual director and the CEO; and</p> <p>(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel</p>	<p>The Group links its remuneration policy to the achievement of key performance indicators. Key performance indicators of the Group are aimed towards retention of customers and financial performance; these could include project management capabilities and profitability of various business units across the Group's business segments. The remuneration of Executive Directors is also in accordance with the Service Agreements and a portion of their remunerations (in dollar terms) is in the form of variable or performance related bonuses calculated based on the Group's profitability. For the key management personnel and other senior executives, their variable or performance related bonuses, beside individual performance, are also based on the Group's profitability.</p> <p>The breakdown (in percentage terms) of the remuneration of the Directors of the Company for FY2022 is set out as below:</p> <table border="1" data-bbox="638 1144 1469 1420"> <thead> <tr> <th data-bbox="638 1144 874 1238"></th> <th data-bbox="882 1144 1054 1238">Salary and/or allowance^{(1),(2)} (%)</th> <th data-bbox="1062 1144 1193 1238">Variable Bonus⁽²⁾ (%)</th> <th data-bbox="1201 1144 1332 1238">Director's Fees (%)</th> <th data-bbox="1340 1144 1469 1238">Total (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="638 1238 874 1272">Directors</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td data-bbox="638 1272 874 1305">Mr. Kelvin Lim</td> <td data-bbox="882 1272 1054 1305">100</td> <td data-bbox="1062 1272 1193 1305">-</td> <td data-bbox="1201 1272 1332 1305">-</td> <td data-bbox="1340 1272 1469 1305">100</td> </tr> <tr> <td data-bbox="638 1305 874 1339">Mr. Lin Kaixian</td> <td data-bbox="882 1305 1054 1339">100</td> <td data-bbox="1062 1305 1193 1339">-</td> <td data-bbox="1201 1305 1332 1339">-</td> <td data-bbox="1340 1305 1469 1339">100</td> </tr> <tr> <td data-bbox="638 1339 874 1373">Mr. Leon Yee</td> <td data-bbox="882 1339 1054 1373">-</td> <td data-bbox="1062 1339 1193 1373">-</td> <td data-bbox="1201 1339 1332 1373">100⁽³⁾</td> <td data-bbox="1340 1339 1469 1373">100</td> </tr> <tr> <td data-bbox="638 1373 874 1406">Ms. Catherine Tan</td> <td data-bbox="882 1373 1054 1406">-</td> <td data-bbox="1062 1373 1193 1406">-</td> <td data-bbox="1201 1373 1332 1406">100⁽³⁾</td> <td data-bbox="1340 1373 1469 1406">100</td> </tr> <tr> <td data-bbox="638 1406 874 1420">Mr. Lim Kian Thong</td> <td data-bbox="882 1406 1054 1420">-</td> <td data-bbox="1062 1406 1193 1420">-</td> <td data-bbox="1201 1406 1332 1420">100⁽³⁾</td> <td data-bbox="1340 1406 1469 1420">100</td> </tr> </tbody> </table> <p data-bbox="638 1431 703 1456">Notes:</p> <p data-bbox="638 1467 884 1491">(1) Includes fixed bonus.</p> <p data-bbox="638 1505 1469 1554">(2) The amounts for salary, allowance and/or variable bonus shown above are inclusive of contributions to the Central Provident Fund Board.</p> <p data-bbox="638 1568 1469 1617">(3) The Directors' fees in respect of FY2022 is subject to shareholders' approval at the forthcoming AGM to be held on 27 January 2023.</p> <p data-bbox="638 1630 1469 1680">There are no termination and post-employment benefits that may be granted to the Directors.</p> <p data-bbox="638 1693 1469 1832">The Group only has four key management personnel (including Executive Director) in FY2022. Due to a highly competitive environment where industry poaching of executives is commonplace, and for confidentiality reasons, the Company is therefore not disclosing the exact remuneration of its Directors and key management personnel.</p> <p data-bbox="638 1845 1469 1953">There are no termination and post-employment benefits that may be granted to the Executive Directors and key management personnel of the Group. In aggregate, the total remuneration paid to the Executive Directors and key management personnel was S\$ 959,245 in FY2022.</p> <p data-bbox="638 1966 1469 2134">The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group for FY2022. Their remuneration is made up of fixed and variable compensations. For the key management personnel, the variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</p>		Salary and/or allowance ^{(1),(2)} (%)	Variable Bonus ⁽²⁾ (%)	Director's Fees (%)	Total (%)	Directors					Mr. Kelvin Lim	100	-	-	100	Mr. Lin Kaixian	100	-	-	100	Mr. Leon Yee	-	-	100 ⁽³⁾	100	Ms. Catherine Tan	-	-	100 ⁽³⁾	100	Mr. Lim Kian Thong	-	-	100 ⁽³⁾	100
	Salary and/or allowance ^{(1),(2)} (%)	Variable Bonus ⁽²⁾ (%)	Director's Fees (%)	Total (%)																																	
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Mr. Lin Kaixian	100	-	-	100																																	
Mr. Leon Yee	-	-	100 ⁽³⁾	100																																	
Ms. Catherine Tan	-	-	100 ⁽³⁾	100																																	
Mr. Lim Kian Thong	-	-	100 ⁽³⁾	100																																	

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Provision 8.2	The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	There was no employee who is an immediate family member of any Director or substantial shareholder of the Company whose remuneration exceeded S\$100,000 during FY2022.
Provision 8.3	The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.	<p><u>Performance Share Plan</u></p> <p>On 28 March 2022 ("Adoption Date"), the shareholders adopted the "LHN Logistics Performance Share Plan" (the "PSP"). The PSP has been assigned by the Board to be administered by a committee comprising members of the RC (the "Committee").</p> <p>The main objectives of the PSP are as follows:</p> <ul style="list-style-type: none"> (a) to attract potential employees with relevant skills to contribute to the Company and to create value for Shareholders; (b) to instill 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. <p>The primary objective of establishing the PSP is to provide eligible participants (the "Participants") with an opportunity to participate in the equity of the 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. The PSP gives the Company greater flexibility to align the interests of employees, especially the key management 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.</p> <p>Shareholders may refer to the Company's final offer document dated 19 April 2022 for more details on the PSP.</p>

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		<p>No award of shares has been granted under the PSP since the Adoption Date and up to the date of this Annual Report.</p> <p>Save as disclosed in Provision 8.1 above, there are no other forms of remuneration and other payments and benefits, paid by the Group to Directors and/or key management personnel of the Company.</p>
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
Principle 9	The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.	<p>The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.</p> <p>In particular, the Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). Management provides the Board and Board Committees on a timely basis, with sufficient relevant information on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates, in order that it may effectively discharge its duties. The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from Management.</p> <p>The Board acknowledges its responsibility for the preparation of the consolidated financial statements for FY2022 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the Catalist Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.</p> <p>The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.</p> <p>For further accountability, the announcements containing the half-year and full-year financial statements are signed by the Executive Chairman and MD, Mr. Kelvin Lim and Mr. Lin Kaixian, for and on behalf of the Board, to confirm that to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results contained in the announcement to be false or misleading in any material aspects. The Board approves the financial statements after review and authorises the release of the results on the website of the SGX-ST. The Company also uploads latest announcement(s) which has been disseminated via the website of SGX-ST (www.sgx.com) on the Company's website (www.lhnlogistics.com).</p> <p>Please refer to Provisions 9.1 to 9.2 below for more details and instances of the Company's compliance with this principle.</p>

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Provision 9.1	<p>The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.</p>	<p>The Board has not set up a specific Board Risk Committee, but the oversight of risk management and internal controls is undertaken by the ARC and the Board in general.</p> <p>The Board has the overall responsibility for the Group's risk management and internal controls in safeguarding Shareholders' interests and the Group's assets. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Procedures are in place to identify major business risks and evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments.</p> <p>The ARC, on behalf of the Board, reviews the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance (including handling and dissemination of inside information) and information technology controls, and risk management policies and systems established by the Management on an annual basis. The foregoing system of internal controls include:</p> <ul style="list-style-type: none"> • Code of Ethics • Risk Appetite and Risk Tolerance guidance • Authority and Risk Control Matrix • Key Control Activities • Key Reporting and Monitoring Activities <p>Management also regularly reviews the Group's business and operations to identify areas of significant business risks and controls to mitigate the risks. The Management will highlight all significant matters to the Board and the ARC.</p>
Provision 9.2	<p>The Board requires and discloses in the company's annual report that it has received assurance from:</p> <p>(a) the CEO and the CFO (or equivalent) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and</p> <p>(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.</p>	<p>In respect of FY2022, the Board had received assurance from the Executive Chairman and the Financial Controller that:</p> <ul style="list-style-type: none"> • the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and • the Company's risk management and internal control systems are adequate and effective.

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General	The Board's annual review of the internal controls and risk management systems	<p>The design, implementation and operation of the accounting and internal control systems are intended to prevent and detect fraud and errors. The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls can provide absolute assurance against the occurrence of material misstatement or loss, poor judgment in decision-making, human error, losses, fraud or other irregularities.</p> <p>Based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the ARC, the report on the enterprise risk management of the Group, work performed by the internal auditors and external auditors, and assurance from the Management, the Board, with the concurrence of the ARC, is of the opinion that the Group's risk management systems and system of internal controls (including financial, operational, compliance and information technology controls) were adequate and effective for FY2022.</p> <p>The Company is gradually placing emphasis on sustainability and sustainability risks and would implement appropriate policies and programmes when the opportunities arise.</p> <p><u>Inside Information</u></p> <p>The Group has adopted and implemented a general guide to the directors, senior management, substantial shareholders, relevant employees and professional service providers of the Company in handling of confidential information and/or monitoring of information disclosure while in possession of non-public but material information about the Company.</p> <p>The general guide provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the website of the SGX-ST and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group. This measure was implemented in compliance with the applicable laws and regulations and that the Company, as a subsidiary of LHN Limited, is subject to the applicable guidelines on disclosure of inside information under the provisions of Part XIVA of the Hong Kong Securities and Futures Ordinance (Cap. 571).</p>
Audit Committee		
Principle 10	The Board has an Audit Committee which discharges its duties objectively.	The Board has established the ARC in compliance with Principle 10. Please refer to Provisions 10.1 to 10.5 below for more details and instances of the Company's compliance with such principle.

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Provision 10.1	<p>The duties of the ARC include:</p> <ul style="list-style-type: none"> (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems; (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements; (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors; (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and 	<p>The terms of reference of the ARC, which are available on the websites of the Company, the SGX-ST, include the following:</p> <ul style="list-style-type: none"> (a) assisting the Board in discharging its statutory responsibilities on financing and accounting matters; (b) reviewing the assurance from the Executive Chairman and the Head of Finance (being the Finance Director/ Chief Financial Officer/Financial Controller as the case may be) of the Company on the financial records and financial statements of the Company; (c) reviewing the assurance from the Executive Chairman and Head of Finance of the Company on the effectiveness of risk management and internal controls of the Company; (d) reviewing the half-yearly and annual financial statements prior to submission to the Board for review and approval; (e) reviewing significant financial reporting issues and judgements to ensure the integrity of the Company's and/or the Group's financial statements, which includes reviewing and discussing with the Company's 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 the Group's financial performance or financial position and the Company's management's response to such issues; (f) reviewing any formal announcements relating to the Company's and/or the Group's financial performance and ensuring that the outcome of the review of the Group's key financial risk areas is disclosed in the Company's annual reports, and if the findings are material, to be announced via SGXNet in accordance with the Catalist Rules; (g) 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; (h) 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 the Company's implementation of any recommendations to address any control weaknesses highlighted by the external auditor; (i) reviewing the Company's 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 that the Company publicly discloses and clearly communicates to its employees the existence of a whistle-blowing policy and procedures for raising such concerns; (j) 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 the Board, with a view to providing an independent oversight on the 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;

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	<p>(f) reviewing the 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. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.</p>	<p>(k) reviewing at least annually the adequacy and effectiveness of the Company's risk management and internal controls systems, including financial, operational, compliance and information technology controls, and, where necessary and appropriate, provide a statement on the Board's comment on the adequacy and effectiveness of the Company's internal controls;</p> <p>(l) reviewing any interested person transactions as defined under Chapter 9 of the Catalyst Rules (the "Interested Person Transactions") and monitoring the procedures established to regulate such Interested Person Transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalyst Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;</p> <p>(m) reviewing any related party transactions as defined under the SFRS(I) 1-24 on related party disclosures (the "Related Party Transactions") and monitoring the procedures established to regulate such Related Party Transactions, including ensuring that they are on normal commercial terms and do not prejudice the interests of the Company;</p> <p>(n) 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 the controlling shareholders of the Company and propose, where appropriate, the relevant measures for the management of such conflicts;</p> <p>(o) 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;</p> <p>(p) reviewing transactions undertaken by the Group which fall within the scope of Chapter 10 of the Catalyst Rules;</p> <p>(q) 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 the Group's documents, records, properties and personnel, including the chairman of the Board and the ARC Chairman;</p> <p>(r) ensuring that the internal audit function is independent, effective, adequately resourced and has appropriate standing within the Company;</p> <p>(s) reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;</p> <p>(t) ensuring that the internal audit function 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;</p> <p>(u) meeting with the Company's external auditors and internal auditors, in each case without the presence of the Company's management, at least annually and review the co-operation given by the management to the internal and external auditors, where applicable;</p> <p>(v) reviewing the assistance, coordination and co-operation given to the Group's management to the internal and external auditors;</p> <p>(w) reviewing the nature, extent and costs of non-audit services performed by the external auditor, to ensure their independence and objectivity;</p> <p>(x) appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;</p>

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		<p>(y) where necessary, commissioning an independent audit on internal controls and risk management systems for the assurance of the ARC, or where it is not satisfied with the Company's systems of internal controls and risk management;</p> <p>(z) making recommendations to the Board on (i) the proposals to shareholders of the Company on the appointment, reappointment and removal of the external auditor; and (ii) the remuneration and terms of engagement of the external auditor;</p> <p>(aa) undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the ARC;</p> <p>(bb) monitoring the measures undertaken by the Group to mitigate and to the extent possible remediate non-compliance by the Group, and having oversight of and reviewing such measures to monitor and to the extent possible prevent further recurrence of non-compliances;</p> <p>(cc) 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 the Company's external and internal auditors may wish to discuss in the absence of the Company's management;</p> <p>(dd) reviewing and approving all hedging policies implemented by the Group (if any) and conducting periodic review of foreign exchange transactions and hedging policies and procedures;</p> <p>(ee) monitoring the implementation of a policy and procedures for sustainability reporting;</p> <p>(ff) appraising the performance of the Head of Finance on an annual basis;</p> <p>(gg) 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 the Group's operations and expansion plans from time to time;</p> <p>(hh) having oversight of and monitoring and reviewing the political situation in Myanmar before the Group makes any decision to proceed with its business plans in Myanmar. On a continuing basis, the ARC will also monitor and review the political and legal concerns and ensure that all requisite licences, permits and approvals have been obtained by the Group for such business operations in Myanmar;</p> <p>(ii) 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 (where applicable) under the Trademark Law are completed once the Trademark Law comes into force;</p> <p>(jj) reviewing the procedures by which employees of the Group may, in confidence, report to the ARC Chairman, possible improprieties in matters of financial reporting or other matters;</p> <p>(kk) reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, including among others, criminal offences involving the Group or its employees, and/or questionable accounting, auditing, business, safety or other matters that impact negatively on the Group, and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and</p> <p>(ll) undertaking generally such other functions and duties as may be required by law or the Catalist Rules or as recommended by the Code, and by amendments made thereto from time to time.</p>

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		<p><u>Whistle-blowing Policy</u></p> <p>The Company's whistle-blowing policy serves to encourage and to provide a channel for staff of the Group and any external parties to report and raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters. To facilitate independent investigation of such matters and appropriate follow up actions, all whistle-blowing reports are directed to the ARC Chairman via a dedicated email address (jimmylimkt@gmail.com). The whistle-blowing policy has been communicated to all staff and it has also been posted on the Company's website at www.lhnlogistics.com.</p> <p>The ARC has explicit authority to investigate any matter within its terms of references. It has full access to Management and full discretion to invite any Director or key management personnel to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly. The Executive Directors and key management personnel, as and when required, were invited to be present at the ARC meetings to report and brief the ARC members on the financial and operating performance of the Group and to answer any queries from the ARC members on any aspect of the operations of the Group.</p>
Provision 10.2	The ARC comprises at least three directors, all of whom are non-executive and the majority of whom, including the ARC Chairman, are independent. At least two members, including the ARC Chairman, have recent and relevant accounting or related financial management expertise or experience.	<p>The ARC currently comprises Mr. Lim Kian Thong (ARC Chairman), Ms. Catherine Tan, and Mr. Leon Yee all of whom are INEDS.</p> <p>The Board is of the view that the ARC members have adequate accounting or related financial management expertise and experience to discharge the ARC's functions. In this regard, in compliance with Provision 10.2 of the Code 2018, at least two members, including the ARC Chairman, have recent relevant accounting or related financial management expertise or experience. In particular, Mr. Lim Kian Thong has more than 30 years of experience in accounting, corporate finance, private equity and financial consultations and he is a Fellow, Chartered Accountant of Singapore and Fellow, CPA Australia. Ms. Catherine Tan has over 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 and the Board considers that she has had sufficient experience in relation to financial management this regard. Mr. Leon Yee 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 and also advised banks and project companies on complex financing transactions and has a particular focus on Korea, Indonesia and China related deals among others, and the Board considers ARC have a good understanding of the accounting / financial management aspects of a business.</p>
Provision 10.3	The ARC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	None of the ARC members including their respective immediate family members were previous partners or directors of the Company's external audit firm within the last two (2) years and none of the ARC members hold any financial interest in the existing external audit firm engaged by the Company.

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Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation
Provision 10.4	<p>The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.</p>	<p>The ARC relies on reports from the Management, external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the ARC oversees and monitors the implementations thereto.</p> <p>Currently, the Group has outsourced its internal audit function to Crowe Horwath First Trust Risk Advisory Pte Ltd (the "IA") which reports directly to the ARC. The IA has an administrative reporting function to Management where planning, coordinating, managing and implementing internal audit work cycle are concerned. The work undertaken by the IA, are carried out in accordance with the standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA will report their audit findings and recommendations directly to the ARC. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC.</p> <p>In FY2022, the ARC has reviewed and approved the internal audit plan to ensure the adequacy of the scope of audit, the IA's reports, and proposed follow-up actions implemented by the Management and has noted that the necessary co-operation required from the Management has been provided to enable the IA to perform its function effectively. In addition, the experience of the IA has been reviewed, including the assigned engagement personnel's experience and is satisfied that the IA is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively. As such, the ARC is of the view that the internal audit function of the Company is independent, effective and adequately resourced for FY2022.</p>
Provision 10.5	<p>The ARC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.</p>	<p>The ARC met up with the internal auditors and the external auditors without the presence of Management in October 2022 to discuss, among others, matters relating to FY2022, including among others, to review the announcement of the unaudited results for the financial year ended 30 September 2022, to review the independence of the internal controls function, adequacy of internal controls addressing financial, operational and compliance risks, to review and approve interested person transactions for the relevant financial period. The external auditors and internal auditors were also invited to be present at ARC meetings, as and when required, held during FY2022 to, inter alia, answer or clarify any matter on accounting and auditing or internal controls (as the case may be). The Board considers the regular annual meeting sufficient to monitor integrity of the issuer's financial statements, the annual report and accounts, and to review any significant financial reporting judgments contained in them.</p>

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Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation																					
General	AC's annual review of the independence / re-appointment of the EA.	<p>The aggregate amount of fees paid or payable to PricewaterhouseCoopers LLP ("PwC") for FY2022 are as follows:</p> <table border="1" data-bbox="639 528 1465 891"> <thead> <tr> <th data-bbox="639 528 1129 595">Description of Services</th> <th data-bbox="1137 528 1294 595">Amount (\$\$,000)</th> <th data-bbox="1302 528 1465 595">Percentage (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="639 595 1129 640">Audit fees</td> <td data-bbox="1137 595 1294 640"></td> <td data-bbox="1302 595 1465 640"></td> </tr> <tr> <td data-bbox="639 640 1129 707">Audit of historical financial information for the purpose of the IPO</td> <td data-bbox="1137 640 1294 707">105</td> <td data-bbox="1302 640 1465 707">32.6</td> </tr> <tr> <td data-bbox="639 707 1129 775">Statutory audit for the financial year ended 30 September 2022</td> <td data-bbox="1137 707 1294 775">97</td> <td data-bbox="1302 707 1465 775">30.1</td> </tr> <tr> <td data-bbox="639 775 1129 819">Non-audit fees</td> <td data-bbox="1137 775 1294 819"></td> <td data-bbox="1302 775 1465 819"></td> </tr> <tr> <td data-bbox="639 819 1129 864">Services as IPO Reporting Accountant</td> <td data-bbox="1137 819 1294 864">120</td> <td data-bbox="1302 819 1465 864">37.3</td> </tr> <tr> <td data-bbox="639 864 1129 891">Total</td> <td data-bbox="1137 864 1294 891">322</td> <td data-bbox="1302 864 1465 891">100.0</td> </tr> </tbody> </table> <p>The ARC has reviewed the non-audit services provided by PwC to the Group. As the non-audit services rendered by PwC relates to services performed in connection with the initial public offering of the Company, the Board, with the concurrence of the ARC, is of the opinion that the independence and objectivity of the external auditors have not been affected due to the following reasons:</p> <ul style="list-style-type: none"> The non-audit services are within the permitted scope of services under section 290.219A of the Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities in the Fourth Schedule of the Accountants (Public Accountants) (Amendment) Rules 2015. The audit engagement team was not involved in any management decision making and its role were limited to providing advisory and review services based on the objective assessment of the facts. <p>The ARC and the Board are of the view that PwC is adequately resourced and registered with the Accounting and Corporate Regulatory Authority or registered with and/or regulated by an independent audit oversight body acceptable to the SGX-ST. The ARC has recommended to the Board the re-appointment of PwC as external auditors of the Company at the forthcoming AGM of the Company.</p>	Description of Services	Amount (\$\$,000)	Percentage (%)	Audit fees			Audit of historical financial information for the purpose of the IPO	105	32.6	Statutory audit for the financial year ended 30 September 2022	97	30.1	Non-audit fees			Services as IPO Reporting Accountant	120	37.3	Total	322	100.0
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General	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	During FY2022, the ARC was provided with information such as updates on the changes to the financial reporting standards by the external auditors in the course of their report to the ARC.																					
STAKEHOLDER RIGHTS AND ENGAGEMENT																							
Shareholders' Rights																							
Principle 11	The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.	The Company has complied with Principle 11. Please refer to Provisions 11.1 to 11.6 below for more details and instances of the Company's compliance with such principle.																					

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Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation
Provision 11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	<p>The Company's corporate governance practices promote the fair and equitable treatment to all Shareholders.</p> <p><u>Participation in / Information in respect of General Meetings</u></p> <p>Prior to or at the general meetings of the Company, Shareholders will be given the opportunity to raise questions regarding the matters to be tabled at such general meetings. The Company will ensure all substantial and relevant questions received prior to the general meetings will be addressed by the Directors and/or management prior to, or at, the general meetings. The Company and Directors will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the general meetings in respect of substantial and relevant matters.</p> <p>Prior to the general meetings, the notice of AGM and Annual Report, will be released on SGX-ST's and on the Company's website to inform shareholders of the upcoming meeting, save as otherwise exempted under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 (Temporary Measures) Order 2020")</p> <p>The Board and the Management will also be present (with the auditors in attendance) at the AGM to address any relevant queries that the Shareholders may have. The Company will prepare the minutes of the AGM which would include substantial or relevant queries from Shareholders, if any, and these minutes of the AGM will be made available to Shareholders. Please refer to Provision 11.5 for more information on how the minutes are made available.</p> <p><u>Voting at General Meetings</u></p> <p>The Constitution does not allow for absentia voting at general meetings of Shareholders as authentication of Shareholder identity information and other related security issues remains a concern. However, the Constitution does allow a shareholder (who is not a relevant intermediary, as defined in Section 181(6) of the Companies Act) to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a Shareholder. Pursuant to the Companies (Amendment) Act 2014, a shareholder of the Company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), may appoint more than two proxies to attend, speak and vote at the AGM.</p>

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Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation
		<p>Pursuant to Catalist Rule 730A(2), all resolutions will be put to vote by way of a poll at the forthcoming AGM, and their detailed results will be announced via the website of the SGX-ST after the conclusion of the AGM. In respect of general meetings of the Company held virtually and in accordance with the COVID-19 (Temporary Measures) Order 2020, Shareholders (except a relevant intermediary) may cast their votes for the resolution live at the AGM. Alternatively, Shareholders can vote by way of appointment of the chairman of such general meeting (or any person other than the chairman) as proxy, by depositing the instrument of proxy by post or by email in the manner as stated in the notice of the general meeting from time to time.</p> <p><u>How Shareholders can convene an extraordinary general meeting ("EGM")</u></p> <p>Under the Constitution, Directors may in general, whenever they think fit, convene EGMs.</p> <p>Pursuant to Section 176 of the Companies Act, the Board shall convene an EGM on requisition as follows:</p> <p>(a) The Directors of the Company shall, notwithstanding anything in the Constitution, on the requisition of members holding at the date of the deposit of the requisition not less than 10% of the total number of paid-up shares as at the date of the deposit carries the right of voting at general meetings immediately proceed to duly convene an EGM to be held as soon as practicable but in any case, not later than 2 months after the receipt by the Company of the requisition.</p> <p>(b) The requisition shall state the objects of the meeting and shall be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.</p> <p>(c) If the Directors do not within 21 days after the date of the deposit of the requisition proceed to convene a meeting, the requisitionists, or any of them representing more than 50% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by Directors convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from that date.</p> <p>(d) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors to convene a meeting shall be paid to the requisitionists by the Company, and any sum so paid shall be retained by the company out of any sums due or to become due from the Company by way of fees or other remuneration in respect of their services to such of the Directors as were in default.</p> <p>(e) A meeting at which a special resolution is to be proposed shall be deemed not to be duly convened by the Directors if they do not give such notice thereof as is required by the Companies Act in the case of special resolutions.</p>

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Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation
Provision 11.2	The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled," the company explains the reasons and material implications in the notice of meeting.	Resolutions submitted at the Shareholders' meetings are separate and not bundled or made inter-conditional on each other unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Company will explain the reasons and material implications. The tabling of separate resolutions gives Shareholders the right to express their views and exercise their voting rights on each resolution separately. Information is also provided on each resolution to enable Shareholders to exercise their vote on an informed basis.
Provision 11.3	All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.	As set out in Provision 11.1, the Board and the Management will also be present (with the auditors in attendance) at the AGM to address any relevant queries the Shareholders may have. Where necessary, the Company will also seek the external auditors' response to queries from shareholders in respect of matters pertaining to the audit in the event that such queries were received prior to the AGM. There was no AGM or EGM held in FY2022.
Provision 11.4	The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	As set out in Provision 11.1, the Company's Constitution does not allow for absentia voting at general meetings of Shareholders as authentication of Shareholder's identity information and other related security issues remains a concern. However, the Constitution of the Company does allow a shareholder (who is not a relevant intermediary, as defined in Section 181(6) of the Companies Act) to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a Shareholder. Pursuant to the Companies (Amendment) Act 2014, a shareholder of the Company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), may appoint more than two proxies to attend, speak and vote at the AGM.
Provision 11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	The proceedings of the general meetings will be properly recorded, including all comments and/or queries from shareholders relating to the agenda of the meeting and responses from the Board, Management or external auditors to such comments and/or queries. All minutes of general meetings will be posted on the Company's website as soon as practicable. The Company also ensures that all material information relating to the Group is disclosed in an accurate and timely manner through publication on the SGX-ST. In addition, the minutes of the AGM in respect of FY2022 would be released on the company's website and on the SGX-ST'S website within one (1) month from the date of the AGM, in accordance with the COVID-19 (Temporary Measures) Order 2020.

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Provisions/ Principles/ Rules	Code and/or Guideline Description	Company's Compliance or Explanation
Provision 11.6	The company has a dividend policy and communicates it to shareholders.	<p>The Company does not have a specific dividend policy.</p> <p>The Company will declare and/or recommend the payment of dividends to shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.</p> <p>The Board has proposed a final tax exempt (one-tier) dividend of 0.6 Singapore cent (S\$0.006) per ordinary share for FY2022 which will be subject to shareholders' approval at the forthcoming AGM.</p> <p>Barring any unforeseen circumstances, the Company intends to recommend and distribute dividends of not less than 40.0% of the Group's profit attributable to equity holders of the Company excluding non-recurring, one-off and exceptional items, whether as an annual dividend or an interim dividend for the subsequent two financial years ending 30 September 2023 and 30 September 2024. Shareholders may refer to the dividend policy section of the final offer document dated 19 April 2022 for more details.</p>
Engagement with Shareholders		
Principle 12	The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.	Notwithstanding that the Company was newly listed on 29 April 2022, the Company is of the view that it has communicated regularly with its shareholders through timely disclosure of announcements via SGXNet and/or the Company's website. The Company will endeavour to facilitate the participation of shareholders during upcoming general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company, in accordance with Principle 12. Please refer to Provisions 12.1 to 12.3 below for more details and instances of the Company's compliance with such principle.
Provision 12.1	The company provides avenues for communication between the Board and all shareholders and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	<p>The Company strives to disclose information on a timely basis to Shareholders and ensure any disclosure of price sensitive information is not made to a selective group. The information is communicated to the Shareholders via:</p> <ul style="list-style-type: none"> • annual reports - the Board strives to include all relevant information about the Group, including future developments and disclosures required by the Companies Act, financial reporting standards and the Catalist Rules; • corporate communication made on the website of the SGX-ST and press releases on major developments of the Group. The foregoing disclosures and press releases of the Group are also available on the Company's website at www.lhnlogistics.com. <p>A copy of the Annual Report containing the notice of AGM for FY2022 is made available on the Company's website (www.lhnlogistics.com) and published via the website of the SGX-ST.</p>

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Provision 12.2 Provision 12.3	<p>The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.</p> <p>The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.</p>	<p>The Company has in place an Investor Relations Policy to ensure the dissemination of material information in a timely and useful manner to Shareholders, analysts, the media, and other investors and aims to raise awareness and understanding of the Company's business amongst the investing public.</p> <p>In accordance with the policy of the Company, the Company ensures that, among others:</p> <ul style="list-style-type: none"> - Circulars and notices in respect of AGMs and EGMs are released on the websites of the SGX-ST and on the Company's website. - Shareholders are encouraged to participate in general meetings in person or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. - The chairperson of the Board and other Board members, chairperson of Board Committees or their delegates, the Company's senior management and external auditors shall attend the AGMs to answer Shareholders' questions (if any). - The Company engages its Shareholders and the investment community via Company reports and announcements, such as timely financial reporting, sustainability reporting and other announcements in accordance with the Catalist Rules. - Any information or documents of the Company posted on the websites of the SGX-ST (www.sgx.com) will also be published on the Company's website (www.lhnlogistics.com) under the "Investor Relations" section. Such information includes financial statements, results announcements, circulars and notices of general meetings, etc. In this regard, the Company wishes to inform that it also has a dedicated investor relations section within its corporate website, which allows the public to subscribe and receive alerts whenever an announcement is posted on the website. - The Company meets with investors, the media and analysts at appropriate times, where the Company also ensures strict adherence with the continuous disclosure obligations. - The Company stays connected with its investors/Shareholders by soliciting feedback from and addressing the concerns of investors/Shareholders (including institutional and retail investors) via a dedicated investor relations email: ir@lhnlogistics.com <p>Alternatively, investors/Shareholders may also send their enquiries and concerns in writing to the Board or the Company Secretary by addressing them to the Company at the registered office in or by email through the Company's website. The Company addresses such enquiries and concerns as soon as practicable.</p>
MANAGING STAKEHOLDER RELATIONSHIPS		
Engagement with Stakeholders		
Principle 13	<p>The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.</p>	<p>The Board is of the view that it has adopted an inclusive approach by considering and balancing the needs and interests of material stakeholders, so as to ensure that the best interests of the Company are served. Please refer to Provisions 13.1 to 13.3 below for more details and instances of the Company's compliance with such principle.</p>

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Provision 13.1	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	The Company takes a strategic and pragmatic approach in managing stakeholders' expectations to support its long-term strategy. As set out earlier, the Company is gradually placing emphasis on sustainability and sustainability risks and would implement appropriate policies and programmes when the opportunities arise. Further details on the environmental, social and corporate governance policies will be disclosed in the FY2022 Sustainability Report to be published by 28 February 2023.
Provision 13.2	The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	More information on the Group's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance in this regard will be set out in the Sustainability Report in respect of FY2022, to be published on the SGX-ST no later than 28 February 2023.
Provision 13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	The Company maintains its corporate website at www.lhnlogistics.com to communicate and engage with stakeholders.

COMPLIANCE WITH APPLICABLE CATALIST RULES

Catalist Rule	Rule Description	Company's Compliance or Explanation
711A and 711B	Sustainability Reporting	The sustainability report for financial year ended 30 September 2022 will be published on a standalone basis by 28 February 2023.
712, 715 or 716	Appointment of auditors	The Group has not appointed different auditors for its subsidiaries and significant associated companies during the financial year under review. As such, the Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material contracts	Save as disclosed in the material contracts section in the final offer document of the Company dated 19 April 2022, there was no other material contract involving the interests of any Director or controlling shareholders of the Company which has been entered into by the Group, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	As set out earlier, based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the ARC, the report on the enterprise risk management of the Group, work performed by the IA and the external auditors, and assurance from the Management, the Board, with the concurrence of the ARC, is of the opinion that the Group's risk management systems and system of internal controls (including financial, operational, compliance and information technology controls) were adequate and effective for FY2022.
1204(10C)	AC's comment on Internal Audit Function	As set out earlier, the ARC has reviewed and approved the internal audit plan to ensure the adequacy of the scope of audit, the IA's reports, proposed follow-up actions implemented by the Management and has noted that the necessary cooperation required from the Management has been provided to enable the IA to perform its function effectively. In addition, the experience of the IA has been reviewed, including the assigned engagement personnel's experience and is satisfied that the IA is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively. As such, the ARC is of the view that the internal audit function of the Company is independent, effective and adequately resourced for FY2022.

CORPORATE GOVERNANCE

Catalist Rule	Rule Description	Company's Compliance or Explanation												
1204(17)	Interested persons transaction ("IPT")	<p>The Company has established procedures to ensure that all transactions with interested persons complies with Chapter 9 of the Catalist Rules and are reported on a timely manner to the ARC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>In compliance with Rule 907 of the Catalist Rules, the aggregate value of the IPTs, including recurrent IPTs of revenue or trading in nature conducted during FY2022 by the Company in accordance with the general mandate obtained pursuant to Rule 920(2) of the Catalist Rules, are set out below. Shareholders may refer to the section entitled "Interested Person Transactions - General Mandate for Interested Parties Transactions" of the final offer documents dated 19 April 2022 for more information.</p> <table border="1"> <thead> <tr> <th>Name of Interested Person</th> <th>Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY2022 (S\$'000)</th> <th>Aggregate Value of all interested person transactions conducted during the financial year under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) FY2022 (S\$'000)</th> </tr> </thead> <tbody> <tr> <td>LHN Group Pte. Ltd.⁽¹⁾</td> <td>398</td> <td>Nil</td> </tr> <tr> <td>LHN Space Resources Pte. Ltd.⁽²⁾</td> <td>234</td> <td>Nil</td> </tr> <tr> <td>Total</td> <td>632</td> <td>Nil</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) As LHN Group Pte. Ltd. is a controlling shareholder of the Company, LHN Group Pte. Ltd. is an interested person vis-à-vis the Company and accordingly, the transaction between LHN Group Pte. Ltd. and the Company constitutes an interested person transaction.</p> <p>(2) As LHN Space Resources Pte. Ltd. is a wholly owned subsidiary of LHN Group Pte. Ltd., LHN Space Resources Pte. Ltd. is deemed to be an associate of LHN Group Pte. Ltd., a controlling shareholder of the Company, and is thus an interested person vis-à-vis the Company. Accordingly, the transaction between LHN Space Resources Pte. Ltd. and the Company constitutes an interested person transaction.</p>	Name of Interested Person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY2022 (S\$'000)	Aggregate Value of all interested person transactions conducted during the financial year under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) FY2022 (S\$'000)	LHN Group Pte. Ltd. ⁽¹⁾	398	Nil	LHN Space Resources Pte. Ltd. ⁽²⁾	234	Nil	Total	632	Nil
Name of Interested Person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY2022 (S\$'000)	Aggregate Value of all interested person transactions conducted during the financial year under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) FY2022 (S\$'000)												
LHN Group Pte. Ltd. ⁽¹⁾	398	Nil												
LHN Space Resources Pte. Ltd. ⁽²⁾	234	Nil												
Total	632	Nil												
1204(19)	Dealing in securities	<p>The Company has adopted an internal code on dealings in securities, which has been disseminated to all Directors and officers within the Group. The Company will also send a notification via email to notify all its Directors and officers at least a day prior to the close of window for trading of the Company's securities.</p> <p>The Company, Directors, officers and employees have been informed not to deal in the Company's securities at all times whilst in possession of unpublished price sensitive information and during the periods commencing:</p> <p>(a) 30 days immediately preceding the publication date of the announcement of the Company's half-yearly and full year results respectively or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.</p> <p>Directors, officers and employees have also been directed to refrain from dealing in the Company's securities on short-term considerations.</p>												

CORPORATE GOVERNANCE

Catalist Rule	Rule Description	Company's Compliance or Explanation																				
1204(21)	Non-sponsor fees	No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2022.																				
1204(22)	Use of proceeds	<p>Pursuant to the initial public offering on 29 April 2022, the Company received net proceeds amounting to S\$3.6 million from the placement of new shares.</p> <p>As at the date of this report, the status on the use of the proceeds is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Amount allocated S\$'000</th> <th>Amount Utilised S\$'000</th> <th>Balance S\$'000</th> </tr> </thead> <tbody> <tr> <td>Use of Net Proceeds</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Partially financing the construction of the ISO tank depot at 7 Gul Avenue</td> <td>3,231</td> <td>2,128</td> <td>1,103</td> </tr> <tr> <td>Expansion of transportation fleet and acquisition of moving equipment</td> <td>361</td> <td>361</td> <td>-</td> </tr> <tr> <td>Total</td> <td>3,592</td> <td>2,489</td> <td>1,103</td> </tr> </tbody> </table> <p>The Company will make periodic announcements on the utilisation of the net proceeds from the initial public offering as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its half-yearly and full-year financial statements.</p>		Amount allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000	Use of Net Proceeds				Partially financing the construction of the ISO tank depot at 7 Gul Avenue	3,231	2,128	1,103	Expansion of transportation fleet and acquisition of moving equipment	361	361	-	Total	3,592	2,489	1,103
	Amount allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000																			
Use of Net Proceeds																						
Partially financing the construction of the ISO tank depot at 7 Gul Avenue	3,231	2,128	1,103																			
Expansion of transportation fleet and acquisition of moving equipment	361	361	-																			
Total	3,592	2,489	1,103																			

CORPORATE GOVERNANCE

Key information regarding the Retiring Directors who have been nominated for re-election as Directors of the Company are set out below:

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
Date of Initial Appointment	24 August 2021	14 January 2022	29 March 2022	29 March 2022	29 March 2022
Date of last re-appointment (if applicable)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Age	44	39	45	48	59
Country of principal residence	Singapore	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Kelvin Lim as the Executive Chairman of the Company was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution.	The re-election of Mr. Lin Kaixian as the Executive Director and Managing Director (Transportation Business) of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution.	The re-election of Mr. Leon Yee as the Lead Independent Non-Executive Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms. Catherine Tan as the Independent Non-Executive Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr. Lim Kian Thong as the Independent Non-Executive Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Yes His role is to provide guidance to the business development and overall management of the Group, in particular, business strategies and investment activities.	Yes His role is to manage the Group's Transportation Business.	No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Executive Director, Managing Director (Transportation Business)	Lead Independent Non-Executive Director, Chairman of the Nominating Committee and member of the Audit and Remuneration Committee	Independent Non-Executive Director, Chairwoman of the Remuneration Committee and member of the Audit and Risk Committee and Nominating Committee	Independent Non-Executive Director, Chairman of the Audit and Risk Committee and member of the Nominating Committee and Remuneration Committee

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
Professional qualifications	-	-	Bachelor of Law at Christ's College, Cambridge University Master of Arts from Christ's College, Cambridge University Advocate & Solicitor of the Supreme Court of Singapore Solicitor of England and Wales	Master of Business Administration from RMIT University, Australia Bachelor of Business (Banking and Finance) from Monash University, Australia	Bachelor of Accountancy from the National University of Singapore Master of Business Administration (Banking & Finance) from National Technological University, Singapore Fellow, Chartered Accountant of Singapore Fellow, CPA Australia
Working experience and occupations during the past 10 years	Please refer to the Board of Directors section in the Company's 2022 Annual Report.	Please refer to the Board of Directors section in the Company's 2022 Annual Report.	Please refer to the Board of Directors section in the Company's 2022 Annual Report.	Please refer to the Board of Directors section in the Company's 2022 Annual Report.	Please refer to the Board of Directors section in the Company's 2022 Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interested in 140,940,800 of shares in the Company	Nil	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Kelvin Lim is a director of LHN Group Pte. Ltd. and LHN Limited. As LHN Limited is entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in LHN Group Pte. Ltd., LHN Limited is deemed to have an interest in the issued and paid-up share capital of the Company held by LHN Group Pte. Ltd. pursuant to Sections 4(4) and 4(5) of the Securities and Futures Act 2001 of Singapore. Please refer to the Statistics of Shareholders section in this Annual Report for FY2022.	Mr. Lin is a director of LHN Logistics Limited's subsidiaries, LHN Logistics (Malaysia) Sdn Bhd, LHN Logistics Shared Services Sdn Bhd and Hean Nerng Logistics Pte Ltd.	Nil	Nil	Nil

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
Conflict of interest (including any competing business)	No	No	No	<p>No.</p> <p>As disclosed in the final offer document of the Company dated 19 April 2022, while Ms. Catherine Tan 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, the NC is 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 the Company in accordance with the Code 2018 and Catalyst Rule 406(3) (d), taking into account the following reasons:</p> <p>(a) in accordance with Catalyst Rule 406(3) (d), she is considered independent as: (i) she has not been employed by the 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 the Group or its related corporations for the</p>	No

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Mr. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
				<p>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 2018, in particular Guideline 2.1 and Practice Guidance 2, she has no existing relationship with the Group that could interfere, or be reasonably perceived to interfere, with the exercise of her independent business judgment in the best interests of the Company.</p> <p>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</p>	

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes
				<p>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 the Group.</p> <p>However, in view of her capacity as the Senior Vice President in the Regional Loan Product Management department at DBS Bank Ltd, Ms Catherine Tan shall abstain from voting, deliberating on, participating in any discussions and/or making any recommendations to the Board in relation to any loan to be obtained from DBS Bank Ltd.</p>	

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
<p>Present Principal Commitments* including directorships</p> <p>*"Principal Commitments" has the same meaning as defined in the Code, and includes all commitments which involve significant time commitment, such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.</p>	<p>Public Listed LHN Limited</p> <p>Non Public Listed 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. 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. Coliwoo Investments Pte. Ltd. Coliwoo Keppel Pte. Ltd.</p>	<p>Public Listed -</p> <p>Non Public Listed Hean Nerng Logistics Pte Ltd LHN Logistics Sdn. Bhd. LHN Logistics Shared Services Sdn Bhd YQ Holdings Sdn Bhd</p>	<p>Public Listed Yangzijiang Financial Holding Ltd. Yangzijiang Shipbuilding (Holdings) Ltd. F J Benjamin Holdings Ltd.</p> <p>Non Public Listed Caelius Pte. Ltd. Cambridge Alliance Capital Pte. Ltd Cambridge Alliance Fund No. 1 Pte. Ltd. Char Yong (Dabu) Foundation Limited Christ's College, Cambridge Fund (Singapore) Limited Ee Hoe Hean Club Ladderman (HK) Limited Ladderman Limited Selvam LLC St. Joseph's Institution Philanthropic Fund For the Lasallian Mission Ltd.</p>	<p>Public Listed Sim Leisure Group Ltd.</p> <p>Non Public Listed -</p>	<p>Public Listed iFAST Securities US Corporation Sitra Holdings (International) Limited</p> <p>Non Public Listed Bondspermart Pte. Ltd. Lim & Partners Advisory Services Pte. Ltd.</p>

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
	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.				

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
	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 Soon Wing Investments Pte. Ltd. White Opal Properties Pte. Ltd.				

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
	<p>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. Coliwoo (Sin Ming) Pte. Ltd. The Bus Hotel Pte. Ltd. Coliwoo (TK) Pte. Ltd. Jadeite Properties Pte. Ltd. Coliwoo (Geylang) Pte. Ltd. LHN Logistics Shared Services Sdn. Bhd. HLA Container Holdings (Myanmar) Limited</p>				
<p>Past Principal Commitments for the last 5 years, including directorships</p>	<p>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.</p>	-	<p>Cambridge Alliance China Group Pte. Ltd. Cambridge Alliance Global Holdings Pte. Ltd. Cambridge Alliance Realtor Pte. Ltd. Cambridge RE Assets Fund No. 1 Pte. Ltd. Cambridge RE Assets Fund No. 10 Pte. Ltd. Cambridge RE Assets Fund No. 11 Pte. Ltd.</p>	-	<p>Haitong Freedom Multi - Tranche Master Bond Fund Haitong Freedom Multi Tranche Bond Fund Haitong Global Investment SPC Haitong Global Investment SPC II Haitong Global Investment SPC III Haitong Global Investment SPC IV</p>

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
	-	-	<p>Cambridge RE Assets Fund No. 3 Pte. Ltd.</p> <p>Cambridge RE Assets Fund No. 4 Pte. Ltd.</p> <p>Cambridge RE Assets Fund No. 5 Pte. Ltd.</p> <p>Cambridge RE Assets Fund No. 6 Pte. Ltd.</p> <p>Cambridge RE Assets Fund No. 7 Pte. Ltd.</p> <p>Cambridge RE Assets Fund No. 8 Pte. Ltd.</p> <p>Cambridge RE Assets Fund No. 9 Pte. Ltd.</p> <p>Cambridge RE Assets Pte. Ltd.</p> <p>Federal International (2000) Ltd</p> <p>Knightsbridge Auto Pte. Ltd.</p> <p>Knightsbridge Fund No. 1 Pte. Ltd.</p> <p>Knightsbridge Fund No. 2 Pte. Ltd.</p> <p>Krystal Titan Pte. Ltd.</p> <p>Laura Ashley Holdings Plc</p> <p>Pacific Star Development Limited (f.k.a. LH Group Limited)</p> <p>Pentagon Football Centre Pte. Ltd.</p> <p>Purple Sunshine Pte. Ltd.</p> <p>Rabbit Colors Pte. Ltd.</p> <p>Sweet Orchid Pte. Ltd.</p> <p>The Knightsbridge Group Pte. Ltd.</p> <p>Yellow Lullaby Pte. Ltd.</p>	-	<p>Haitong Global Investment SPC V</p> <p>Haitong Global Investment SPC VI</p> <p>Haitong International Asset Management (Singapore) Pte. Ltd.</p> <p>Haitong International Financial Products (Singapore) Pte Ltd</p> <p>Haitong International Financial Services (Singapore) Pte Ltd</p> <p>Haitong International Innovation Fund SPC</p> <p>Haitong International Investment Fund SPC</p> <p>Haitong International Securities (Singapore) Pte. Ltd.</p> <p>Haitong International Securities Group (Singapore) Pte. Ltd.</p> <p>Harvest Global Technology Fund S.P.</p> <p>PureCircle Limited</p> <p>United Global Limited</p> <p>Capital World Limited</p>

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
a) Whether at any time during the last 10 years, an application or petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or any time within 2 years from the date, he ceased to be a partner?	No	No	No	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was 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 2 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 whether that entity is the trustee of a business trust, that business trust, on the group of insolvency?	No	No	No	No	No

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
c) Whether there is any unsatisfied judgement against him?	No	No	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud of 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?	No	No	No	No	No
e) Whether he has 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?	No	No	No	No	No

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law of 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 he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation of dishonesty on his part?	No	No	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No
h) Whether he has 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?	No	No	No	No	No

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: – i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or 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; or	No	No	No	No	No

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
<p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>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.</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>					
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No

CORPORATE GOVERNANCE

Name of Director	Mr. Lim Lung Tieng ("Mr. Kelvin Lim")	Mr. Lin Kaixian	Mr. Yee Kee Shian, Leon ("Mr. Leon Yee")	Ms. Tan Hui Tsu ("Ms. Catherine Tan")	Mr. Lim Kian Thong
<p>Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Disclosure applicable to the appointment of Director only</p>				
	<p>Not Applicable</p> <p>This is a re-election of a director</p>	<p>Not Applicable</p> <p>This is a re-election of a director</p>	<p>Not Applicable</p> <p>This is a re-election of a director</p>	<p>Not Applicable</p> <p>This is a re-election of a director</p>	<p>Not Applicable</p> <p>This is a re-election of a director</p>

DIRECTORS' STATEMENT

The directors present their statement to the member together with the audited financial statements of the Company for the financial year ended 30 September 2022.

In the opinion of the directors,

- (a) the financial statements as set out on pages 79 to 131 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2022 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Lim Lung Tieng
 Lin Kaixian
 Lim Kian Thong
 Yee Kee Shian, Leon
 Tan Hui Tsu

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of Director	No. of ordinary shares			
	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 1 October 2021	As at 30 September 2022[#]	As at 1 October 2021	As at 30 September 2022[#]
The Company - LHN Logistics Limited				
Lim Lung Tieng	-	-	140,940,800	140,940,800
Immediate holding company - LHN Group Pte Ltd				
Lim Lung Tieng	-	-	2,000,000	2,000,000
Intermediate holding company - LHN Limited				
Lim Lung Tieng	-	-	224,982,600	224,982,600
Intermediate holding company - Fragrance Ltd.				
Lim Lung Tieng	-	-	50,000	50,000
Intermediate holding company - Hean Nerng Group Pte. Ltd.				
Lim Lung Tieng	30,000	30,000	-	-

There were no changes to the above shareholdings as at 21 October 2022

DIRECTORS' STATEMENT

Directors' interests in shares or debentures (continued)

By virtue of the provisions of Section 7 of the Singapore Companies Act, Cap. 50, Mr. Kelvin Lim are deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of the Company, and in the shares held by the Company in the following subsidiaries that are not wholly-owned by the Group.

	Number of ordinary shares	
	As at 1 October 2021	As at 30 September 2022
Hean Nerng Logistics Pte. Ltd.	500,000	500,000
LHN Logistics Sdn Bhd	245,000	245,000
HLA Holdings Pte. Ltd.	429,408	429,408
HLA Container Services Pte. Ltd.	480,000	480,000
HLA Holdings (Thailand) Limited	23,040	23,040
HLA Container Services (Thailand) Limited	139,162	139,162
HLA Container Services (Myanmar) Limited	6,000	6,000
LHN Logistics Shared Services Sdn Bhd	-	100
HLA Container Holdings (Myanmar) Limited	-	600

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit and Risk Committee

The members of the Audit and Risk Committee during the financial year and at the date of this report are:

Lim Kian Thong (Chairman)	(Independent Non-Executive Director)
Yee Kee Shian, Leon	(Lead Independent Non-Executive Director)
Tan Hui Tsu	(Independent Non-Executive Director)

The ARC has written terms of reference that describe the responsibilities of its members. The ARC meets at least two (2) times a year to perform the following main function:

- assisting our Board of Directors in discharging its statutory responsibilities on financing and accounting matters;
- reviewing the assurance from our Executive Chairman and the Head of Finance on the financial records and financial statements of our Company;
- reviewing the half-yearly and annual financial statements prior to submission to our Board of Directors for approval;
- reviewing significant financial reporting issues and judgement 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;
- 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;
- 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;

DIRECTORS' STATEMENT

Audit and Risk Committee (continued)

- (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 auditors;
- (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;
- (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 transactions undertaken by our Group which fall within the scope of Chapter 10 of the Catalist Rules;
- (n) 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;
- (o) ensuring that the internal audit function is adequately resourced and has appropriate standing within our Company;
- (p) 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;
- (q) 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;
- (r) 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;
- (s) reviewing the assistance, coordination and co-operation given to our Group's management to the internal and external auditors;
- (t) reviewing the nature, extent and costs of non-audit services performed by the external auditor, to ensure their independence and objectivity;
- (u) 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;
- (v) 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;

DIRECTORS' STATEMENT

Audit and Risk Committee (continued)

- (w) 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;
- (x) 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;
- (y) 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;
- (z) 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;
- (aa) 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;
- (bb) monitoring the implementation of a policy and procedures for sustainability reporting;
- (cc) appraising the performance of our Financial Controller and/or the Head of Finance on an annual basis;
- (dd) 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;
- (ee) 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;
- (ff) 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;
- (gg) 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;
- (hh) undertaking generally such other functions and duties as may be required by law or the Catalist Rules or as recommended by the Code of Corporate Governance 2018, and by amendments made thereto from time to time;
- (ii) reviewing the assurance from the Executive Chairman and Head of Finance of the Company on the effectiveness of risk management and internal controls of our Company;
- (jj) reviewing any related party transactions as defined under the SFRS(I) 1-24 on related party disclosures (the "Related Party Transactions") and monitoring the procedures established to regulate such Related Party Transactions, including ensuring that they are on normal commercial terms and do not prejudice the interests of our Company;
- (kk) 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; and
- (ll) reviewing the procedures by which employees of the Group may, in confidence, report to the ARC Chairman, possible improprieties in matters of financial reporting or other matters.

DIRECTORS' STATEMENT

Audit and Risk Committee (continued)

The ARC has full access to, and cooperation from the Management including the independent auditors, and has full discretion to invite any director and executive officer to attend its meetings. The ARC also has power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense.

The Board of Directors considers ARC have a good understanding of the accounting, financial and management aspects of a business as Mr. Lim Kian Thong, has more than 30 years of experience in accounting, corporate finance, private equity and financial consultations and he is a Fellow, Chartered Accountant of Singapore and Fellow CPA Australia. Ms. Tan Hui Tsu has over 28 years of working experience in the banking industry. Mr. Yee Kee Shian, Leon 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.

The members of the ARC collectively have over 10 combined years of strong accounting and related financial management expertise and experience and are appropriately qualified to discharge their responsibilities.

During the financial year, the ARC had met once with the internal auditors and independent auditors, without the presence of the management to discuss, amongst others, audit finding and evaluations of the Group's internal controls.

The ARC had reviewed the scope and quality of audit by the independent auditor and the independence and objectivity of the independent auditors as well as the cost effectiveness, and is satisfied that the nature and extent of such services would not prejudice the independence of the independent auditor. The ARC also reviewed the level of audit fees and non-audit fee paid to the independent auditors for the year ended 30 September 2022.

No former Partner or Director of the Company's existing auditing firm or auditing corporation has acted as a member of the Company's ARC: (a) within a period of two years commencing on the date of his/her ceasing to be a Partner of the auditing firm or Director of the auditing corporation; and in any case (b) for as long as he/she has any financial interest auditing firm or auditing corporation.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rule 712 and 715 of the Catalist Rules.

The ARC is satisfied with the independence and objectivity of the independent auditors, and has recommended to the Board that PricewaterhouseCoopers LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

Lim Lung Tieng
Director

Lin Kaixian
Director

6 January 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LHN LOGISTICS LIMITED

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of LHN Logistics Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)S") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 30 September 2022;
- the consolidated balance sheet of the Group as at 30 September 2022;
- the balance sheet of the Company as at 30 September 2022;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We 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 Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LHN LOGISTICS LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 September 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of leasehold property</p> <p>As at 30 September 2022, the Group's leasehold property at 7 Gul Avenue, Singapore (classified as property, plant and equipment), which is under redevelopment, is recorded at a carrying value based on valuation of \$5,700,000 (2021: \$12,406,000) (Note 13). Arising from the redevelopment, the Group recorded a \$921,000 revaluation loss (Note 23) in other comprehensive income and a write-off of \$4,833,000 (Note 5) on the demolished leasehold building in profit or loss.</p> <p>Management engaged an external valuer to determine the valuation of the leasehold property.</p> <p>The valuation of the leasehold property is significant to our audit as significant judgement and estimates are involved in determining the key inputs applied in the valuation technique adopted by the external valuer. The key inputs include transacted price of comparable properties and are dependent on the prevailing market conditions.</p>	<p>We have performed audit procedures that focuses on the valuation process and included the following:</p> <ul style="list-style-type: none"> • Evaluating the competency and independence of the external valuer engaged by management; • Holding discussions with the external valuer to understand the valuation techniques adopted, areas of key judgements and reasons for significant changes in valuation; • Testing the integrity of underlying information including underlying lease and financial information provided to the external valuer; and • Assessing the reasonableness of key inputs used by the external valuer in the valuation technique, focusing on: <ul style="list-style-type: none"> - the appropriateness of the comparable properties adopted, taking into account the property's nature, location and tenure. <p>From the procedures performed, we noted that the external valuer is a member of recognised bodies for professional valuers and valuation technique adopted to be in line with generally accepted market practices. We also found that the key inputs applied to be within range of market data.</p>

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LHN LOGISTICS LIMITED

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and 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 financial statements and to maintain accountability of assets.

In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 consolidated 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LHN LOGISTICS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Zhen Jian.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 6 January 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

	Note	2022 S\$'000	2021 S\$'000
Revenue	4	27,320	27,181
Cost of sales	6	(19,664)	(18,272)
Gross profit		7,656	8,909
Other (losses)/gains – net and other income	5	(3,611)	910
Expenses			
Distribution and marketing expenses	6	(75)	(59)
Administrative expenses	6	(7,235)	(5,109)
Finance cost	8	(426)	(633)
Share of result of associates, net of tax	16	1,024	698
(Loss)/profit before income tax		(2,667)	4,716
Income tax expense	9	(518)	(732)
(Loss)/profit for the year		(3,185)	3,984
(Loss)/profit attributable to:			
Equity holders of the Company		(4,284)	3,323
Non-controlling interests		1,099	661
		(3,185)	3,984
Other comprehensive (loss)/income			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Currency translation differences arising from consolidation		(64)	(63)
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Revaluation (loss)/gain on property, plant and equipment	23	(921)	921
Other comprehensive (loss)/income for the year		(985)	858
Total comprehensive (loss)/income for the year		(4,170)	4,842
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(5,230)	4,217
Non-controlling interests		1,060	625
		(4,170)	4,842
(Loss)/earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (Singapore cents)	10	(2.69)	2.36

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET - GROUP

(AS AT 30 SEPTEMBER 2022)

	Note	2022 S\$'000	2021 S\$'000
ASSETS			
Current assets			
Cash and bank deposits		7,594	5,121
Trade and other receivables	11	5,461	5,729
Prepayments		459	132
Inventory	12	92	44
		13,606	11,026
Non-current assets			
Property, plant and equipment	13	10,715	15,296
Right-of-use assets	14	10,192	11,360
Prepayments		435	-
Intangible assets	15	-	-
Investment in associates	16	360	238
		21,702	26,894
Total assets		35,308	37,920
LIABILITIES			
Current liabilities			
Trade and other payables	19	3,125	2,273
Current income tax liabilities		383	449
Bank borrowings	20	2,223	2,234
Lease liabilities	21	1,582	2,014
		7,313	6,970
Non-current liabilities			
Deferred tax liabilities	18	152	157
Bank borrowings	20	7,610	9,635
Lease liabilities	21	5,459	6,455
		13,221	16,247
Total liabilities		20,534	23,217
NET ASSETS		14,774	14,703
EQUITY			
Share capital	22	17,392	1,409
Reserves	23	(5,230)	11,031
Capital and reserves attributable to equity holders of the Company		12,162	12,440
Non-controlling interests		2,612	2,263
Total equity		14,774	14,703

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET - COMPANY

(AS AT 30 SEPTEMBER 2022)

	Note	2022 S\$'000	2021 S\$'000
ASSETS			
Current assets			
Cash and bank deposits		4,052	*
Trade and other receivables		2,151	-
Prepayments		21	-
		<u>6,224</u>	<u>*</u>
Non-current assets			
Investment in subsidiaries	17	12,440	-
		<u>12,440</u>	<u>-</u>
Total assets		<u>18,664</u>	<u>-</u>
LIABILITIES			
Current liabilities			
Trade and other payables		72	-
Current income tax liabilities		63	-
		<u>135</u>	<u>-</u>
Total liabilities		<u>135</u>	<u>-</u>
NET ASSETS		<u>18,529</u>	<u>-</u>
EQUITY			
Share capital	22	17,392	*
Reserves	23	1,137	-
Total equity		<u>18,529</u>	<u>*</u>

* Represents amount less than S\$500

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

Note	Share capital S\$'000	Merger reserves 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
2022								
Beginning of financial year	1,409	-	10,135	(25)	921	12,440	2,263	14,703
Loss for the year	-	-	(4,284)	-	-	(4,284)	1,099	(3,185)
Other comprehensive loss for the year	-	-	-	(25)	-	(946)	(39)	(985)
Total comprehensive loss for the year	-	-	(4,284)	(25)	(921)	(5,230)	1,060	(4,170)
Adjustment arising from restructuring exercise	11,031	(11,031)	-	-	-	-	-	-
Issue of new shares, net of issue cost	4,952	-	-	-	-	4,952	-	4,952
Dividends paid	-	-	-	-	-	-	(711)	(711)
Total transactions with owners	15,983	(11,031)	-	-	-	4,952	(711)	4,241
End of financial year	17,392	(11,031)	5,851	(50)	-	12,162	2,612	14,774
2021								
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	-	-	(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.

CONSOLIDATED STATEMENT OF CASH FLOWS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

	Note	2022 S\$'000	2021 S\$'000
Cash flows from operating activities			
(Loss)/profit before income tax		(2,667)	4,716
Adjustments for:			
- Share of results of associates, net of tax		(1,024)	(698)
- Depreciation on property, plant & equipment	13	1,662	1,527
- Depreciation on right-of-use assets	14	1,931	1,973
- Amortisation of intangible assets	15	-	39
Gain on lease modification		-	(163)
- Net gain on disposal of property, plant and equipment	5	(55)	(126)
- IPO listing expenses		1,360	-
- Provision of allowance for doubtful debts		39	34
- Property, plant and equipment written off	5	4,833	-
- Interest income	5	-	(1)
- Interest expense	8	426	633
		6,505	7,934
Change in working capital:			
- Inventories		(48)	(13)
- Trade and other receivables and prepayments		(533)	(215)
- Trade and other payables		1,436	(1,012)
Cash generated from operations		7,360	6,694
Income tax refund		90	1
Income tax paid		(673)	(617)
Net cash provided by operating activities		6,777	6,078
Cash flows from investing activities			
Additions to property, plant and equipment		(2,960)	(1,449)
Disposal of property, plant and equipment		113	218
Dividend from associate		980	608
Interest received		-	1
Cash outflow on incorporation of associate		(78)	-
Net cash used in investing activities		(1,945)	(622)
Cash flows from financing activities			
Proceeds from borrowings		4,300	3,000
Repayment of borrowings		(6,336)	(3,210)
Repayment of lease liabilities		(2,688)	(2,551)
Issue of new shares		5,048	-
IPO listing expenses ⁽¹⁾		(1,456)	-
Dividends paid to equity holders of the Company		-	(1,300)
Dividends paid to non-controlling interests		(711)	(200)
Interest expenses paid		(481)	(633)
Net cash used in financing activities		(2,324)	(4,894)
Net increase in cash and cash equivalents		2,508	562
Cash and cash equivalents at beginning of financial year		5,121	4,566
Effects of currency translation on cash and cash equivalents		(35)	(7)
Cash and cash equivalents at end of financial year		7,594	5,121

⁽¹⁾ Including the IPO listing expenses that capitalised in share capital of the Company.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

Reconciliation of liabilities arising from financing activities

	1 October 2021 S\$'000	Receipts/ (payments) - net S\$'000	Non-cash changes			30 September 2022 S\$'000
			Interest expense S\$'000	Additions S\$'000	Currency translation S\$'000	
Lease liabilities	8,469	(2,945)	257	905	355	7,041
Bank borrowings	11,869	(2,260)	224	-	-	9,833

	1 October 2020 S\$'000	Receipts/ (payments) - net S\$'000	Non-cash changes			30 September 2021 S\$'000
			Interest expense S\$'000	Additions S\$'000	Currency translation S\$'000	
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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

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.

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 year ended 30 September 2021.

1.2 Restructuring exercise

The Group underwent the following restructuring exercise (the "Restructuring") as described below, in preparation for its listing of the Company's shares on the Catalist Board of the Singapore Exchange Securities Trading Limited, 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 ("LHNGPL").

(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 Nereng 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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

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, the Company's shareholder approved the share split, pursuant to which 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.

1.3 Basis of presentation

The Group resulting from the above restructuring is regarded as a continuing entity for the year ended 30 September 2021 and 2022 as the Group is ultimately controlled by the common shareholders both before and after the restructuring. Accordingly, although the Company was only incorporated on 24 August 2021, the consolidated financial statements of the Group have been prepared using the principal of merger accounting on the basis that the restructuring transfer the equity interest in the combining entities under the common control to the company has been effected for the year ended 30 September 2021 and 2022.

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 2022 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 2022 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.
- 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 property 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 2022.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

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.

2.2 Changes in accounting policies

Interpretations and amendments to published standards effective in 2022

On 1 October 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

In the previous financial year ended 30 September 2021, the Group had early adopted Amendments to SFRS(I) 16 Leases (Covid-19-Related Rent Concessions beyond 30 June 2021).

Interpretations and amendments to published standards effective after 2022

The following are the new or amended Standards and Interpretations (issued up to 30 September 2021) that are not yet applicable, but may be early adopted for the current financial year.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
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

The new or amended accounting Standards and Interpretations listed above are not mandatory for 30 September 2022 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

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 consolidated 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 consolidated 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

2.3.1 Subsidiaries (continued)

(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.

(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 consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

2. Significant accounting policies (continued)

2.5 Property, plant and equipment

(a) Measurement

(i) Leasehold properties

Leasehold properties 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.

(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	11 years
Machinery	5 years
Furniture and fittings	10 years
Computers	1 - 3 years
Logistics equipment	5 years
Renovation works	1 - 11 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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(d) Disposal

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains – net and other income" in the profit or loss. Any amounts in revaluation reserve relating to that item is transferred to retained profits directly.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(b) Impairment (continued)

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.

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

2. Significant accounting policies (continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

2. Significant accounting policies (continued)

2.17 Income taxes (continued)

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

2. Significant accounting policies (continued)

2.20 Leases (continued)

Where the Group is a lessee (continued)

(ii) Lease liabilities (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

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.

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 property

As at reporting date, the Group's leasehold property of S\$5,700,000 classified under property, plant and equipment (Note 13), 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.

The valuation of leasehold property is determined by using valuation technique, Details of the judgements and assumptions applied have been disclosed in Note 13.

If the actual valuation of leasehold property increase or decrease by 1% from the estimates as at reporting date, total comprehensive income and net assets of the Group would increase or decrease by S\$57,000.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

4. Revenue

	2022 S\$'000	2021 S\$'000
Trucking services	11,718	12,282
Logistics management	5,979	5,697
Transportation business	<u>17,697</u>	<u>17,979</u>
Storage services	2,655	2,655
Container repair services	2,402	2,436
Logistics management	4,566	4,111
Container depot service business	<u>9,623</u>	<u>9,202</u>
	<u>27,320</u>	<u>27,181</u>

All revenue are recognised over time.

Trade receivables from contracts with customers

	2022 S\$'000	2021 S\$'000
Trade receivables from contracts with customers	4,982	4,501
Loss allowance	(75)	(36)
	<u>4,907</u>	<u>4,465</u>

5. Other (losses)/gains – net and other income

	2022 S\$'000	2021 S\$'000
Other income		
Government grants (a)	260	44
Job support scheme (b)	-	300
Interest income	-	1
Other administrative service income	1,023	537
Net gain on disposal of property, plant and equipment	55	126
Others	105	57
Other losses - net		
Bad debt	-	(2)
Allowance for doubtful debts	(39)	(34)
Loss from write off of leasehold building (Note 13)	(4,833)	-
Foreign exchange losses - net	(182)	(119)
	<u>(3,611)</u>	<u>910</u>

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

5. Other (losses)/gains – net and 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 and grant receivables respectively.

6. Expenses by nature

	2022	2021
	S\$'000	S\$'000
Amortisation of intangible assets	–	39
Entertainment expenses	76	52
Lease expenses	264	357
Depreciation for right-of-use assets (Note 14)	1,931	1,973
Depreciation of property, plant and equipment (Note 13)	1,662	1,527
Professional fees	415	79
Vehicle-related expenses	31	23
Container depot management charges	2,185	2,606
Employee benefit costs (Note 7)	8,646	7,641
Insurance fees	134	116
IPO expenses*	1,360	–
Management fee	194	868
Printing and stationery	81	44
Property tax	42	–
Site related expenses	133	–
Telephone expenses	96	40
Transportation costs	1,273	1,346
Upkeep and maintenance	6,816	5,467
IT maintenance	95	61
GST/VAT expenses	6	96
Auditor’s remuneration		
- Audit Services	97	39
Other expenses	1,437	1,066
	26,974	23,440

* Includes expenses of S\$105,000 for audit services and S\$120,000 for non-audit services to the auditor

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

7. Employee benefit costs

Employee benefit expenses during the period are as follows:

	2022 S\$'000	2021 S\$'000
Wages, salaries and allowances	8,152	7,173
Retirement benefits costs - defined contribution plans	494	468
	8,646	7,641

8. Finance cost

	2022 S\$'000	2021 S\$'000
Interest expense		
- Bank borrowings	224	147
- Lease liabilities	257	486
	481	633
Less: Amount capitalised to property, plant and equipment	(55)	-
Finance cost - net	426	633

9. Income tax

Income tax expense

	2022 S\$'000	2021 S\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	615	603
- Deferred income tax (Note 18)	(16)	99
	599	702
(Over)/under-provision of tax expense in prior financial years		
- Current income tax	(92)	(1)
- Deferred income tax (Note 18)	11	31
	518	732

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

9. Income tax (continued)

Income tax expense (continued)

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:

	2022	2021
	S\$'000	S\$'000
(Loss)/profit before tax	(2,667)	4,716
Tax calculated at rate of 17% (2021: 17%)	(453)	802
Tax effect of:		
- expenses not deductible for tax purposes	1,315	84
- non-taxable income	(3)	(51)
- enhanced PIC	(47)	(47)
- Singapore statutory income exemption	(35)	(25)
- Effect of difference tax rate in different jurisdictions	5	4
- utilisation of deferred tax assets not recognised in prior years	(183)	(65)
- over-provision of current taxation in respect of prior years	(92)	(1)
- over-provision of deferred taxation in respect of prior years	11	31
Income tax expense	518	732

10. 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.

	2022	2021
	S\$'000	S\$'000
Net (loss)/profit attributable to equity holders of the Company (S\$'000)	(4,284)	3,323
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000) ¹	159,072	140,941
Basic and diluted (loss)/earnings per share (Singapore cents)	(2.69)	2.36

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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

11. Trade and other receivables

	2022	2021
	S\$'000	S\$'000
Trade receivables:		
- Third parties	4,326	3,713
- Related corporation	287	261
Accrued revenue	369	527
	4,982	4,501
Less: Allowance for impairment of trade receivables	(87)	(48)
Net trade receivables	4,895	4,453
Goods and services tax receivables	48	49
Deposits with external parties	364	1,058
Deposits with related corporation	48	40
Other receivables	106	129
	5,461	5,729

12. Inventories

	2022	2021
	S\$'000	S\$'000
Spare parts	92	44

The cost of inventories included in cost of sales amounted to \$225,000 and \$253,000 for the year ended 30 September 2021 and 2022, respectively.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

13. Property, plant and equipment

2022

<i>Cost or valuation</i>	Leasehold property	Renovation	Machinery	Furniture and fittings	Office Equipment	Logistics equipment	Motor vehicle	Computers	Containers	Construction in progress	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Beginning of financial year	12,406	1,444	2,170	137	78	3,584	670	384	65	-	20,938
Additions	-	184	14	31	5	81	47	217	56	2,325	2,960
Disposal	-	-	(2)	(43)	(32)	(183)	-	(22)	-	-	(282)
Written off	(5,785)	(370)	-	-	-	-	-	-	-	-	(6,155)
Adjustment of revaluation	(921)	-	-	-	-	-	-	-	-	-	(921)
Currency translation	-	(70)	(2)	(2)	(3)	-	(37)	(8)	-	-	(122)
End of financial year	5,700	1,188	2,180	123	48	3,482	680	571	121	2,325	16,418
<i>Accumulated depreciation</i>											
Beginning of financial year	-	433	1,030	75	67	3,357	264	361	55	-	5,642
Depreciation charge (Note 6)	1,129	141	123	10	6	91	118	38	6	-	1,662
Disposals	-	-	(2)	(29)	(32)	(139)	-	(22)	-	-	(224)
Written off	-	(194)	-	-	-	-	-	-	-	-	(194)
Adjustment of revaluation	(1,129)	-	-	-	-	-	-	-	-	-	(1,129)
Currency translation	-	(28)	(1)	(1)	(2)	-	(17)	(5)	-	-	(54)
End of financial year	-	352	1,150	55	39	3,309	365	372	61	-	5,703
Representing:											
Cost	-	836	1,030	68	9	173	315	199	60	2,325	5,015
Valuation	5,700	-	-	-	-	-	-	-	-	-	5,700
	5,700	836	1,030	68	9	173	315	199	60	2,325	10,715

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

13. Property, plant and equipment (continued)

	Leasehold property 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	Construction in progress 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 property at 7 Gul Avenue, Singapore at 30 September 2022 and 2021 was S\$5,700,000 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. The leasehold property at the end of the reporting period comprise of leasehold land (2021: leasehold land and building) as the leasehold building was demolished during the current financial year for the redevelopment of the property. The loss amounting to S\$4,833,000 (2021: S\$ nil) which arise primarily from write-off of the value of existing building structure was recognised in the profit or loss (Note 5). If the leasehold property of the Group were included in the financial statement at cost less accumulated depreciation and impairment losses, their net book value as of 30 September 2022 and 2021 would have been \$5,615,000 and \$11,485,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

13. Property, plant and equipment (continued)

Valuation process and technique of leasehold property

The valuation is determined by an independent professional valuer at least annually, based in the leasehold property's highest-and-best-use using the Direct Comparison Method. The Direct Comparison Method involves the analysis of Comparable Sales of similar properties and adjusting the Sale prices to reflect the characteristics of the leasehold property. The significant inputs and assumptions are developed in close consultation with management. The valuation reports and revaluation 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 property mortgaged for bank borrowings at 30 September 2022 and 2021 was S\$5,700,000 and S\$12,406,000 respectively.

<u>Description</u>	<u>Valuation</u> (S\$'000)	<u>Valuation</u> <u>technique</u>	<u>Unobservable inputs</u>	<u>Range of</u> <u>unobservable</u> <u>inputs</u>	<u>Relationship of</u> <u>unobservable</u> <u>input to fair value</u>
As at 30 September 2022					
Singapore (Leasehold property)	5,700	Direct comparison method	Transacted price of comparable properties	Pre-adjusted transaction price S\$544 to S\$939 per square metre	The higher the comparable value, the higher the fair value.
As at 30 September 2021					
Singapore (Leasehold property)	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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

14. Right-of-use assets

	Leasehold land and buildings S\$'000	Machinery S\$'000	Furniture And fittings S\$'000	Logistics equipment S\$'000	Motor vehicle S\$'000	Total S\$'000
2022						
<i>Cost</i>						
At 30 September 2021	5,830	3,662	459	6,842	1,086	17,879
Additions	378	-	-	-	527	905
Currency translation	(127)	-	-	-	(77)	(204)
At 30 September 2022	6,081	3,662	459	6,842	1,536	18,580
<i>Accumulated depreciation</i>						
At 30 September 2021	1,124	1,443	115	3,553	284	6,519
Depreciation charge (Note 6)	693	362	46	631	199	1,931
Currency translation	(41)	-	-	-	(21)	(62)
At 30 September 2022	1,776	1,805	161	4,184	462	8,388
Net book value						
At 30 September 2022	4,305	1,857	298	2,658	1,074	10,192
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

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

15. Intangible assets

	Customer contacts S\$'000
2022	
<i>Cost</i>	
At 1 October 2021 and 30 September 2022	201
Accumulated depreciation	
At 1 October 2021 and 30 September 2022	201
<i>Net book value</i>	
At 30 September 2022	-
2021	
<i>Cost</i>	
At 1 October 2020	204
Additions	-
Currency translation	(3)
At 30 September 2021	201
<i>Accumulated depreciation</i>	
At 1 October 2020	164
Amortisation charge (Note 6)	39
Currency translation	(2)
At 30 September 2021	201
<i>Net book value</i>	
At 30 September 2021	-

16. Investment in associates

	2022 S\$'000	2021 S\$'000
Unquoted equity investment, at cost	97	20
Share of post-acquisition reserves	263	218
	360	238
Share of associates' results, net of tax	1,024	698

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

16. Investment in associates (continued)

<u>Name of entity</u>	<u>Country and date of incorporation</u>	<u>Principal activities</u>	<u>% of direct ownership interest held by the Group</u>	
			As at 30 September	
			2022	2021
			%	%
HLA Logistics Pte Ltd ⁽¹⁾	Singapore	Container depot management	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% (2021: 29.4%)

⁽²⁾ The effective interest held by the Group in HLA Transportation (Thailand) Ltd is 21.3% (2021: 21.3%)

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 associated companies in the consolidated 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	
	2022	2021
	S\$'000	S\$'000
Current assets	1,379	1,237
Includes:		
- Cash and cash equivalent	336	668
Current liabilities	(813)	(771)
Includes:		
- Other current liabilities (including trade payables)	(813)	(771)
Non-current assets	12	22
Non-current liabilities	(1)	(3)
Net assets	577	485

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

16. Investment in associates (continued)

Summarised financial information of material associates (continue)

	<u>HLA Transportation (Thailand) Ltd</u>	
	2022 S\$'000	2021 S\$'000
Summarised balance sheet		
Current assets	157	-
Includes:		
- Cash and cash equivalent	157	-
Current liabilities	-	-
Includes:		
- Other current liabilities (including trade payables)	-	-
Non-current assets	-	-
Non-current liabilities	-	-
Net assets	157	-

Summarised statement of comprehensive income

	<u>HLA Logistics Pte Ltd</u>	
	2022 S\$'000	2021 S\$'000
Revenue	5,859	4,885
Net profit and total comprehensive income	2,092	1,423
Dividends received from associate	980	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.

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(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

16. Investment in associates (continued)

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	HLA Transportation (Thailand) Ltd S\$'000	Total S\$'000
Opening net assets at 1 October 2021	485	-	485
Total comprehensive income	2,092	-	2,092
Dividend paid	(2,000)	-	(2,000)
Closing net assets at 30 September 2022	577	157	734
Group's equity interest at 49%	283	77	360
Carrying value investment in associates	283	77	360
Opening net assets at 1 October 2020	302	-	302
Total comprehensive income	1,423	-	1,423
Dividend paid	(1,240)	-	(1,240)
Closing net assets at 30 September 2021	485	-	485
Group's equity interest at 49%	238	-	238
Carrying value investment in associates	238	-	238

17. Investment in subsidiaries

	Company	
	2022 S\$'000	2021 S\$'000
Unquoted equity shares, at cost		
Beginning of the financial year	-	-
Acquisitions of subsidiaries (Note 1.2)	12,440	-
End of the financial year	12,440	-
	Group	
	2022 S\$'000	2021 S\$'000
Carrying value of non-controlling interests		
HLA Holdings Pte Ltd	225	214
HLA Container Services Pte Ltd	1,645	1,643
HLA Container Services (Thailand) Pte Ltd	414	110
LHN Logistics Sdn Bhd	272	191
Other subsidiaries with immaterial non-controlling interest	56	105
	2,612	2,263

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17. Investment in subsidiaries (continued)

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		
			2022	2021	
			%	%	
Directly held					
Hean Nerng Logistics Pte Ltd	Singapore 18 June 1997	Freight transport by road and warehousing logistics	100	100	
HLA Holdings Pte Ltd	Singapore 26 Nov 2008	Container depot management	60	60	1
HLA Container Services Pte Ltd	Singapore 22 Mar 2013	Container depot management	60	60	1
Indirectly held					
LHN Logistics Sdn Bhd	Malaysia 8 June 2015	Freight transport by road and warehousing logistics	49	49	2
HLA Holding (Thailand) Ltd	Thailand 22 Dec 2014	Container depot management	28.8	28.8	3
HLA Container Services (Thailand) Ltd	Thailand 23 Dec 2014	Container depot management	43.5	43.5	4
HLA Container Services (Myanmar) Ltd	Myanmar 13 Sep 2018	Container depot management	60	60	5
HLA Container Holdings (Myanmar) Ltd	Myanmar 6 May 2022	Container depot management	60	-	
LHN Logistics Shared Services Sdn Bhd	Malaysia 20 May 2022	Share services business activities	100	-	

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. Audited by HLB Ler Lum Chew PLT.
- (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. Audited by Pro-Act Services Limited.
- (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. Audited by Pro-Act Services Limited.
- (5) Audited by Ngwe Inzaly.

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(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

17. Investment in subsidiaries (continued)

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 2022			
	HLA Holdings Pte. Ltd. S\$'000	HLA Container Services Pte. Ltd. S\$'000	HLA Container Services (Thailand) Ltd. S\$'000	LHN Logistics Sdn Bhd S\$'000
Current				
Assets	897	2,495	1,219	679
Liabilities	(334)	(697)	(1,333)	(970)
Total current net assets	563	1,798	(114)	(291)
Non-current				
Assets	-	2,961	2,116	1,425
Liabilities	-	(645)	(1,069)	(627)
Total non-current net assets	-	2,316	1,047	798
Net assets	563	4,114	933	507
	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	LHN Logistics Sdn Bhd S\$'000
Current				
Assets	969	2,930	741	555
Liabilities	(434)	(869)	(893)	(567)
Total current net assets	535	2,061	(152)	(12)
Non-current				
Assets	-	3,009	2,310	1,223
Liabilities	-	(958)	(1,493)	(863)
Total non-current net assets	-	2,051	817	360
Net assets	535	4,112	665	348

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(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

17. Investment in subsidiaries (continued)

Summarised financial information for subsidiaries with material non-controlling interests (continued)

Summarised statement of comprehensive income

	As at 30 September 2022			
	HLA Holdings	HLA Container	HLA Container	LHN Logistics
	Pte. Ltd.	Services	Services	Sdn Bhd
	S\$'000	S\$'000	(Thailand) Ltd.	S\$'000
			S\$'000	
Revenue	3,016	3,588	4,755	2,915
Profit before income tax	34	1,506	770	264
Income tax expenses	(7)	-	(148)	(80)
Net profit	27	1,506	622	184
Other comprehensive income	-	-	(59)	(25)
Total comprehensive income	27	1,506	563	159
Total comprehensive income allocated to non-controlling interests	11	602	318	81
Dividends paid to non-controlling interests	-	600	16	-

In FY2022, dividends paid by HLA Holding (Thailand) Ltd to non-controlling interests amounting to S\$95,000 (2021: nil).

	As at 30 September 2021			
	HLA Holdings	HLA Container	HLA Container	LHN Logistics
	Pte. Ltd.	Services	Services	Sdn Bhd
	S\$'000	S\$'000	(Thailand) Ltd.	S\$'000
			S\$'000	
Revenue	3,734	3,814	4,014	2,398
Profit before income tax	66	1,322	90	207
Income tax expenses	(1)	-	(34)	(16)
Net profit	62	1,322	56	191
Other comprehensive income	-	-	(61)	(1)
Total comprehensive income	65	1,322	(5)	190
Total comprehensive income allocated to non-controlling interests	26	529	(3)	97
Dividends paid to non-controlling interests	-	200	-	-

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

17. Investment in subsidiaries (continued)

Summarised financial information for subsidiaries with material non-controlling interests (continued)

Summarised cash flows

	As at 30 September 2022			
	HLA Holdings	HLA Container	HLA Container	LHN Logistics
	Pte. Ltd.	Services	Services	Sdn Bhd
	S\$'000	S\$'000	S\$'000	S\$'000
Net cash (used in)/generated from operating activities	62	1,401	430	714
Net cash used in investing activities	-	(296)	(8)	(593)
Net cash used in financing activities	-	(2,078)	(290)	(1)
Net (decrease)/increase in cash and cash equivalent	62	(973)	132	120
Cash and cash equivalents at beginning of year	684	1,483	161	46
Effects of currency translation on cash and cash equivalents	-	-	(58)	(6)
Cash and cash equivalents at end of year	746	510	235	160
	As at 30 September 2021			
	HLA Holdings	HLA Container	HLA Container	LHN Logistics
	Pte. Ltd.	Services	Services	Sdn Bhd
	S\$'000	S\$'000	S\$'000	S\$'000
Net cash (used in)/generated from operating activities	(184)	728	939	425
Net cash used in investing activities	-	(259)	(23)	(368)
Net cash used in financing activities	-	(58)	(955)	-
Net (decrease)/increase in cash and cash equivalent	(184)	411	(39)	57
Cash and cash equivalents at beginning of year	868	1,072	153	104
Effects of currency translation on cash and cash equivalents	-	-	47	(1)
Cash and cash equivalents at end of year	684	1,483	161	46

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

18. Deferred income tax

Deferred tax liability

	2022	2021
	S\$'000	S\$'000
Beginning of financial year	157	27
Tax (credited)/charged to profit or loss (Note 9)	(5)	130
End of financial year	152	157

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) during the financial year is as follows:

	Accelerated tax depreciation	Others	Total
	S\$'000	S\$'000	S\$'000
2022			
Beginning of financial year	218	(61)	157
Tax (credited)/charged to profit or loss (Note 9)	32	(37)	(5)
End of financial year	250	(98)	152
2021			
Beginning of financial year	27	-	27
Tax (credited)/charged to profit or loss (Note 9)	191	(61)	130
End of financial year	218	(61)	157

Deferred tax liabilities of \$80,000 and S\$58,000 as at 30 September 2022 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 as the undistributed profits are not expected to be remitted in the foreseeable future.

19. Trade and other payables

	2022	2021
	S\$'000	S\$'000
Trade payables:		
- Third parties	469	932
- Related corporations	144	202
Other payables and accruals		
- Goods and services tax payables	80	124
- Accruals	2,336	966
- Other payables	96	49
	3,125	2,273

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

20. Bank borrowings

	2022	2021
	S\$'000	S\$'000
Non-current, secured		
Bank borrowings repayable later than 1 year and no later than 2 years	2,255	2,415
Bank borrowings repayable later than 2 years and no later than 5 years	5,355	6,760
Bank borrowings repayable later than 5 year	-	460
	7,610	9,635
Current, secured		
Bank borrowings repayable no later than 1 year	2,223	2,234
Total bank borrowings	9,833	11,869

As at 30 September 2022

Total bank borrowings of S\$9,833,000 as at 30 September 2022 are secured by (i) legal mortgage of leasehold building 7 Gul Avenue with a net book value of S\$5,700,000 (Note 13) and (ii) Corporate Guarantee by the immediate holding corporation, LHN Logistics Ltd.

Interest is charged between 1.38% and 2.68% per annum. The interest rate is repriced every 12 months.

The Group has unutilised borrowing facility of S\$10,789,000 for the working capital and construction cost of the ISO tank depot located at 7 Gul Avenue will be secured by (i) construction in progress with a net book value of S\$2,325,000 and (ii) Corporate Guarantee by the immediate holding corporation, LHN Logistic Ltd.

Interest will be charged between 1.83% per annum and 1.5% per annum above bank's cost of funds during the construction period.

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 13) and (ii) Corporate Guarantee by the immediate holding corporation, LHN Group Pte Ltd.

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 2022 (2021: non-financial bank covenants). There were no non-compliance of the bank covenants for the financial years ended 30 September 2022 and 2021. The Restructuring (Note 1.2) 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:

	Carrying amount	Contractual cash flows
	S\$'000	S\$'000
As at 30 September 2022		
Less than one year	2,223	2,360
Between one to two years	2,255	2,354
Between two to five years	5,355	5,464
	9,833	10,178
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

NOTES TO THE FINANCIAL STATEMENTS

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21. Lease liabilities

As at 30 September 2022 and 2021, the Group leases certain property and plant and machinery (Note 14) from non-related parties.

	2022	2021
	S\$'000	S\$'000
Gross lease liabilities - minimum lease payments		
No later than 1 year	1,780	2,246
Later than 1 year and no later than 2 years	1,533	1,543
Later than 2 years and no later than 5 years	2,496	3,070
Later than 5 years	1,959	2,517
	7,768	9,376
Future finance charges on leases	(727)	(907)
Present value of lease liabilities	7,041	8,469
The present value of lease liabilities is as follows:		
No later than 1 year	1,582	2,014
Later than 1 year and no later than 2 years	1,385	1,369
Later than 2 years and no later than 5 years	2,251	2,766
Later than 5 years	1,823	2,320
	7,041	8,469

(a) Interest expense on lease liabilities in financial years 2022 and 2021 was S\$257,000 and S\$486,000 respectively.

(b) Lease expense not capitalised in lease liabilities

	2022	2021
	S\$'000	S\$'000
Lease expense		
- short-term leases	262	343
- low-value leases	2	14
	264	357

(c) Total cash outflow for all the leases in financial years 2022 and 2021 was S\$3,209,000 and S\$3,394,000 respectively.

(d) The additions and depreciation of right-of-use assets in financial years 2022 and 2021 is disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

22. Share capital

	Group and Company			
	30 Sep 2022		30 Sep 2021	
	Number of shares ('000)	S\$'000	Number of shares ('000)	S\$'000
Issued and paid-up capital:				
At beginning of the financial year / date of incorporation being 24 August 2021	*	*	*	*
Issue of new share pursuant to the restructuring exercise being 29 April 2022	1,409	12,440	-	-
Post-restructuring exercise issue and paid-up share capital	1,409	12,440	-	-
Post-share split	140,940	12,440	-	-
Issue of the PPCF Shares	1,500	300	-	-
Pre-placement issued and paid-up share capital	142,440	12,740	-	-
Placement shares issued pursuant to the Placement, net of issue cost [#]	25,238	4,652	-	-
At end of the financial year	167,678	17,392	*	*

All shares are issued and fully paid-up.

* Represents amount less than S\$500

Net of issue cost of S\$396,000

23. Reserves

	Group	
	2022 S\$'000	2021 S\$'000
Exchange translation reserve	(50)	(25)
Revaluation reserve	-	921
Merger reserve	(11,031)	-
Retained profits	5,851	10,135
	(5,230)	11,031
Represented by:		
Distributable	(5,851)	10,135
Non-distributable	(11,081)	896
	(5,230)	11,031
	Company	
	2022 S\$'000	2021 S\$'000
Movement:		
Retained earnings		
Beginning of the financial year	-	-
Net profit and comprehensive income	1,137	-
End of financial year	1,137	-

The reserves of the Company are distributable.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

24. Dividends

	2022	2021
	S\$'000	S\$'000
<i>Ordinary dividends</i>		
Interim dividend paid in respect of financial year ended 30 September 2022 and 2021 of S\$nil and S\$0.92 per share respectively	-	1,300

The Board has resolved to recommend a final dividend of 0.60 cents per share for the financial year ended 30 September 2022, which is subject to shareholders' approval at the upcoming general meeting. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2023.

The interim dividend of S\$0.92 for the financial year ended 30 September 2021 is computed based on the number of shares after the effects of the Restructuring as described in Note 1.2.

25. Commitments and contingent liabilities

(a) Capital commitments

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

	2022	2021
	S\$'000	S\$'000
Property, plant and equipment	12,536	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 have prepared the closing and reply submissions. There is no official conclusion from the arbitration court.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

26. 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:

	<u>MYR</u> S\$'000	<u>THB</u> S\$'000	<u>MMK</u> S\$'000	<u>USD</u> S\$'000
As at 30 September 2022				
Financial assets				
Cash and bank balances	182	242	159	160
Trade and other receivables	454	849	-	1,061
	636	1,091	159	1,221
Financial liabilities				
Lease liabilities	965	1,418	-	-
Trade and other payables	851	849	-	2,153
	1,816	2,267	-	2,153
Net currency exposure	(1,180)	(1,176)	159	(932)
Less: Assets and liabilities denominated in functional currencies of respective entities	1,180	1,176	(159)	-
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	-	-	(932)

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

26. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	<u>MYR</u> S\$'000	<u>THB</u> S\$'000	<u>USD</u> 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	(447)	(936)	287
Less: Assets and liabilities denominated in functional currencies of respective entities	447	936	-
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>-</u>	<u>-</u>	<u>287</u>

At 30 September 2022, if the USD had strengthened/weakened by 5% against the SGD with all other variables including tax rate being held constant, the Company's profit after tax for the financial year would have been \$39,000 lower/higher as a result of currency translation losses/gains on the USD-denominated financial instruments.

The Group is not exposed to material currency risk for the financial year ended 30 September 2021.

The Company transacts predominantly in SGD, which is its functional currency and therefore not exposed to material currency risk.

(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 2022 and 2021 of S\$9,833,000 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 2022 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\$76,000 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 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

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26. Financial risk management (continued)

(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.

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 categories 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.

The aging profile of the Group's trade receivables before loss allowance as at 30 September 2022 and 2021 are set out in the table as follows:

	Current	Past due				Total
		Within 30 days	30 to 60 days	60 to 90 days	More than 90 days	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
30 September 2022						
Trade receivables	2,568	1,563	410	211	230	4,982
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 as at 30 September 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

26. Financial risk management (continued)

(b) Credit risk (continued)

(i) *Trade and other receivables* (continued)

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 <u>receivables</u> S\$'000
2022	
Balances at 01 October 2021	48
Provision for loss allowances recognised in profit or loss during the year	39
Balances at 30 September 2022	<u>87</u>
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	<u>48</u>

(ii) *Bank deposits*

As at 30 September 2022 and 2021, bank deposits held by the Group amounting of S\$7,594,000 and S\$5,121,000 respectively with banks that are rated between A2 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 2022 and 2021 of S\$364,000 and S\$1,058,000 are measured on 12-months expected credit losses and subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

26. 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 1 year S\$'000	Between 1 and 5 years S\$'000	More than 5 years S\$'000
At 30 September 2022			
Trade and other payables	3,024	-	-
Borrowings	2,360	7,818	-
Lease liabilities	1,780	4,029	1,959
At 30 September 2021			
Trade and other payables	2,126	-	-
Borrowings	2,514	9,686	462
Lease liabilities	2,246	4,613	2,517

(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.

	2022 S\$'000	2021 S\$'000
Net debt	12,405	17,490
Total equity	14,774	14,703
Total capital	27,179	32,193

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

26. Financial risk management (continued)

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	2022	2021
	S\$'000	S\$'000
Financial assets at amortised cost	13,055	10,850
Financial liabilities at amortised cost	19,919	22,464

(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 2022 and 2021 are at level 3. The details of the fair value estimation in relation to the leasehold building are disclosed in Note 13.

27. 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.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

28. 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:

(a) Transactions

	2022	2021
	S\$'000	S\$'000
Advances to immediate holding corporation repaid during the year	-	640
Advances from intermediate holding corporation repaid during the year	-	32
Utilisation of banker guarantee facility provided by immediate holding corporation for the Company's trade payables	-	245
Logistics services charged to fellow subsidiaries	11	86
Logistics services charged to related party (A joint venture of LHN Limited)	458	230
Rental charged by a fellow subsidiary	180	343
Facilities fee charged by a fellow subsidiary	78	68
Management fee charged by immediate holding corporation	194	819
Vehicle parking expense charged by fellow subsidiaries	12	16
Contract services charged by immediate holding corporation	1,066	795
Contract services charged by fellow subsidiaries	147	-
Site related expenses charged by fellow subsidiaries	25	55
Utilities charged by fellow subsidiaries	-	57
Building maintenance charged by fellow subsidiaries	5	36
Manpower services charged to an associate corporation	641	537
Container depot management fee charged to an associate corporation	815	802
Rental charged to an associate corporation	256	250

(b) Key management personnel remuneration

Key management personnel compensation is as follows:

	2022	2021
	S\$'000	S\$'000
Wages and salaries	914	663
Employer's contribution to defined contribution plans, including Central Provident Fund	45	33
	959	696

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

29. Segment information

(a) Operating and reportable segment

Prior to the IPO, the Group operated as a single logistic business operating 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. After the IPO, the Group's reportable operating segments are as follows:

1. Transportation Business; and
2. Container Depot Services Business.

The Group's chief operating decision maker is the Company's Executive Chairman, who reviews results of operations to make decisions about allocating resources and assessing performance based on the consolidated financial information.

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly income tax expense and non-controlling interests.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties, if any.

Operating profits

The Executive Chairman 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 Executive Chairman with respect to the total assets and liabilities are measured in a manner consistent with that of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

29. Segment information (continued)

(a) Operating and reportable segment (continued)

Segment breakdown for the year ended 30 September 2022 are as follows:

	Transportation	Container depot services	Corporate and elimination	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external parties	17,697	9,623	-	27,320
Segment results	5,198	2,458	-	7,656
Property, plant and equipment written off	(4,833)	-	-	(4,833)
Finance cost	(362)	(64)	-	(426)
Share of result of associate	-	1,024	-	1,024
Loss before taxation	(3,507)	1,943	(1,103)	(2,667)
Taxation				(518)
Loss after taxation				(3,815)
Non-controlling interest				(1,099)
Net loss attributable to equity holders of the company				(4,284)
Segment assets	22,191	8,422	4,335	34,948
Investment in associates	-	360	-	360
Total segment assets				35,308
Total segment liabilities	16,626	3,773	135	20,534
Capital expenditure	2,518	442	-	2,960
Depreciation of property, plant and equipment	1,413	249	-	1,662
Depreciation of right-of-use assets	1,277	654	-	1,931
Loss from redevelopment at 7 Gul Avenue	4,833	-	-	4,833

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

29. Segment information (continued)

(a) Operating and reportable segment (continued)

Segment breakdown for the year ended 30 September 2021 are as follows:

	Transportation	Container depot services	Corporate and elimination	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external parties	17,979	9,202	-	27,181
Segment results	7,067	1,842	-	8,909
Finance cost	(547)	(86)	-	(633)
Share of result of associate	-	698	-	698
Profit before taxation	3,395	1,321	-	4,716
Taxation				(732)
Profit after taxation				3,984
Non-controlling interest				(661)
Net profit attributable to equity holders of the company				3,323
Segment assets	29,098	8,584	-	37,682
Investment in associates	-	238	-	238
Total segment assets				37,920
Total segment liabilities	19,269	3,948	-	23,217
Capital expenditure	632	817	-	1,449
Depreciation of property, plant and equipment	1,334	193	-	1,527
Depreciation of right-of-use assets	1,316	657	-	1,973

(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:

	2022	2021
	S\$'000	S\$'000
Singapore	19,393	21,150
Thailand	4,755	3,975
Malaysia	2,694	2,056
Myanmar	478	-
Total	27,320	27,181

NOTES TO THE FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022)

29. Segment information (continued)

(b) Geographical segment (continued)

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

	2022	2021
	S\$'000	S\$'000
Singapore	17,775	23,561
Thailand	1,916	2,110
Malaysia	1,500	1,223
Myanmar	511	-
Total	21,702	26,894

(c) Major Customers

Revenue attributable to the Group's largest customer accounted for approximately 11.4% (2021: 12.2%) of the Group's total revenue and aggregate revenue attributable to the five largest customers of the Group accounted for approximately 29.6% (2021: 31.2%) of the Group's total revenue.

30. Authorisation of financial statements

These financial statements were authorised for issue by the Board of Directors of LHN Logistics Limited on 6 January 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 30 DECEMBER 2022

Number of Ordinary Shares in Issue	:	167,678,800
Number of Subsidiary Holdings Held	:	Nil
Number of Treasury Shares Held	:	Nil
Class of Shares	:	Ordinary
Voting Rights	:	One vote of each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 1,000	8	3.55	5,200	0.00
1,001 – 10,000	81	36.00	559,300	0.33
10,001 – 1,000,000	128	56.89	13,643,700	8.14
1,000,001 AND ABOVE	8	3.56	153,678,800	91.53
TOTAL	225	100.00	167,678,800	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LHN GROUP PTE. LTD.	140,940,800	84.05
2	EAGLE LINER SHIPPING AGENCIES PTE LTD	3,000,000	1.79
3	DBS NOMINEES (PRIVATE) LIMITED	2,157,700	1.29
4	HO JUAT KENG	1,537,200	0.92
5	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	1,500,000	0.89
6	NG HOCK KON	1,470,000	0.88
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,448,400	0.86
8	CITIBANK NOMINEES SINGAPORE PTE LTD	1,416,500	0.84
9	IFAST FINANCIAL PTE LTD	942,400	0.56
10	HSBC (SINGAPORE) NOMINEES PTE LTD	840,000	0.50
11	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	819,000	0.49
12	OCBC SECURITIES PRIVATE LIMITED	644,200	0.38
13	LAI WENG KAY	545,400	0.33
14	MAYBANK SECURITIES PTE. LTD.	504,000	0.30
15	PHILLIP SECURITIES PTE LTD	486,700	0.29
16	YAP TIN FOO	400,000	0.24
17	CHEN HAoyANG	398,400	0.24
18	LIM CHER KHIANG	371,500	0.22
19	MERRILL LYNCH (SINGAPORE) PTE LTD	335,600	0.20
20	LIM CHUNG MARC	310,000	0.18
	TOTAL	160,067,800	95.45

PUBLIC FLOAT

Based on the information available to the Company as at 30 December 2022, being the latest practicable date prior to the publication of this annual report, approximately 15.9% of the issued ordinary shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited.

STATISTICS OF SHAREHOLDINGS

AS AT 30 DECEMBER 2022

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest		Deemed Interest	
	Number of shares	%	Number of shares	%
Lim Lung Tieng (Lin Longtian) ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	–	–	140,940,800	84.10
Lim Bee Choo (Lin Meizhu) ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	–	–	140,940,800	84.10
Trident Trust Company (B.V.I.) Limited ⁽²⁾	–	–	140,940,800	84.10
LHN Capital Pte. Ltd. ⁽³⁾	–	–	140,940,800	84.10
HN Capital Ltd. ⁽⁴⁾	–	–	140,940,800	84.10
Hean Nerng Group Pte. Ltd. ⁽⁵⁾	–	–	140,940,800	84.10
Fragrance Ltd. ⁽⁶⁾	–	–	140,940,800	84.10
LHN Limited ⁽⁷⁾	–	–	140,940,800	84.10
LHN Group Pte. Ltd.	140,940,800	84.10	–	–
Lim Hean Nerng ⁽⁸⁾	–	–	140,940,800	84.10
Foo Siau Foon ⁽⁸⁾	–	–	140,940,800	84.10
Lim Yun En ⁽⁸⁾	–	–	140,940,800	84.10
Lim Wei Yong Matthew ⁽⁸⁾	–	–	140,940,800	84.10
Lim Wei Yee ⁽⁸⁾	–	–	140,940,800	84.10
Lin Weichen ⁽⁸⁾	–	–	140,940,800	84.10
Lim Wei Kheng (Lin Weiqing) ⁽⁸⁾	–	–	140,940,800	84.10
Lim Yu Yang ⁽⁸⁾	–	–	140,940,800	84.10
Lim Bee Li ⁽⁹⁾	–	–	140,940,800	84.10

Notes:

- (1) Based on the total issued share capital of 167,678,800 ordinary shares of the Company as at 30 December 2022.
- (2) Trident Trust Company (B.V.I.) Limited ("**Trident Trust**"), a licensed trust company incorporated in the British Virgin Islands ("**BVI**"), holds the entire issued and paid-up share capital in LHN Capital Pte. Ltd. ("**LHN Capital**") 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 Pte. Ltd. holds the entire issued and paid-up share capital in HN Capital Ltd. ("**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 ("**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 Lim Hean Nerng, Foo Siau Foon and 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 Lim Hean Nerng, Foo Siau Foon and Kelvin Lim. The beneficial owners of the property in the trust fund are the beneficiaries of The LHN Capital Trust which comprise Lim Hean Nerng, Foo Siau Foon, Lim Lung Tieng (Lin Longtian) ("**Kelvin Lim**") and Kelvin Lim's direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen, Lim Wei Kheng (Lin Weiqing) and Lim Yu Yang) (the "**LHN Capital Trust Beneficiaries**"). Trident Trust Company (Singapore) Pte. Limited is the trust administrator of The LHN Capital Trust.

HN Capital Ltd., Lim Bee Choo (Lin Meizhu) ("**Jess Lim**") and Kelvin Lim hold 85.0%, 10.0% and 5.0% respectively of the entire issued and paid-up share capital in Hean Nerng Group Pte. Ltd. ("**HNG**"). Kelvin Lim and Jess Lim are also directors of HNG. HNG holds the entire issued and paid-up share capital of Fragrance Ltd. ("**Fragrance**"). Kelvin Lim and Jess Lim are also directors of Fragrance. Fragrance holds 54.0% of the entire issued and paid-up share capital in LHN Limited, which in turn holds a direct interest in 140,940,800 shares comprising 84.1% of the entire issued and paid-up share capital of the Company. Kelvin Lim and Jess Lim are also directors of LHN Limited.

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 LHN Group Pte. Ltd. ("**LHNGPL**"), Trident Trust is deemed to have an interest in the issued and paid-up share capital of the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the Securities and Futures Act 2001 of Singapore ("**SFA**").

STATISTICS OF SHAREHOLDINGS

AS AT 30 DECEMBER 2022

- (3) Kelvin Lim and Jess Lim are directors of LHN Capital. In connection with footnote (2) 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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (4) Kelvin Lim and Jess Lim are directors of HN Capital. In connection with footnote (2) 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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (5) Kelvin Lim and Jess Lim are directors of HNG. In connection with footnote (2) above, as Hean Nerng Group Pte. Ltd. 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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (6) Kelvin Lim and Jess Lim are directors of Fragrance. In connection with footnote (2) 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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (7) Kelvin Lim and Jess Lim are directors of LHN Limited. In connection with footnote (2) 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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (8) 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 (2) 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 the Company held by LHNGPL.

Notwithstanding that each of Lim Hean Nerng, Foo Siau Foon and Kelvin Lim’s direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen, Lim Wei Kheng (Lin Weiqing) and 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 the 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 the Company. Pursuant to the Fourth Schedule of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore (“SFR”), 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 controlling shareholders of the Company within the meaning of the Fourth Schedule of the SFR. As such, Lim Hean Nerng, Foo Siau Foon and each of Kelvin Lim’s direct lineal issues are considered as substantial shareholders of the Company 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 the Company.

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

Jess Lim is Kelvin Lim’s sibling and is also a director of LHN Capital, HN Capital, HNG, Fragrance, LHN Limited and the Company. Accordingly, she is deemed to be able to exercise control over the Company and is deemed to be a controlling shareholder of the Company.

- (9) Lim Bee Li, as a protector (together with Kelvin Lim and 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, the Company has taken the view that Lim Bee Li should also be considered a controlling shareholder of LHN Limited. As at the Latest Practicable Date, Lim Bee Li is deemed to be interested in 54.04% of the total issued share capital of LHN Limited. In connection with footnote (2) above and by virtue of her position as a controlling shareholder of LHN Limited, Lim Bee Li is deemed to have an interest in the issued and paid-up share capital of the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.

APPENDIX

DATED 6 JANUARY 2023

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

Unless otherwise defined, capitalised terms appearing on the cover of this Appendix bear the same meanings ascribed to them in the section entitled "Definitions" of this Appendix.

This Appendix, the Notice of AGM and Shareholder Proxy Form are circulated to the Shareholders together with the Annual Report. The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and seek Shareholders' approval for, the proposed renewal of the Share Buyback Mandate and the IPT General Mandate to be tabled at the AGM of the Company to be held by way of Live Webcast on Friday, 27 January 2023 at 10.00 a.m. or at any adjournment thereof.

If you have sold or transferred all your shares in the capital of LHN Logistics Limited (the "**Company**") held through CDP, you need not forward the Annual Report (including the Notice of AGM and the Shareholder Proxy Form) together with this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Annual Report (including the Notice of AGM and the Shareholder Proxy Form) together with this Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical certificate(s), you should immediately forward the Annual Report (including the Notice of AGM and the Shareholder Proxy Form) together with this Appendix to the purchaser, transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Appendix has been prepared by the Company, and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This Appendix has not been examined or approved by the SGX-ST, and the SGX-ST assumes no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg).

This Appendix, together with the Notice of AGM and the Shareholder Proxy Form, has been made available to Shareholders on SGXNET and a printed copy of this Appendix will NOT be despatched to Shareholders.

The AGM will be held by way of electronic means. Accordingly, Shareholders and their duly appointed proxies will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders and their duly appointed proxies to participate at the AGM by (a) Live Webcast, (b) submitting questions to the Company in advance of the AGM or "live" at the AGM, and (c) voting at the AGM "live" by the Shareholders themselves or by their duly appointed proxies or by appointing the Chairman of the AGM as proxy to vote on the resolutions to be tabled at the AGM.

Please refer to the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM.



LHN LOGISTICS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 202129609C)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 6 JANUARY 2023

IN RELATION TO

- (I) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE; AND
- (II) THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

APPENDIX

DATED 6 JANUARY 2023

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APPENDIX

DATED 6 JANUARY 2023

DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

General

“AGM”	:	The forthcoming annual general meeting of the Company to be held on Friday, 27 January 2023 at 10.00 a.m. by way of Live Webcast and any adjournment thereof
“Appendix”	:	This Appendix to the Notice of AGM
“Appendix 2”	:	Appendix 2 of the Take-over Code
“Approval Date”	:	Has the meaning ascribed to it in Section 2.5.1 of this Appendix
“Annual Report”	:	The annual report of the Company in respect of FY2022
“Associate”	:	Has the meaning ascribed to it in the Catalist Rules
“Associated Company”	:	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
“Average Closing Price”	:	Has the meaning ascribed to it in Section 2.5.4 of this Appendix
“Audit and Risk Committee”	:	The audit and risk committee of the Company as at the Latest Practicable Date, unless otherwise stated
“Board”	:	The board of Directors of the Company
“Catalist Board”	:	The Catalist Board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended or modified from time to time
“Companies Act”	:	The Companies Act 1967 of Singapore, as may be amended, modified or supplemented from time to time
“Constitution”	:	The constitution of the Company in force for the time being
“Controlling Interest”	:	The interest of Controlling Shareholder(s)
“Controlling Shareholder”	:	As defined in the Catalist Rules, a person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in the Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over the Company
“Directors”	:	The directors of the Company for the time being
“EPS”	:	Earnings per Share

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“Entity at Risk”	:	Has the meaning ascribed to it in <u>Section 3.4</u> of this Appendix
“Existing Share Buyback Mandate”	:	Has the meaning ascribed to it in <u>Section 2.2</u> of this Appendix
“FY2022”	:	Financial year ended 30 September 2022
“Group”	:	The Company and its subsidiaries
“Head of Finance”	:	The 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)
“Interested Person”	:	(a) A Director, Chief Executive Officer or Controlling Shareholder of the Company; or (b) An Associate of any such Director, Chief Executive Officer or Controlling Shareholder of the Company
“Interested Person Transaction”	:	A transaction between an Entity at Risk and an Interested Person
“IPT General Mandate”	:	The general mandate from the Shareholders pursuant to Chapter 9 of the Catalist Rules to enable an Entity at Risk, in the ordinary course of its business, to enter into Mandated Transactions with the Mandated Interested Persons which are necessary for its day- to-day operations, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, subject to the guidelines, thresholds and review procedures for such transactions set out in <u>Section 3.8</u> to <u>Section 3.11</u> of this Appendix
“Listing”	:	The listing of the Company and quotation of the Shares on Catalist
“Latest Practicable Date”	:	30 December 2022, being the latest practicable date prior to the issue of this Appendix
“Live Webcast”	:	Live webcast via audio and video feed, or audio feed only
“LPS”	:	Loss per Share
“Mandated Interested Person”	:	Any person as defined in <u>Section 3.5</u> of this Appendix
“Mandated Transactions”	:	The transactions as defined in <u>Section 3.6</u> of this Appendix
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	:	Has the meaning ascribed to it in <u>Section 2.5.3(a)</u> of this Appendix
“Maximum Percentage”	:	Has the meaning ascribed to it in <u>Section 2.5.1</u> of this Appendix
“Maximum Price”	:	Has the meaning ascribed to it in <u>Section 2.5.4</u> of this Appendix
“Notice of AGM”	:	The notice of the AGM dated 6 January 2023
“NTA”	:	Net tangible assets
“Offer Document”	:	The offer document dated 19 April 2022 issued by the Company (registered by the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore on 19 April 2022) in respect of the Listing

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“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 2.5.3(b) of this Appendix
“Ordinary Resolutions”	:	The ordinary resolutions as set out in the Notice of AGM
“Ordinary Resolution 13”	:	The ordinary resolution as set out in item 14 of the Notice of AGM under the heading “Special Business” in respect of the proposed renewal of the Share Buyback Mandate
“Ordinary Resolution 14”	:	The ordinary resolution as set out in item 15 of the Notice of AGM under the heading “Special Business” in respect of the proposed renewal of the IPT General Mandate
“Register of Members”	:	The Register of Members of the Company
“Register of Substantial Shareholders”	:	The Register of Substantial Shareholders of the Company
“Relevant Period”	:	Has the meaning ascribed to it in Section 2.5.2 of this Appendix
“Rule 14”	:	Rule 14 of the Take-over Code
“Scenario A”	:	Has the meaning ascribed to it in Section 2.9.2 of this Appendix
“Scenario B”	:	Has the meaning ascribed to it in Section 2.9.3 of this Appendix
“Securities Account”	:	The securities account(s) maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“Shares”	:	Ordinary shares in the share capital of the Company
“Share Buyback”	:	The purchase or acquisition by the Company of its Shares pursuant to the Share Buyback Mandate
“Share Buyback Mandate”	:	The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire issued Shares within the Relevant Period, in accordance with the terms set out in this Appendix, the Companies Act and the Catalist Rules
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares
“Shareholder Proxy Form”	:	The proxy form accompanying the Notice of AGM
“SRS”	:	Supplementary Retirement Scheme
“Substantial Shareholder”	:	Persons who have an interest in the Shares of not less than 5.0% of all the issued voting shares of the Company
“Subsidiary Holdings”	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act

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“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Treasury Shares”	:	Has the meaning ascribed to it in Section 4 of the Companies Act

Companies, Persons, Organisation and Agencies

“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	Central Provident Fund
“Company”	:	LHN Logistics Limited
“Group”	:	The Company together with its subsidiaries
“SIC”	:	The Securities Industry Council of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Sponsor”	:	PrimePartners Corporate Finance Pte. Ltd.

Currencies, Units and Others

“S\$” and “cents”	:	Singapore Dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“%”	:	Per centum or percentage

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

The terms **“subsidiary”** and **“related corporations”** shall have the meanings ascribed to them respectively in Section 5 of the Companies Act.

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. References to **“Section”** are to the sections of this Appendix, unless otherwise stated.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to **“Rule”** or **“Chapter”** is a reference to the relevant rule or Chapter in the Catalist Rules as for the time being, unless otherwise stated.

Any reference in this Appendix 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, the Catalist Rules, or any relevant laws of the Republic of Singapore or any statutory modification thereof and used in this Appendix shall have the same meaning assigned to it under the Companies Act, the Catalist Rules, or any relevant laws of the Republic of Singapore or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof are due to rounding; accordingly, the figures shown as totals in certain tables may not be an aggregation of the figures that precede them.

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LETTER TO SHAREHOLDERS

LHN LOGISTICS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 202129609C)

Directors:

Lim Lung Tieng (Lin Longtian) (“Kelvin Lim”) (*Executive Chairman*)
Lin Kaixian (*Executive Director and Managing Director (Transportation Business)*)
Yee Kee Shian, Leon (*Lead Independent Non-Executive Director*)
Lim Kian Thong (*Independent Non-Executive Director*)
Tan Hui Tsu (Chen Huizhi) (*Independent Non-Executive Director*)

Registered Office:

10 Raeburn Park
#02-15B
Singapore 088702

6 January 2023

To: The Shareholders of LHN Logistics Limited

Dear Sir / Madam,

(I) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

(II) THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

1. INTRODUCTION

1.1 The AGM

The Board refers to the Notice of AGM of the Company dated 6 January 2023 convening the AGM of the Company to be held on 27 January 2023 at 10.00 a.m., and the proposed Ordinary Resolution 13 and Ordinary Resolution 14 under the heading “Special Business” as set out in item 14 and 15 of the Notice of AGM.

1.2 Purpose of Appendix

The Board intends to seek Shareholders’ approval for the proposed renewal of the Share Buyback Mandate and independent Shareholders’ approval for the proposed renewal of the IPT General Mandate. The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the Share Buyback Mandate and the proposed renewal of the IPT General Mandate.

1.3 Legal Advisor

Chevalier Law LLC has been appointed as legal adviser to the Company as to Singapore law for the purposes of this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 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. Regulation 6 of the Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares. As the Company is listed on the Catalist Board, 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.

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2.2 Shareholders' Approval for the Existing Share Buyback Mandate

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. The authority conferred at such general meeting will continue to be in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier, unless the authority is revoked or varied at a general meeting. In this regard, the Company had obtained the approval of the Shareholders on 28 March 2022 for the adoption of the Share Buyback Mandate (the "**Existing Share Buyback Mandate**").

2.3 Shareholders' Approval for the Proposed Renewal of the Share Buyback Mandate

2.3.1 As the Existing Share Buyback Mandate approved on 28 March 2022 will be expiring on 27 January 2023, being the date of the forthcoming AGM, the Directors propose that the Share Buyback Mandate be renewed at the AGM.

2.3.2 If Ordinary Resolution 13 in respect of the proposed renewal of the Share Buyback Mandate is approved at the forthcoming AGM, the Share Buyback Mandate will take effect from the date thereof and continue in force until the date of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier, unless the authority is revoked or varied at a general meeting. The proposed renewal of the Share Buyback Mandate may be tabled at each subsequent annual general meeting of the Company for Shareholders' approval, at the discretion of the Directors.

2.4 Rationale for the Share Buyback Mandate

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

- (a) in managing the business of the Group, the management of the Company and the Group strives to increase Shareholders' value by improving, amongst others, the return on equity of the Group, which the Share Buybacks may enhance;
- (b) the Share Buybacks will allow the 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, the Company may undertake Share Buybacks, in the event the Directors are of the view that the price per Share at such time is undervalued taking into consideration, among others, the future earnings and net asset value per Share of the Company;
- (c) to the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Buybacks will facilitate the efficient return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner and allow the Company greater flexibility to manage its capital and maximise returns to its Shareholders;
- (d) Shares purchased or acquired under the Share Buyback Mandate may be held by the Company as Treasury Shares to satisfy the Company's obligations to furnish Shares to participants in any share-based incentive schemes it may implement from time to time, thus giving the Company greater flexibility to select the method of providing Shares to employees that is most beneficial to the Company and its Shareholders; and
- (e) the 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 the Shareholder's interests in the share capital of the 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 the Directors are of the view that such purchases or acquisitions of Shares are of benefit to the Company and/or its Shareholders.

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2.5 Terms of the Share Buyback Mandate

The authority and limitations placed on Share Buybacks by the Company under the Share Buyback Mandate, if renewed at the AGM, are summarised below:

2.5.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. In accordance with Rule 867 of the Catalist Rules, 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 issued share capital of the Company ascertained as at the date of the forthcoming AGM on which the resolution authorising the proposed renewal of the Share Buyback Mandate is passed (the “**Approval Date**”), unless the Company has effected a reduction of its share capital in accordance with the Companies Act at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the 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, the Company has no Treasury Shares and Subsidiary Holdings.

Shareholders should note that the Maximum Percentage is subject further to the free float requirement pursuant to Rule 723 of the Catalist Rules, as illustrated below and set out in detail in Section 2.9 of this Appendix.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company of 167,678,800 Shares as at the Latest Practicable Date (where 26,738,000 Shares, representing approximately 15.95% of the total number of issued Shares are held by the Public), and assuming that the Company has no Treasury Shares and Subsidiary Holdings and no further Shares are issued on or prior to the AGM to ensure that the Company maintains the free float of not less than 10% of the total number of issued Shares (excluding Preference Shares, convertible equity securities and Treasury Shares) in accordance with Rule 723 of the Catalist Rules, the maximum number of Shares which may be purchased or acquired by the Company pursuant to the Maximum Percentage under the Share Buyback Mandate is 9,970,120 Shares which represents 5.95% of the total number of issued Shares as at the Latest Practicable Date.

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, the 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 the Company and/or the Group.

2.5.2 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 date on which the next annual general meeting of the Company is held or required by law or the Constitution to be held (whichever is earlier); or
 - (b) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders at an annual general meeting or other general meeting of the Company; or
 - (c) the date on which Share Buybacks have been undertaken to the fullest extent as authorised under the Share Buyback Mandate,
- (the “**Relevant Period**”).

The Share Buyback Mandate may be renewed at each annual general meeting or other general meeting of the Company.

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2.5.3 Manner of Share Buybacks

If and when circumstances permit, the Directors may decide to effect Share Buybacks under the Share Buyback Mandate 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 the Company for such purpose (a **"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 the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Catalist Rules (an **"Off-Market Purchase"**).

In an Off-Market Purchase, the 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 the 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, the 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 the Company arising under the Take-over 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 Buyback (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme) made by the Company in the previous twelve (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 the Company will be cancelled or kept as Treasury Shares.

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2.5.4 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 the 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).

For the purposes above, "**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) 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 the 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 such five (5) Market Day period and the day on which such purchases are made.

2.6 **Status of Purchased Shares under the Share Buyback**

At the time of each Share Buyback, the 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 the Company and as the Directors deem fit in the interests of the Company at that time.

A Share purchased or acquired by the 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 the 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 the 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 the Company as soon as reasonably practicable following settlement of any such Share Buyback.

2.7 **Purchased Shares may be held as Treasury Shares**

As mentioned in Section 2.6 above, under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Companies Act are summarised below:

2.7.1 Maximum Holdings

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

2.7.2 Voting and Other Rights

Pursuant to the Companies Act, the Company cannot exercise any right in respect of Treasury Shares and any purported exercise of such right is void. In particular, the Company cannot exercise any right to attend or vote at general meetings and for the purposes of the Companies Act, in respect of Treasury Shares, and the 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.

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In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the 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.

2.7.3 Disposal and Cancellation

Where Shares purchased or acquired under Share Buybacks are held by the Company as Treasury Shares, the Company may at any time:

- (a) sell the Treasury Shares (or any of them) for cash;
- (b) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, whether for its employees, Directors, or other persons;
- (c) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the Treasury Shares (or any of them); 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 used for a sale or transfer, or cancelled. The 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.

2.8 **Source of Funds for Share Buyback(s)**

For the purposes of purchasing Shares under the Share Buyback Mandate, the Company may only apply funds legally available for such purchase in accordance with its Constitution and the applicable laws in Singapore. The 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 the Company may be made out of the Company's profits or capital so long as the Company is solvent. The Company may use internal resources to fund Share Buybacks pursuant to the Share Buyback Mandate.

Shareholders should note that the Directors do not propose to exercise the Share Buybacks in a manner and to such extent that the financial position of the 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 the Group and the prevailing market conditions.

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2.9 Financial Effects of the Share Buyback Mandate

2.9.1 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 consolidated financial statements for FY2022 and are not necessarily representative of future financial performance of the 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 Maximum Percentage as authorised. **In particular, the Company will not undertake any purchase or acquisition of Shares under the Share Buyback Mandate (if renewed) if the public float is below 10%, or if any such purchase or acquisition of Shares will result in the Public Float falling below 10%.** In this regard, the free float requirement pursuant to Rule 723 of the Catalist Rules is set out in detail in [Section 2.11.3](#) of this Appendix.

It is not possible for the 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 the 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 the 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 the Company.

As stated, the 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 the Group would be materially and adversely affected. 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 the Group, and prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group.

The financial effects presented in this [Section 2.9](#) are based on the assumptions set out below:

- (a) As at the Latest Practicable Date, the issued share capital of the Company comprises 167,678,800 Shares;
- (b) **For illustrative purposes only**, based on the existing issued and paid-up share capital of the Company of 167,678,800 Shares, and assuming that the Company has no Treasury Shares and Subsidiary Holdings and no further Shares are issued on or prior to the AGM in order to maintain the free float of not less than 10% of the total number of issued Shares, not more than 9,970,120 Shares (representing approximately 5.95% of the Shares) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate;
- (c) In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 9,970,120 Shares at the Maximum Price of S\$0.142 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Catalist Board immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 9,970,120 Shares is approximately S\$1,415,757;
- (d) In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 9,970,120 Shares at the Maximum Price of S\$0.162 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Catalist Board immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 9,970,120 Shares is approximately S\$1,615,159; and

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- (e) **For illustrative purposes only** and on the basis of the assumptions set out above as well as the following:
 - (i) the Share Buyback Mandate had been effective on 1 October 2021;
 - (ii) the Share Buybacks are funded solely by internal cash/resources of the Group;
 - (iii) the Company had purchased or acquired 9,970,120 Shares on 1 October 2021; and
 - (iv) 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, of the issued Shares by the 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, of the issued Shares by the 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 the Company as Treasury Shares ("**Scenario B**"),

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on the audited consolidated financial results of the Group and the Company for FY2022, are set out below:

2.9.2 Scenario A

	Group			Company		
	Before Share Buyback	After Share Buyback	After Off-Market Purchase	Before Share Buyback	After Share Buyback	After Off-Market Purchase
(\$'000)						
Share capital	17,392	15,976	15,777	17,392	15,976	15,777
Exchange translation reserve	(50)	(50)	(50)	-	-	-
Mergers reserves	(11,031)	(11,031)	(11,031)	-	-	-
Retained profits	5,851	5,851	5,851	1,137	1,137	1,137
Capital and reserves attributable to equity holders of our Company	12,162	10,746	10,547	18,529	17,113	16,914
NTA ⁽¹⁾	12,162	10,746	10,547	18,529	17,113	16,914
Current assets	13,606	12,190	11,991	6,224	4,808	4,609
Current liabilities	7,313	7,313	7,313	135	135	135
Working capital	6,293	4,877	4,678	6,089	4,673	4,474
Total borrowings	9,833	9,833	9,833	-	-	-
Cash and cash equivalents	7,594	6,178	5,979	4,052	2,635	2,437
Total number of issued Shares ('000)	167,679	157,709	157,709	167,679	157,709	157,709
Weighted average no. of Shares ('000)	159,072	149,102	149,102	159,072	149,102	149,102
Total comprehensive (loss)/ income attributable to equity holders of our Company	(5,230)	(5,230)	(5,230)	1,137	1,137	1,137
Financial ratios						
NTA per Share (cents) ⁽²⁾	7.25	6.81	6.69	11.05	10.85	10.72
Gearing (times) ⁽³⁾	0.45	0.48	0.48	-	-	-
Current ratio (times)	1.86	1.67	1.64	46.10	35.61	34.14
EPS (cents) ⁽⁴⁾	(3.29)	(3.51)	(3.51)	0.71	0.76	0.76

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 30 September 2022.
- (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 FY2022.

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2.9.3 Scenario B

	Before Share Buyback	Group		Before Share Buyback	Company	
		After Share Buyback	After Off-Market Purchase		After Share Buyback	After Off-Market Purchase
(\$'000)						
Share capital	17,392	17,392	17,392	17,392	17,392	17,392
Treasury shares	-	(1,416)	(1,615)	-	(1,416)	(1,615)
Exchange translation reserve	(50)	(50)	(50)	-	-	-
Merger reserves	(11,031)	(11,031)	(11,031)	-	-	-
Retained profits	5,851	5,851	5,851	1,137	1,137	1,137
Capital and reserves attributable to equity holders of our Company	12,162	10,746	10,547	18,529	17,113	16,914
NTA ⁽¹⁾	12,162	10,746	10,547	18,529	17,113	16,914
Current assets	13,606	12,196	11,991	6,224	4,808	4,609
Current liabilities	7,313	7,313	7,313	135	135	135
Working capital	6,293	4,877	4,678	6,089	4,673	4,474
Total borrowings	9,833	9,833	9,833	-	-	-
Cash and cash equivalents	7,594	6,178	5,979	4,052	2,636	2,437
Total number of issued Shares (excluding treasury shares) ('000)	167,679	157,709	157,709	167,679	157,709	157,709
Treasury shares ('000)	-	9,970	9,970	-	9,970	9,970
Weighted average no. of Shares ('000)	159,072	149,102	149,102	159,072	149,102	149,102
Total comprehensive (loss) / income attributable to equity holders of our Company	(5,230)	(5,230)	(5,230)	1,137	1,137	1,137
Financial ratios						
NTA per Share (cents) ⁽²⁾	7.25	6.81	6.69	11.05	10.85	10.72
Gearing (times) ⁽³⁾	0.45	0.48	0.48	-	-	-
Current ratio (times)	1.86	1.67	1.64	46.10	35.61	34.14
EPS (cents) ⁽⁴⁾	(3.29)	(3.51)	(3.51)	0.71	0.76	0.76

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 30 September 2022.
- (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 FY2022.

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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 the Group and the Company's audited consolidated financial statements for FY2022, and is not representative of the future financial performance of the Group and/or the Company.

2.10 Tax Implications

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

2.11 Other Applicable Catalist Rules and Regulations

2.11.1 Reporting Requirements under the Catalist Rules

The Catalist 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 Catalist Rules. The Company will make the above announcements pursuant to the Catalist Rules as and when appropriate.

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

The Company shall notify ACRA, using the prescribed form, within 30 days after the Share Buyback. 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, the Company's issued share capital before and after the Share Buyback, the amount of consideration paid by the Company for the Share Buyback, whether the Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required by ACRA in the prescribed form.

2.11.2 Restrictions on Share Buybacks

While the Catalist 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, the 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 the Board until such price-sensitive information has been publicly announced.

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

2.11.3 Free Float

The Company will ensure that any Shares purchased or acquired by the 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 Catalist 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 Catalist Rules define the "public" as persons other than the Directors, Chief Executive Officer of the Company, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the Associates of such persons.

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The Company does not have any individual shareholding limit or foreign shareholding limit. As at the Latest Practicable Date, 26,738,000 Shares, representing approximately 15.95 % of the total number of issued Shares are held by the public. Given the foregoing, the maximum number of Shares that the Company can purchase or acquire 9,970,120 Shares representing 5.95 % of the Shares pursuant to the Share Buyback Mandate to maintain the free float (excluding Treasury Shares, preference shares and convertible equity securities).

As there is an insufficient number of Shares held by the public for the Company to undertake purchases or acquisition of its Shares under the Share Buyback Mandate up to the full 10% limit without affecting the listing status of the Shares, Company will closely monitor the public float prior to undertaking any purchase or acquisition of its Shares under the Share Buyback Mandate and ensure that when purchasing or acquiring 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 Rules 723 of the Catalist Rules. The Company will also ensure that such purchases will not (a) affect the listing status of the Company; (b) cause market illiquidity of the Shares; or (c) affect adversely the orderly trading of the Shares. **In particular, the Company will not undertake any purchase or acquisition of Shares under the Share Buyback Mandate (if renewed) if the public float is below 10%, or if any such purchase or acquisition of Share will result in the public float falling below 10%.**

2.12 Take-over Obligations

2.12.1 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 the Company resulting from a Share Buyback by the 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 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 (6) 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.

2.12.2 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, its 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;

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- (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 whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client 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 his 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 of the Company (including Directors of the Company) 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 the Company are set out in Appendix 2 of the Take-over Code.

2.12.3 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, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its 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 the 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 (6) 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 the 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 the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, (a) the voting rights of such Shareholder in the Company would increase to 30% or more, or (b) (if such Shareholder holds between 30% and 50% of the Company's voting rights) the voting rights of such Shareholder would increase by more than 1% in any period of six (6) 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 the 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 (6) months.

Shareholders (including Directors) and their concert parties who hold more than 50% of the 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 the 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 the Company decides to cease the Share Buybacks before it has purchased in full such number of Shares authorised by its Shareholders at the AGM, the Company will promptly inform its 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.

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2.12.4 Application of the Take-over Code

Controlling Shareholders who are deemed parties acting in concert with each other, namely LHN Group Pte Ltd., LHN Limited, Fragrance Ltd, Hean Nerng Group Pte. Ltd., HN Capital Ltd, LHN Capital Pte. Ltd., Trident Trust Company (B.V.I.) Limited, Mr. Lim Hean Nerng, Mr. Kelvin Lim (who is also the Executive Chairman of the Company), Ms. Lim Bee Choo (Lin Meizhu) ("**Jess Lim**") and Ms. Lim Bee Li, controls in aggregate approximately 84.1% of the issued share capital of the Company.

As set out above, under the Take-over Code, Shareholders (including Directors) and their concert parties who hold more than 50% of the 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 the Company purchasing or acquiring Shares. Accordingly, based on the shareholdings of the foregoing parties acting in concert, 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, the 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 the Company should or ought to be consolidated, and consequences under Rule 14 of the Take-over Code would ensue as a result of a Share Buyback by the Company pursuant to the Share Buyback Mandate.

Based on the Register of Members and the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, to the best of their knowledge, the 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 the Company purchases the maximum number of 9,970,120 Shares under the proposed Share Buyback Mandate.

Shareholders should note that the statements in this Appendix 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 the Company pursuant to the Share Buyback Mandate are advised to consult their professional advisers and/or the SIC at the earliest opportunity before they acquire any Shares in the Company during the period when the Share Buyback Mandate is in force.

2.13 **Details of Shares Bought by the Company in the Previous Twelve (12) Months**

No Share Buybacks have been made by the Company in the twelve (12) months preceding the Latest Practicable Date.

3. **THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE**

3.1 **Background**

The IPT General Mandate was adopted by the Company's then Shareholders on 28 March 2022, and was effective pursuant to Rule 920(2) of Chapter 9 of the Catalist Rules by way of the Offer Document from the date of the Listing and was expressed to take effect until the earlier of the following: (a) the conclusion of the first AGM following the admissions to Catalist; or (b) the first anniversary of the admission to Catalist. As such, the IPT General Mandate will expire upon the conclusion of the forthcoming AGM scheduled to be held on 27 January 2023. Pursuant to Rule 920 of the Catalist Rules, the Company will seek Shareholders' approval for the proposed renewal of the IPT General Mandate.

The proposed renewal of the IPT General Mandate will enable the any Entity At Risk, in its ordinary course of business, to enter into the Interested Person Transactions specified in [Section 3.5](#) below with any Mandated Interested Persons, provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of the Company and its minority Shareholders, and are in accordance with the guidelines, thresholds and review procedures for such transactions set out in [Section 3.8](#) to [Section 3.11](#) of this Appendix.

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3.2 Particulars of the IPT General Mandate to be renewed

The categories of transactions, procedures, and entities at risk and Interested Persons to which the proposed renewal of the IPT General Mandate will apply to are the same as that of the IPT General Mandate adopted at the Listing.

The renewed IPT General Mandate will take effect from the passing of the ordinary resolution relating thereto at the forthcoming AGM, and will (unless revoked or varied by the Company in a general meeting) continue in force until the conclusion of the next AGM. Approval from independent Shareholders will be sought for the renewal of the IPT General Mandate at the next AGM and each subsequent AGM, subject to satisfactory review by the Audit and Risk Committee of its continued relevance and application to the transactions with the Mandated Interested Persons, and its confirmation that the methods and review procedures for the transactions with the Mandated Interested Persons are sufficient to ensure that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.3 Chapter 9 of the Catalyst Rules

Chapter 9 of the Catalyst Rules governs transactions which a listed company or any of its subsidiaries or associated companies enters into or proposes to enter into with a party who is an Interested Person of the listed company. The objective of Chapter 9 (as stated in Rule 901 of the Catalyst Rules) is to guard against the risk that the Interested Persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with Interested Persons that may adversely affect the interests of the listed company or its shareholders.

Pursuant to Rule 905 of the Catalyst Rules, a listed company must make an immediate announcement of any Interested Person Transaction of a value equal to, or more than 3.0% of the Group's latest audited NTA. If the aggregate value of all transactions entered into with the same Interested Person during the same financial year amounts to 3.0% or more of the Group's latest audited NTA, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same Interested Person during that financial year.

Pursuant to Rule 906 of the Catalyst Rules, a listed company must obtain shareholder approval for any Interested Person Transaction of a value equal to, or more than:

- (a) 5.0% of the Group's latest audited NTA; or
- (b) 5.0% of the Group's latest audited NTA, when aggregated with other transactions entered into with the same Interested Person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

If the Group's latest audited NTA is negative, the listed company should consult the SGX-ST through its sponsor on the appropriate benchmark to calculate the relevant thresholds in Rules 905 and 906, which may be based on its market capitalisation.

The above requirements for an immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000. Notwithstanding the foregoing, the SGX-ST may aggregate any transaction below S\$100,000 entered into during the same financial year and treat them as if they were one transaction in accordance with the objective of Chapter 9 of the Catalyst Rules and the economic and commercial substance of the interested person transaction, instead of legal form and technicality.

Rule 920 of the Catalyst Rules, however, permits a listed company to seek a general mandate from its shareholders for recurrent transactions with Interested Persons where such transactions are of a revenue or trading nature or 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. A general mandate is also subject to annual renewal.

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3.4 Entities at Risk contemplated under the IPT General Mandate

For the purposes of the IPT General Mandate, an Entity At Risk means each and any of the following:

- (a) the Company;
- (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; and
- (c) an Associated Company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group, or the Group and its Interested Person(s), has control over the Associated Company.

3.5 Mandated Interested Persons contemplated under the IPT General Mandate

The IPT General Mandate will apply to Mandated Transactions (as defined below) that are carried out by any Entity at Risk with the following Interested Persons (collectively, the **"Mandated Interested Persons"**):

Interested Person	Description
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, a Controlling Shareholder. CEC provides general warehousing and business support service activities.
Coliwoo Balestier Pte. Ltd. (" CBPL ")	A wholly-owned Singapore subsidiary of Coliwoo Holdings Pte. Ltd. (" CHPL "). CHPL is a wholly-owned subsidiary of LHNGPL, a 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, a Controlling Shareholder. CPM is principally engaged in residential real estate management.
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, a 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, a 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, a Controlling Shareholder. Greenhub Yangon manages serviced offices and apartments.
Industrial & Commercial Facilities Management Pte. Ltd. (" ICFM ")	A wholly-owned Singapore subsidiary of LHNGPL, a 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.
LHN Energy Resources Pte Ltd (" LHN Energy ")	A wholly-owned subsidiary of LHNGPL, a Controlling Shareholder. LHN Energy provides general warehousing and carries out the business of transmission, distribution and sale of electricity.
LHN Group Pte. Ltd. (" LHNGPL ")	A Controlling Shareholder of the Company. 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 Parking Pte. Ltd. (" LHN Parking ")	A wholly-owned Singapore subsidiary of LHNGPL, a Controlling Shareholder. LHN Parking manages and operates car parks.

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Interested Person	Description
LHN Properties Investments Pte. Ltd. (" LHNPI ")	A wholly-owned Singapore subsidiary of LHNGPL, a 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, a 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, a 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.

While not all Mandated Interested Persons currently have ongoing transactions with the Group, the Group has included them in the IPT General Mandate as the 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 the financial year ending 30 September 2023.

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.

3.6 Categories of Mandated Interested Person Transactions

It is envisaged that in the ordinary course of the business, the following transactions between the Group and the Mandated Interested Person(s) are likely to occur from time to time:

- (a) provision by the 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 the 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 IPT General Mandate. The IPT General Mandate will also not cover any transaction by the 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.

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Transactions between the Mandated Interested Person(s) and the Group which do not fall within the ambit of the IPT General 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 the Group's latest audited NTA, future transactions of such a nature will be subject to Shareholders' approval before they can be entered into.

3.7 Rationale for, and Benefits of, the Proposed Renewal of the IPT General Mandate

The 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 the 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 the Group) has been highly adaptive to the changing needs of how individuals and businesses live, work and play. LHN Limited and its subsidiaries (excluding the 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.

The Group has provided trucking services and leased the 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. It is envisaged that such transactions are likely to continue in the ordinary course of the business. These transactions also represent an additional source of revenue for the Group. The 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. The Group has also been relying on certain of the Mandated Interested Person(s) for some of the administrative needs such as contractual services and the management of utilities account. The Group intends to continue to tap on the resources of the Mandated Interested Persons for the operational needs.

Given the foregoing, the IPT General 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 the Group.

The IPT General Mandate is intended to facilitate the carrying out of the Mandated Transactions in the normal course of the 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 the Company and its minority Shareholders.

3.8 Guidelines for Mandated Transactions with Mandated Interested Persons

The Group has established 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 the Group's usual policies and practices and are not prejudicial to the interests of the Company and its minority Shareholders.

In particular, the following methods and procedures have been put in place:

3.8.1 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 Person

In general, all contracts entered into or transactions with Mandated Interested Persons are to be carried out in accordance with the 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.

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Where possible and practicable, the 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, 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 prices and terms offered to the Mandated Interested Persons are fair and reasonable, taking into account factors such as, but not limited to, the 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.

3.8.2 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 the Group from the Mandated Interested Persons, the Group will only enter into such transactions with the Mandated Interested Persons if the 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 the Group on a cost recovery plus mark-up basis, the 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

In the event that such competitive quotations cannot be obtained, the Head of Finance and a senior executive of the 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.

3.9 **Approvals Thresholds and Procedure**

In addition to the above methods and procedures, the following approval procedures and thresholds will apply to the Mandated Transactions:

- (a) the Head of Finance and a senior executive of the Company designated by the 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 the Group's then latest audited NTA;
- (b) if a Mandated Transaction (such as a long-term lease contract) has a value equal to or which exceeds 3.0% of the Group's then latest audited NTA, the review and approval process shall also be undertaken by the Audit and Risk Committee;

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- (c) if the 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 the Designated Executive and the Chairman of the Audit and Risk Committee;
- (d) if the 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 the Head of Finance and the Chairman of the Audit and Risk Committee;
- (e) if the Head of Finance and the 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 the Audit and Risk Committee and another member of the Audit and Risk Committee (who is not a nominee of the Mandated Interested Person(s) and has no interest in the Mandated Transaction(s));
- (f) if a member of the 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 the Audit and Risk Committee in relation to that Mandated Transaction;
- (g) if a member of the 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 the 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
- (h) the Head of Finance and the Designated Executive from time to time for such purpose, and the 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.

3.10 Register of Interested Person Transactions

The Group will also implement the following procedures for the identification of Interested Persons and the recording of all Interested Person Transactions (including the Mandated Transactions):

- (a) the Company will maintain an updated list of Interested Persons and will disclose the list to relevant key personnel within the 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 the Audit and Risk Committee;
- (b) the Company 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 the Group; and
- (c) the Company 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 the Head of Finance, who shall not be interested in any of the Interested Person Transactions and who is duly delegated to do so by the Audit and Risk Committee.

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3.11 Disclosure

In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will:

- (a) disclose in its annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT General Mandate continues to be in force); and
- (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General 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.

Disclosure has been made in the section on IPTs in the Annual Report for the aggregate value of transactions in excess of S\$100,000 conducted with the Mandated Interested Persons pursuant to the IPT General Mandate.

3.12 Audit and Risk Committee's Statement

Pursuant to Rule 920(1)(c) of the Catalist Rules, the Audit and Risk Committee confirms that:

- (a) the methods and procedures for determining the transaction prices of the Mandated Transactions have not changed since the IPT General Mandate was given by the Shareholders (i.e. the date of the Offer Document); and
- (b) the methods and procedures referred to in sub-paragraph (a) above 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 the Group and the minority Shareholders.

If during any of the reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the guidelines, methods and review procedures for the Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Transactions are conducted, the Company will seek a fresh general mandate from Shareholders based on new guidelines, methods and review procedures so that the 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.

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4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares of the Company, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders kept by the Company, respectively, as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Kelvin Lim ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	–	–	140,940,800	84.10
Substantial Shareholders				
Jess Lim ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	–	–	140,940,800	84.10
Trident Trust Company (B.V.I) Limited ⁽²⁾	–	–	140,940,800	84.10
LHN Capital Pte. Ltd. ⁽³⁾	–	–	140,940,800	84.10
HN Capital Ltd. ⁽⁴⁾	–	–	140,940,800	84.10
Hean Nerng Group Pte. Ltd. ⁽⁵⁾	–	–	140,940,800	84.10
Fragrance Ltd. ⁽⁶⁾	–	–	140,940,800	84.10
LHN Limited ⁽⁷⁾	–	–	140,940,800	84.10
LHN Group Pte Ltd	140,940,800	84.10	–	–
Lim Hean Nerng ⁽⁸⁾	–	–	140,940,800	84.10
Foo Siau Foon ⁽⁸⁾	–	–	140,940,800	84.10
Lim Yun En ⁽⁸⁾	–	–	140,940,800	84.10
Lim Wei Yong Matthew ⁽⁸⁾	–	–	140,940,800	84.10
Lim Wei Yee ⁽⁸⁾	–	–	140,940,800	84.10
Lin Weichen ⁽⁸⁾	–	–	140,940,800	84.10
Lim Wei Kheng (Lin Weiqing) ⁽⁸⁾	–	–	140,940,800	84.10
Lim Yu Yang ⁽⁸⁾	–	–	140,940,800	84.10
Lim Bee Li ⁽⁹⁾	–	–	140,940,800	84.10

Notes:

- (1) Based on the entire issued and paid-up share capital of 167,678,800, Shares as at the Latest Practicable Date. The Company does not have any Treasury Shares as at the Latest Practicable Date.
- (2) Trident Trust Company (B.V.I.) Limited ("**Trident Trust**"), a licensed trust company incorporated in the British Virgin Islands ("**BVI**"), holds the entire issued and paid-up share capital in LHN Capital Pte. Ltd. ("**LHN Capital**") 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 Pte. Ltd. holds the entire issued and paid-up share capital in HN Capital Ltd. ("**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 ("**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 Lim Hean Nerng, Foo Siau Foon and 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 Lim Hean Nerng, Foo Siau Foon and Kelvin Lim. The beneficial owners of the property in the trust fund are the beneficiaries of The LHN Capital Trust which comprise Lim Hean Nerng, Foo Siau Foon, Lim Lung Tieng (Lin Longtian) ("**Kelvin Lim**") and Kelvin Lim's direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen, Lim Wei Kheng (Lin Weiqing) and Lim Yu Yang) (the "**LHN Capital Trust Beneficiaries**"). Trident Trust Company (Singapore) Pte. Limited is the trust administrator of The LHN Capital Trust.

HN Capital Ltd., Jess Lim and Kelvin Lim hold 85.0%, 10.0% and 5.0% respectively of the entire issued and paid-up share capital in Hean Nerng Group Pte. Ltd. ("**HNG**"). Kelvin Lim and Jess Lim are also directors of HNG. HNG holds the entire issued and paid-up share capital of Fragrance Ltd. ("**Fragrance**"). Kelvin Lim and Jess Lim are also directors of Fragrance. Fragrance holds 54.0% of the entire issued and paid-up share capital in LHN Limited, which in turn holds a direct interest in 140,940,800 shares comprising 84.1% of the entire issued and paid-up share capital of the Company. Kelvin Lim and Jess Lim are also directors of LHN Limited.

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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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.

- (3) Kelvin Lim and Jess Lim are directors of LHN Capital. In connection with footnote (2) 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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (4) Kelvin Lim and Jess Lim are directors of HN Capital. In connection with footnote (2) 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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (5) Kelvin Lim and Jess Lim are directors of HNG. In connection with footnote (2) above, as Hean Nereng Group Pte. Ltd. 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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (6) Kelvin Lim and Jess Lim are directors of Fragrance. In connection with footnote (2) 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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (7) Kelvin Lim and Jess Lim are directors of LHN Limited. In connection with footnote (2) 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 the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (8) 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 (2) 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 the Company held by LHNGPL.

Notwithstanding that each of Lim Hean Nereng, Foo Siau Foon and Kelvin Lim’s direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen, Lim Wei Kheng (Lin Weiqing) and 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 the 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 the Company. Pursuant to the Fourth Schedule of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore (“SFR”), 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 controlling shareholders of the Company within the meaning of the Fourth Schedule of the SFR. As such, Lim Hean Nereng, Foo Siau Foon and each of Kelvin Lim’s direct lineal issues are considered as substantial shareholders of the Company 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 the Company.

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

Jess Lim is Kelvin Lim’s sibling and is also a director of LHN Capital, HN Capital, HNG, Fragrance, LHN Limited and the Company. Accordingly, she is deemed to be able to exercise control over the Company and is deemed to be a controlling shareholder of the Company.

- (9) Lim Bee Li, as a protector (together with Kelvin Lim and 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, the Company has taken the view that Lim Bee Li should also be considered a controlling shareholder of LHN Limited. As at the Latest Practicable Date, Lim Bee Li is deemed to be interested in 54.04% of the total issued share capital of LHN Limited. In connection with footnote (2) above and by virtue of her position as a controlling shareholder of LHN Limited, Lim Bee Li is deemed to have an interest in the issued and paid-up share capital of the Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.

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Save for the Directors' and Substantial Shareholders' shareholding interests and/or directorships in the Company (if any and as the case may be) and save as disclosed in this Appendix, none of the Directors or their Associates or, as far as the Company is aware, Substantial Shareholders or their Associates, has any interest, direct or indirect, in the proposed renewal of the Share Buyback Mandate and the proposed renewal of the IPT General Mandate.

5. ABSTENTION FROM VOTING

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, LHNGPL (being an Interested Person) and its Associates shall abstain from voting in respect of their shareholdings on the ordinary resolution approving the renewal of the IPT General Mandate as set out in the Notice of AGM.

Furthermore, LHNGPL and its Associates, shall decline appointment to act as proxies to vote at the AGM in respect of the ordinary resolution relating to the renewal of the IPT General Mandate for other Shareholders unless the Shareholders concerned have given specific voting instructions as to the manner in which his/her/their votes are to be cast at the AGM. The Company will disregard any votes on resolutions by persons required to abstain from voting by the relevant Catalist Rules.

6. DIRECTORS' RECOMMENDATION

6.1 Proposed renewal of the Share Buyback Mandate

The Directors, having considered, *inter alia*, the rationale and benefits of the Share Buyback Mandate, the Directors believe that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Ordinary Resolution 13 relating to the proposed renewal of the Share Buyback Mandate as set out in the Notice of AGM.

6.2 Proposed renewal of the IPT General Mandate

The Directors, having considered, *inter alia*, the terms, rationale and benefits of the IPT General Mandate believe that the proposed renewal of the IPT General Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution 14 relating to the proposed renewal of the IPT General Mandate as set out in the Notice of AGM.

7. NOTE TO SHAREHOLDERS

Shareholders, in deciding whether to vote in favour of Ordinary Resolution 13 (in respect of the proposed renewal of the Share Buyback Mandate) and Ordinary Resolution 14 (in respect of the proposed renewal of the IPT General Mandate), should read carefully the terms and conditions, rationale and financial effects (where applicable) of the Share Buyback Mandate and the IPT General Mandate. In giving the above recommendations, the Directors have had no regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the proposed renewal of the IPT General Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, 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 this Appendix in its proper form and context.

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9. ACTIONS TO BE TAKEN BY SHAREHOLDERS

9.1 AGM to be convened by way of electronic means

The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Accordingly, Shareholders and their duly appointed proxy (or proxies) will not be able to attend the AGM in person.

Printed copies of this Appendix, the Notice of AGM and the Shareholder Proxy Form will not be despatched to Shareholders. This Appendix (together with the Notice of AGM and the Shareholder Proxy Form) may be accessed at the Company's website at the URL www.lhnlogistics.com, and is also available on the SGX website accessible at the URL <https://www.sgx.com/securities/company-announcements>.

9.2 Alternative arrangements relating to attendance at the AGM

Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM or through real-time electronic communication during the AGM, addressing of substantial and relevant questions at or prior to the AGM, and voting by appointing the Chairman of the AGM (or a person other than the Chairman of the AGM) as proxy or by real-time remote electronic voting at the AGM, are set out in the Notice of AGM.

9.3 Submission of questions

Shareholders who have any questions in relation to any agenda item of this notice, may send their queries to the Company in advance, by 10.00 am on Tuesday, 24 January 2023, via electronic means to <https://conveneagm.com/sg/lhnlogisticsfy2022> or by post to the registered office of the Company at 10 Raeburn Park #02-15B, Singapore 088702.

The Company will endeavour to respond to substantial and relevant queries from Shareholders submitted in advance and received by the Company and publish its responses on the websites of SGX-ST and the Company prior to the AGM. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

In view of the current COVID-19 advisories issued by the relevant authorities and to minimise physical interactions and risks of COVID-19 transmission which may make it difficult for Shareholders to submit their questions by post, Shareholders are strongly encouraged to submit their questions electronically via email.

Shareholders or, where applicable, their appointed proxy or proxies who pre-registered and are verified to attend the AGM will be able to ask questions relating to the agenda of the AGM by submitting text-based questions during the AGM within a certain prescribed time limit. The Company will endeavour to respond to questions as far as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions. Consequently, not all questions may be individually addressed.

9.4 Live voting and voting by proxy

Shareholders (except a Relevant Intermediary (as defined in the Notice of AGM)) may cast their votes for the resolution live at the AGM. Unique access details for live voting will be provided to Shareholders who pre-registered and are verified to attend the AGM.

As an alternative to live voting at the AGM in the foregoing manner, a shareholder (whether individual or corporate) may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) to act as their proxy to vote on their behalf at the AGM. In appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy for that resolution will be treated as invalid. A proxy need not be a member of the Company.

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The instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy to vote on the shareholder's behalf at the AGM, duly executed, must be submitted in hard copy form or electronically via email not less than seventy-two (72) hours before the time appointed for the holding of the AGM and/or any adjournment thereof:

- (a) if submitted by post, to be deposited at the registered office of the Company at 10 Raeburn Park #02-15B, Singapore 088702; and
- (b) if submitted electronically, be submitted via email to the Company, at agmfy2022@lhnlogistics.com.

In view of the current COVID-19 advisories issued by the relevant authorities and to minimise physical interactions and risks of COVID-19 transmission which may make it difficult for members to submit completed Shareholder Proxy Forms by post, members are strongly encouraged to submit completed Shareholder Proxy Forms electronically via email.

Members who hold shares under SRS and who wish to appoint the Chairman of the AGM as their proxy, should approach their SRS Operators to submit their votes by 10.00 am on Monday, 17 January 2023, being at least seven (7) working days before the AGM.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 10 Raeburn Park, #02-15B, Singapore 088702 during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report.

Any Shareholder who wishes to inspect the documents should contact the Company at the email address agmfy2022@lhnlogistics.com at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents. Shareholders will need to identify themselves by stating his/her/its full name as it appears on his/her/its CDP/CPF/SRS share records, contact number and NRIC/Passport/UEN number and state the manner in which he/she/it holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

Yours faithfully
For and on behalf of the Board of Directors of

LHN LOGISTICS LIMITED
Kelvin Lim
Executive Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of the Company will be convened and held by way of live webcast on **Friday, 27 January 2023 at 10.00 am** to transact the following businesses:

AS ORDINARY BUSINESS

- | | | |
|-----|---|----------------------|
| 1. | To receive and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 30 September 2022 together with the Independent Auditor’s Report thereon. | Resolution 1 |
| 2. | To approve a tax exempt (one-tier) final dividend of S\$0.006 per ordinary share for the financial year ended 30 September 2022. | Resolution 2 |
| 3. | To re-elect Mr. Lim Lung Tieng (Lin Longtian), a Director retiring pursuant to Regulation 117 of the Company’s Constitution.

[See Explanatory Note (i)] | Resolution 3 |
| 4. | To re-elect Mr. Lin Kaixian, a Director retiring pursuant to Regulation 122 of the Company’s Constitution.

[See Explanatory Note (ii)] | Resolution 4 |
| 5. | To re-elect Mr. Yee Kee Shian, Leon, a Director retiring pursuant to Regulation 122 of the Company’s Constitution.

[See Explanatory Note (iii)] | Resolution 5 |
| 6. | To re-elect Ms. Tan Hui Tsu (Chen Huizhi), a Director retiring pursuant to Regulation 122 of the Company’s Constitution.

[See Explanatory Note (iv)] | Resolution 6 |
| 7. | To re-elect Mr. Lim Kian Thong, a Director retiring pursuant to Regulation 122 of the Company’s Constitution.

[See Explanatory Note (v)] | Resolution 7 |
| 8. | To approve the payment of Directors’ fees of S\$73,565.22 for the financial year ended 30 September 2022, payable in 2023. | Resolution 8 |
| 9. | To approve the payment of Directors’ fees of S\$144,000 for the financial year ending 30 September 2023, payable quarterly in arrears. | Resolution 9 |
| 10. | To re-appoint Messrs PricewaterhouseCoopers LLP as the Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors of the Company to fix their remuneration. | Resolution 10 |
| 11. | To transact any other ordinary business which may properly be transacted at an Annual General Meeting. | |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:-

- | | | |
|-----|--|----------------------|
| 12. | AUTHORITY TO ALLOT AND ISSUE NEW SHARES | Resolution 11 |
| | That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Section B: Rules of Catalist (the “Catalist Rules”), the Directors be and are hereby authorised to: | |
| | (a) issue shares in the capital of the Company (“Shares”) whether by way of rights, bonus or otherwise; | |

NOTICE OF ANNUAL GENERAL MEETING

- (b) 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,

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

- (c) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company 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 Resolution) does not exceed 100% of the total number of issued Shares excluding treasury Shares and subsidiary holdings of the 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 of the Company (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 the Company (as calculated in accordance with sub-paragraph (2) below);

- (2) (subject to such 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 (excluding treasury shares and subsidiary holdings of the Company), after adjusting for:

- (a) new Shares arising from the conversion or exercise of any convertible securities;
- (b) new Shares arising from exercising share options or vesting of share awards, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares;

and adjustments in accordance with sub-paragraphs 2(a) and 2(b) 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 passing of this Resolution;

- (3) in exercising the authority conferred by this Resolution, the 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 the Company; and
- (4) (unless revoked or varied by the Company in a general meeting) such authority conferred by this Resolution shall continue in force until (a) the conclusion of the next Annual General Meeting of the Company; or (b) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (vi)]

NOTICE OF ANNUAL GENERAL MEETING

13. AUTHORITY TO ISSUE SHARES UNDER THE LHN LOGISTICS PERFORMANCE SHARE PLAN Resolution 12

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to:

- (a) to offer and grant awards (the “**Awards**”) in accordance with the provisions of the LHN Logistics Performance Share Plan (the “**PSP**”), the Catalist Rules and the Act; and
- (b) to allot and issue or deliver from time to time such number of Shares or treasury shares as may be required to be issued pursuant to the vesting of the Awards, provided always that:
 - (i) the aggregate number of Shares which may be issued or transferred pursuant to the vesting of Awards granted under the PSP on any date, when added to the aggregate number of Shares issued and/or issuable in respect of: (y) all Awards granted under the PSP; and (z) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) from time to time;
 - (ii) the aggregate number of Shares available to the controlling shareholders of the Company or their associates (including adjustments made in accordance with the rules of the PSP) shall not exceed 25% of the total number of Shares available under the PSP; and
 - (iii) the aggregate number of Shares available to each controlling shareholder of the Company or each associate of a controlling shareholder (including adjustments made in accordance with the rules of the PSP) shall not exceed 10% of the total number of Shares available under the PSP.

[See Explanatory Note (vii)]

14. RENEWAL OF THE SHARE BUYBACK MANDATE Resolution 13

- (a) That for the purposes of sections 76C and 76E of the Companies Act, approval be and is hereby given for the renewal of the Share Buyback Mandate (as defined hereinafter), and the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as defined hereinafter), at such price or prices as may be determined by the Directors of the Company in their discretion from time to time up to the Maximum Price (as defined hereinafter), whether by way of:
 - (i) on-market purchases (each a “**Market Purchase**”) on the SGX-ST; and/or
 - (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Catalist Rules,

provided always that such purchases and acquisitions shall be carried out in accordance with all other laws and regulations, including but not limited to, the Company’s Constitution, the Singapore Code on Take-overs and Mergers, and the Catalist Rules, as may for the time being be applicable (the “**Share Buyback Mandate**”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall be deemed cancelled and dealt with in accordance with the Companies Act;

NOTICE OF ANNUAL GENERAL MEETING

- (c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the conclusion of the next Annual General Meeting or the date by which such Annual General Meeting is required by the Constitution of the Company or by law to be held;
 - (ii) the date on which the buyback of Shares is carried out to the full extent mandated; and
 - (iii) the date on which the authority conferred in the Share Buyback Mandate is varied or revoked by the shareholders of the Company in a general meeting;
- (d) for purposes of this Resolution:

“Prescribed Limit” means ten per cent (10%) of the issued ordinary share capital of the Company as at the date of passing of this Resolution (excluding subsidiary holdings) unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any subsidiary holdings that may be held by the Company from time to time);

“Relevant Period” means the period commencing from the date of passing of this Resolution and expiring on the date the next Annual General Meeting is held, or is required by the Constitution of the Company or by law to be held, the date on which the buyback of the Shares are carried out to the full extent mandated, or the date the said mandate is revoked or varied by the shareholders of the Company in a general meeting, whichever is the earlier;

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price, where:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST on which transactions in the Shares were recorded (x) (in the case of a Market Purchase) immediately preceding the day of the Market Purchase or, (y) (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 the Company announces its intention to make an Off-Market Purchase from shareholders of the Company, 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 such five (5) 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; and

NOTICE OF ANNUAL GENERAL MEETING

- (e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (viii)]

15. **RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS** **Resolution 14**

- (a) That approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Company, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the circular of the Company dated 6 January 2023 (the "**Circular**") with any party who is of the class of interested persons described in the Circular, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and in accordance with the methods and procedures for such interested person transactions (the "**IPT General Mandate**")
- (b) the approval given under the Shareholders' IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;
- (c) the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such methods and procedures, and/or modify or implement such methods and procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the IPT General Mandate and/or this Resolution.

[See Explanatory Note (ix)]

By Order of the Board

Chong Eng Wee
Company Secretary

6 January 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr. Lim Lung Tieng (Lin Longtian) will, upon re-election as a Director, remain as the Executive Chairman of the Company.
- (ii) Mr. Lin Kaixian will, upon re-election as a Director, remain as the Executive Director and Managing Director (Transportation Business).
- (iii) Mr. Yee Kee Shian, Leon will, upon re-election as a Director, remain as the Lead Independent Non-Executive Director, the chairman of the Nominating Committee and a member of both the Audit and Risk Committee and Remuneration Committee. The Board of Directors (save for Mr. Yee Kee Shian, Leon) considers him independent for the purposes of Rule 704(7) of the Catalist Rules.
- (iv) Ms. Tan Hui Tsu (Chen Huizhi) will, upon re-election as a Director, remain as an Independent Non-Executive Director, the chairman of the Remuneration Committee and a member of both the Audit and Risk Committee and Nominating Committee. The Board of Directors (save for Ms. Tan Hui Tsu (Chen Huizhi)) considers herself independent for the purposes of Rule 704(7) of the Catalist Rules.
- (v) Mr. Lim Kian Thong will, upon re-election as a Director, remain as an Independent Non-Executive Director, the chairman of the Audit and Risk Committee and a member of both the Nominating Committee and Remuneration Committee. The Board of Directors (save for Mr. Lim Kian Thong) considers him independent for the purposes of Rule 704(7) of the Catalist Rules.
- (vi) The Ordinary Resolution 11 in item 12 above, if passed, will empower the Directors, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per cent (100%) of the total number of issued shares in the capital of the Company of which up to fifty per cent (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities, share options or share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (vii) The Ordinary Resolution 12 in item 13 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant awards under the PSP and to allot and issue Shares, pursuant to the vesting of awards granted under the PSP, provided that the number of PSP Shares to be issued under the PSP, when aggregated together with the number of additional ordinary Shares issued and/or issuable pursuant to the PSP and any other existing share schemes of the Company does not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company for the time being.
- (viii) The Ordinary Resolution 13 in item 14 above, if passed, will empower the Directors of the Company, with the effective period commencing from the date on which the ordinary resolution in relation to the Share BuyBack Mandate is passed in a general meeting and expiring on the earliest of the date on which the next Annual General Meeting is held or is required by law to be held, or the date the said mandate is revoked or varied by the Company in a general meeting to repurchase the Shares by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the Maximum Price as defined in this Notice of Annual General Meeting.

The rationale for the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited consolidated financial accounts of the Group for the financial year ended 30 September 2022 are set out in greater detail in the Circular dated 6 January 2023.

- (ix) The Ordinary Resolution 14 in item 15 above, if passed, will allow the Company and its subsidiaries to enter into transactions with interested persons as defined in Chapter 9 of the Catalist Rules. Please refer to the Circular of the Company dated 6 January 2023 for details.

NOTICE OF ANNUAL GENERAL MEETING

HOLDING OF THE ANNUAL GENERAL MEETING THROUGH ELECTRONIC MEANS

1. Participation in the AGM via live webcast

The Company will arrange for the AGM to be held by live webcast (“**Live Webcast**”), by way of (a) audio-visual webcast, or (b) live audio-only stream, as Shareholders may elect at their discretion. Shareholders and their appointed proxy (or proxies) can only participate in the AGM via the foregoing Live Webcast. The Company will not accept any physical attendance by shareholders.

The following steps are taken to allow shareholders to participate in the AGM:

- (a) shareholders who wish to participate in the AGM via Live Webcast must pre-register themselves or, where applicable, their appointed proxy or proxies on the Company's pre-registration website at <https://conveneagm.com/sg/lhnlogisticsfy2022> by 10.00 am on Tuesday, 24 January 2023 (“**Registration Deadline**”) for the Company to verify their status as shareholders;
- (b) corporate shareholders must also submit the Corporate Representative Certificate to the Company at <https://conveneagm.com/sg/lhnlogisticsfy2022>, in addition to the registration procedures as set out in paragraph (a) above, by the Registration Deadline, for verification purpose;
- (c) verified shareholders or, where applicable, their appointed proxy or proxies will receive an email by 10.00 am on Thursday, 26 January 2023 containing instructions to access the Live Webcast. Shareholders must not forward the link or their log-in details to third persons who are not shareholders and who are not entitled to attend the AGM proceedings;
- (d) shareholders or, where applicable, their appointed proxy or proxies who do not receive an email by 10.00 am on Thursday, 26 January 2023 but have registered by the Registration Deadline should email to: agmfy2022@lhnlogistics.com for assistance, with the following details included: (i) shareholder's full name; (ii) NRIC/FIN/Passport no. (if the shareholder is an individual) or the Company Registration No. (if the shareholder is a corporation); and (iii) manner in which the shares are held (e.g. via The Central Depository (Pte) Limited (“**CDP**”)/scrip/Supplementary Retirement Scheme (“**SRS**”)), for verification purposes; and
- (e) shareholders, whose shares are not held under SRS and are registered under Depository Agents (“**DAs**”), must also contact their respective DAs to indicate their interest in order for their DAs to make the necessary arrangements for them to participate in the Live Webcast.

2. Submission of Questions prior to the AGM

Shareholders who have any questions in relation to any agenda item of this notice, may send their queries to the Company in advance, by 10.00 am Tuesday, 24 January 2023, via electronic means at the URL <https://conveneagm.com/sg/lhnlogisticsfy2022> or by post to the registered office of the Company at 10 Raeburn Park #02-15B, Singapore 088702.

Shareholders who submit questions in advance of the AGM should identify themselves by stating (i) the shareholder's full name; (ii) NRIC/FIN/Passport no. (if the shareholder is an individual) or the Company Registration No. (if the shareholder is a corporation); and (iii) manner in which the shares are held, for verification purposes. The Company will endeavour to respond to substantial and relevant queries from shareholders submitted in advance and received by the Company and publish its responses on the websites of SGX-ST and the Company prior to the AGM. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

In view of the current COVID-19 advisories issued by the relevant authorities and to minimise physical interactions and risks of COVID-19 transmission which may make it difficult for Shareholders to submit their questions by post, Shareholders are strongly encouraged to submit their questions electronically via email.

Shareholders or, where applicable, their appointed proxy or proxies who pre-registered and are verified to attend the AGM will be able to ask questions relating to the agenda of the AGM by submitting text-based questions during the AGM within a certain prescribed time limit. The Company will endeavour to respond to questions as far as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions. Consequently, not all questions may be individually addressed.

The Company will publish the minutes of the AGM on the websites of SGX-ST and the Company within one (1) month from the date of the AGM.

3. Live Voting and voting by proxy

Shareholders (except a Relevant Intermediary (as defined below)) may cast their votes for the resolution live at the AGM. Unique access details for live voting will be provided to shareholders who pre-registered and are verified to attend the AGM.

As an alternative to live voting at the AGM in the foregoing manner, a shareholder (whether individual or corporate) may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) to act as their proxy to vote on their behalf at the AGM. In appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy for that resolution will be treated as invalid. A proxy need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

The accompanying proxy form for the AGM may be accessed from the SGX website at (www.sgx.com), or the Company's website at (www.lhnlogistics.com).

The instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy to vote on the shareholder's behalf at the AGM, duly executed, must be submitted in hard copy form or electronically via email not less than seventy-two (72) hours before the time appointed for the holding of the AGM and/or any adjournment thereof:

- (f) If submitted by post, to be deposited at the registered office of the Company at 10 Raeburn Park #02-15B, Singapore 088702; and
- (g) If submitted electronically, be submitted via email to the Company, at agmfy2022@lhnlogistics.com.

In view of the current COVID-19 advisories issued by the relevant authorities and to minimise physical interactions and risks of COVID-19 transmission which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

Members who hold shares under SRS and who wish to appoint the Chairman of the AGM as their proxy, should approach their SRS Operators to submit their votes by Monday, 17 January 2023 at 10.00am, being at least seven (7) working days before the AGM.

A "Relevant Intermediary" is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

FY2022 ANNUAL REPORT

The FY2022 Annual Report of the Company has been uploaded on the websites of SGX-ST (www.sgx.com) and the Company (www.lhnlogistics.com).

PERSONAL DATA PRIVACY

"Personal data" in this Notice has the meaning ascribed to it pursuant to the Personal Data Protection Act 2012 of Singapore, which includes your name, address and NRIC/Passport number. By submitting (a) details for the registration to observe or participate in the proceeding of the AGM via the Live Webcast, (b) an instrument appointing the Chairman of the AGM (or any person other than the Chairman) as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (c) any questions prior to the AGM in accordance with this Notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM (or any person other than the Chairman) as proxy for the AGM, processing the registration for purpose of granting access to members (or their appointed proxy or proxies) to observe and participate in the proceedings of the AGM, addressing relevant and substantial questions from members received before the AGM and if necessary, following-up with the relevant members in relation to such questions, and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and / or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings at the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/ second) may be recorded by the Company for such purpose.

LHN LOGISTICS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 202129609C)
(the "Company")

PROXY FORM

(Please see notes overleaf before completing this form)

IMPORTANT

1. The Annual General Meeting ("AGM" or "Meeting") is being convened, and will be held by electronic means in view of the current COVID-19 advisories issued by the relevant authorities and to minimise physical interactions and risks of COVID-19 transmission.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance of or live at the AGM and/or voting by electronic means live or by proxy at the AGM are set out in the Notice of AGM dated 6 January 2023 which has been uploaded on websites of SGXNet and the Company on the same day as this form.
3. A shareholder will not be able to attend the AGM in person. Shareholders (except a Relevant Intermediary (as defined below)) may cast their votes for each resolution live at the AGM. Unique access details for live voting will be provided to shareholders who pre-registered and are verified to attend the AGM. As an alternative to live voting at the AGM in the foregoing manner, a shareholder (whether individual or corporate) may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) to act as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting (or any person other than the Chairman of the AGM) as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting (or any person other than the Chairman of the AGM) as proxy for that resolution will be treated as invalid. A proxy need not be a member of the Company.
4. For Supplementary Retirement Scheme investors ("SRS Investors") who wish to appoint the Chairman of the AGM as their proxy, they should approach their SRS Operators to submit their votes at least seven (7) working days before the AGM.
5. By submitting an instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy, the shareholder accepts and agrees to the personal data privacy terms and the personal information collection statement set out in the Notice of AGM dated 6 January 2023.
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM (or any person other than the Chairman of the AGM) as a shareholder's proxy to vote on his/her/ its behalf at the AGM.
7. This proxy form shall be read together with the Notice of AGM and the Circular of the Company dated 6 January 2023 (the "Circular"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

I/We* _____ (Name) _____ (NRIC/Passport No./Company Registration No.*)

of _____ (Address) being a Member/Members* of

LHN LOGISTICS LIMITED (the "Company") hereby appoint:

Name	Email Address	NRIC/Passport No.	Proportion of Shareholding (%)

or failing whom, the Chairman of the Meeting as my/our* proxy to attend, speak and vote for me/us* on my/our* behalf at the Meeting to be held through live-webcast on Friday, 27 January 2023 at 10.00 am, and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, against or to abstain from voting the Ordinary Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of my/our* proxy/proxies* for that resolution will be treated as invalid.

Please indicate your vote "For", "Against" or "Abstain" with an "X" within the boxes provided below. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.



No.	Resolutions relating to:	For	Against	Abstain
Ordinary Business				
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 September 2022 together with the Independent Auditor's Report thereon.			
2.	To approve a tax exempt (one-tier) final dividend of S\$0.006 per ordinary share for the financial year ended 30 September 2022.			
3.	To re-elect Mr. Lim Lung Tieng (Lin Longtian), a Director retiring pursuant to Regulation 117 of the Company's Constitution.			
4.	To re-elect Mr. Lin Kaixian, a Director retiring pursuant to Regulation 122 of the Company's Constitution.			
5.	To re-elect Mr. Yee Kee Shian, Leon, a Director retiring pursuant to Regulation 122 of the Company's Constitution.			
6.	To re-elect Ms. Tan Hui Tsu (Chen Huizhi), a Director retiring pursuant to Regulation 122 of the Company's Constitution.			
7.	To re-elect Mr. Lim Kian Thong, a Director retiring pursuant to Regulation 122 of the Company's Constitution.			
8.	To approve the payment of Directors' fees of S\$73,565.22 for the financial year ended 30 September 2022, payable in 2023			
9.	To approve the payment of Directors' fees of S\$144,000 for the financial year ending 30 September 2023, payable quarterly in arrears.			
10.	To re-appoint Messrs PricewaterhouseCoopers LLP as the Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors of the Company to fix their remuneration.			
Special Business				
11.	Authority to allot and issue new shares.			
12.	Renewal of the LHN Logistics Performance Share Plan.			
13.	Renewal of the Share Buyback Mandate.			
14.	Renewal of the IPT General Mandate.			

Notes: Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against"; or to "Abstain" from, the relevant resolution, please indicate with an "X" within the relevant box provided. Alternatively, if you wish to exercise your votes in a proportion of "For", "Against" or/and to "Abstain" from the relevant resolution, please indicate the number of shares in the boxes provided. In the absence of directions in respect of a specific resolution, the appointment of Chairman of the Meeting (or any person other than the Chairman of the AGM) as your proxy for that specific resolution will be treated as invalid.

Dated this _____ day of _____

Total Number of Shares Held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Member(s) or, Common Seal of Corporate Member

For Identification purpose only

* Delete accordingly

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy shall be deemed to relate to all the Shares held by you.
2. The instrument appointing Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy to vote on the shareholder's behalf at the AGM, duly executed, must be submitted in hard copy form or electronically via email:
 - (a) If submitted by post, to be lodged at the registered office of the Company at 10 Raeburn Park #02-15B, Singapore 088702; or
 - (b) If submitted electronically, be submitted via email to the Company, at agmfy2022@lhnlogistics.com.

In either case, by Tuesday, 24 January 2023, 10.00 am being no less than seventy-two (72) hours before the time appointed for the holding of the AGM (or at any adjournment thereof) and in default the instrument of proxy shall be treated as invalid.

A shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

In view of the current COVID-19 advisories issued by the relevant authorities and to minimise physical interactions and risks of COVID-19 transmission which may make it difficult for members to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

3. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
4. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
5. For SRS Investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by Monday, 17 January 2023 at 10.00 am in order to allow sufficient time for their respective SRS Operators to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

A "Relevant Intermediary" is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

"Personal data" in this Notice has the meaning ascribed to it pursuant to the Personal Data Protection Act 2012 of Singapore, which includes your name, address and NRIC/Passport number. By submitting (a) details for the registration to observe or participate in the proceeding of the AGM via the Live Webcast, (b) an instrument appointing the Chairman of the Meeting (or any person other than the Chairman) as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, or (c) any questions prior to the AGM in accordance with this Notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM (or any person other than the Chairman) as proxy for the AGM, processing the registration for purpose of granting access to members (or their appointed proxy or proxies) to observe and participate in the proceedings of the AGM, addressing relevant and substantial questions from members received before the AGM and if necessary, following-up with the relevant members in relation to such questions, and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and / or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SINGAPORE'S LEADING ISO TANK LOGISTICS & CONTAINER DEPOT SERVICES PROVIDER



**LHN
GROUP**
LOGISTICS

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