



(Company Registration
Number: 202129609C)

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RESPONSES TO QUESTIONS RECEIVED FOR ANNUAL GENERAL MEETING TO BE HELD ON 27 JANUARY 2023

The Board of Directors (the “**Board**”) of LHN Logistics Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the notice of annual general meeting dated 6 January 2023 in relation to the Company’s annual general meeting to be held on 27 January 2023 (the “**AGM**”).

The Company would like to thank all shareholders of the Company (the “**Shareholders**”) for their active participation in the upcoming AGM by submitting their questions in advance.

The Company would like to inform shareholders that the responses to all questions which have been submitted by shareholders prior to the deadline are published in this announcement. Please refer to the Annex A of this announcement for details.

By Order of the Board

Lim Lung Tieng
Executive Chairman
26 January 2023

LHN Logistics Limited (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 29 April 2022. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”).

This announcement has not been examined or approved by the SGX-ST. The SGX-ST 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 announcement.

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

Annex A

Responses to Questions from Shareholders

Question 1:

Please refer to page 99 of the Annual Report about "Revenue". What are the differences in nature between "Logistics management" under Transportation business and "Logistics management" under Container depot service business?

Company's Response:

The "Logistics management" under Transportation business and Container depot service business are similar. Logistics management focuses mainly on providing a broad range of ancillary services such as port and customs clearance, transport, warehousing and delivery services. Please refer to para 2.19 on page 96 of our Annual Report.

Question 2:

Please refer to page 129 of the Annual Report about "Segment information". For Transportation segment, why segment margin declined by 9.9% from 39.3% in 2021 to 29.4% in 2022?

Company's Response:

The decrease is mainly due to higher operating costs such as diesel cost, additional rental expenses incurred for temporary parking yard during the construction period of 7 Gul Avenue and increased staff costs. Please refer to paragraph on Gross Profit on page 15 of our Annual Report.

Question 3:

Please refer to page 110 of the Annual Report about "Investment in associates". While the revenue of the Group's Container depot services segment merely increased by 4.6% in 2022, how did the revenue of associate (HLA Logistics Pte Ltd) managed to increase by as much as 19.9% in 2022 for its container depot management?

Company's Response:

Higher revenue recorded by associate (HLA Logistics Pte Ltd) is mainly due to higher volume of containers handled.

Question 4:

Has the Group's Container depot services segment underperformed in terms of revenue?

Company's Response:

No, the Group's Container depot services segment did not underperform in terms of revenue.

Question 5:

Please refer to page 129 of the Annual Report about "Segment information". For Container depot services segment, why segment margin managed to increase by 5.5% from 20.0% in 2021 to 25.5% in 2022?

Company's Response:

The increase is mainly due to higher throughput of containers in our depots as economic activities have resumed after the easing of Covid-19 restrictions.

Annex A (cont'd)

Responses to Questions from Shareholders (cont'd)

Question 6:

Please refer to page 101 of the Annual Report about "Employee benefit costs". While the Group's revenue increased by 0.51% yoy, why "Employee benefit costs" increased by 13.2% from \$7.641m in 2021 to \$8.646m in 2022?

Company's Response:

The increase is mainly due to increase in headcount of the Group and higher salary costs.

Question 7:

Please refer to page 117 of the Annual Report about "Bank borrowings". It was stated that "Interest is charged between 1.38% and 2.68% per annum. The interest rate is repriced every 12 months." Upon repricing, how much is the interest rate in 2023 likely to be?

Company's Response:

The interest rate for the specific bank borrowing will remain at 1.38% per annum in FY2023.

Question 8:

At the repriced interest rate, will any bank covenant(s) likely to be breached?

Company's Response:

No, bank covenant(s) will likely not be breached.

Question 9:

Please refer to page 99 of the Annual Report about "Other (losses)/gains – net and other income". Why "Other administrative service income" increased 1.91 times from \$537K in 2021 to \$1.023m in 2022?

Company's Response:

"Other administrative service income" mainly consists of administrative charge for our depot management services. The increase is mainly due to higher volume of containers handled by our depot.

Question 10:

Is such "Other administrative service income" expected to be recurring?

Company's Response:

Yes, it is recurring based on our business activities.

Question 11:

Please refer to page 103 of the Annual Report about "Trade and other receivables". May I ask the Audit Committee how much of the \$4.326m Trade receivable from Third parties have been collected to-date?

Company's Response:

As at 24 Jan 2023, the Group had collected approximately \$3.9 million out of the \$4.326 million Trade receivable from Third parties as at 30 September 2022.

Annex A (cont'd)

Responses to Questions from Shareholders (cont'd)

Question 12:

Please refer to page 116 of the Annual Report about "Trade and other payables". Why non-trade Accruals increased by 2.42 times from \$966K in 2021 to \$2.336m in 2022?

Company's Response:

The increase is mainly due to the accrual of operating expenses for services/goods received by the Group but not billed as at 30 September 2022.