



## LHN LOGISTICS LIMITED

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

### PLACEMENT OF 25,238,000 PLACEMENT SHARES AT A PLACEMENT PRICE OF S\$0.20 FOR EACH PLACEMENT SHARE, PAYABLE IN FULL ON APPLICATION (THE “PLACEMENT”)

*Prior to making a decision to subscribe for Placement Shares, you should carefully consider all the information contained in the offer document dated 19 April 2022 (the “Offer Document”) issued by LHN Logistics Limited (the “Company”, and together with its subsidiaries, the “Group”). This Product Highlights Sheet should be read in conjunction with the Offer Document. Capitalised terms used but not defined herein shall bear the meanings as ascribed to them in the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Placement Shares is suitable for you taking into account your investment objectives and risk appetite. If you are in doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choices.*

This Product Highlights Sheet<sup>1</sup> is an important document.

- It highlights the key information and risks relating to the placement of the Placement Shares contained in the Offer Document. It complements the Offer Document<sup>2</sup>.
- You should not subscribe for the Placement Shares if you do not understand the nature of an investment in our equity securities, our business or are not comfortable with the accompanying risks.
- If you wish to subscribe for the Placement Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact our Company, the Sponsor and Issue Manager or the Co-Placement Agents to ask for one.

<b>Issuer</b>	LHN Logistics Limited	<b>Place of incorporation</b>	Singapore
<b>Details of this Placement</b>	25,238,000 Placement Shares to be offered in Singapore.	<b>Total amount to be raised in this Placement</b>	Gross proceeds: Approximately S\$5.0 million Net proceeds: Approximately S\$3.6 million
<b>Placement Price</b>	S\$0.20 for each Placement Share.	<b>Listing status of Issuer and the Securities</b>	An application has been made to the SGX-ST for permission to deal in, and for the quotation of, all of our Shares that are already issued, the PPCF Shares, the Placement Shares and the Performance Shares on the Catalist. The Shares are expected to be listed on 29 April 2022.
<b>Sponsor and Issue Manager, and Co-Placement Agent</b>	PrimePartners Corporate Finance Pte. Ltd.	<b>Co-Placement Agent</b>	CGS-CIMB Securities (Singapore) Pte. Ltd.

<sup>1</sup> This Product Highlights Sheet does not constitute or form any part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. The information in this Product Highlights Sheet is based on information found in the Offer Document. Any decision to subscribe for and/or purchase securities must be made solely on the basis of information contained in the Offer Document.

<sup>2</sup> The Offer Document, registered by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), acting as agent on behalf of the Monetary Authority of Singapore (the “**Authority**”), on 19 April 2022, may be obtained on request, subject to availability, during office hours from PrimePartners Corporate Finance Pte. Ltd. at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 or CGS-CIMB Securities (Singapore) Pte. Ltd. at 10 Marina Boulevard, #09-01 Marina Bay Financial Centre Tower 2, Singapore 018983. An electronic copy of the Offer Document is also accessible at <http://www.sgx.com>.

## OVERVIEW

### WHO ARE WE AND WHAT DO WE DO?

Our Company was incorporated on 24 August 2021 in Singapore under the Companies Act as an investment holding private limited company under the name of "LHN Logistics Pte. Ltd.". Our Company was converted into a public company limited by shares and renamed as "LHN Logistics Limited" on 4 April 2022. We are a logistics services group founded in 2003 with an operating history of approximately 19 years as at the Latest Practicable Date and two principal business segments, as described below. Our Transportation Business and our Container Depot Services Business are not inter-dependent and they primarily serve different customer groups.

#### **Transportation Business**

Under our Transportation Business, through our fleet of customised and licensed prime movers and trailers, we provide ISO tank and container transportation services for various petrochemical products, base oils, bitumen and bulk cargo to our customers in Singapore. In 2019, we commenced cross-border transportation services for our customers between Singapore and Malaysia to transport ISO tanks and containers between major petrochemical industries located in Jurong Island, Pasir Gudang, Kuantan and Port Klang. We transport ISO tanks and containers between ports, petrochemical manufacturers, bulk petrochemical storage terminals and our customers' designated destinations in Singapore and Malaysia. Our primary customers are international ISO tank operators, chemical traders, freight forwarders and chemical branches of oil majors. ISO tanks and containers transported by us are typically filled with various chemical intermediates for industrial feedstock and specialty chemicals with precise applications, such as lubricants, surfactants and detergents. We also offer ancillary services such as customs clearance and permit declaration services in both Singapore and Malaysia to support the supply chain demands of our customers. As at the Latest Practicable Date, we carry out our transportation operations at our logistics property located at 7 Gul Avenue ("**7 Gul Avenue**"), as well as a leased logistics parking yard located at 18 Penjuru Road ("**18 Penjuru Road**"), in Singapore. We also operate from three leased logistics parking yards located in Johor Bahru, Seremban and Port Klang in Malaysia.

#### **Container Depot Services Business**

Under our Container Depot Services Business, we provide container depot management services in Singapore, and container depot services to customers in Singapore and Thailand. Such container depot management services and container depot services include providing our customers with container storage, container surveying, container cleaning, and container repair and maintenance services for general purpose and refrigerated containers. Thereafter, the surveyed containers are picked up by our customers or by their logistics forwarders. Our major customers include major shipping lines and container leasing companies. As at the Latest Practicable Date, we operate two container depots in Singapore located at 27 Benoi Sector ("**27 Benoi Sector**") and 9 Gul Circle ("**9 Gul Circle**") with an aggregate capacity of up to 8,200 TEUs at any given time. We also operate two container depots in Thailand, the Laem Chabang Depot and the Bangkok Depot, with an aggregate capacity of up to 19,000 TEUs at any given time. As at the Latest Practicable Date, we are undertaking preparatory works to establish our overseas container depot in Yangon, Myanmar. Our Group is in the process of applying for and obtaining all the requisite business licences, permits and approvals for operations in Myanmar. Our Group will not commence operations in Myanmar until such time where all requisite licences, permits and approvals under Myanmar law have been obtained.

**We have an established track record and reputation.** We have an established track record and reputation in the logistics business. We began by providing transportation services for base oil and bitumen in 2003, followed by petrochemical products in 2009, and expanded into providing container depot services and container depot management services in 2013. We operate our Transportation Business with a strong emphasis on safety and reliability, and have implemented safety measures which include setting up in-vehicle safety installations, such as fire extinguishers, fire shields, spill kits and a first aid box, as well as conducting random breathalyser and drug tests on our drivers. Our own emergency response vehicle is also on standby in case of accidents or breakdowns of our transportation vehicles. Our drivers are provided with regular training on safety issues, and we conduct regular vehicle and equipment inspections to ensure that our transportation vehicles are in good working order. In respect of our Container Depot Services Business, we have developed a reputation for our fast turnaround times and consistent service throughout our regional network of container depots, and our automated container management system allows our customers global access to automated Electronic Data Interchange.

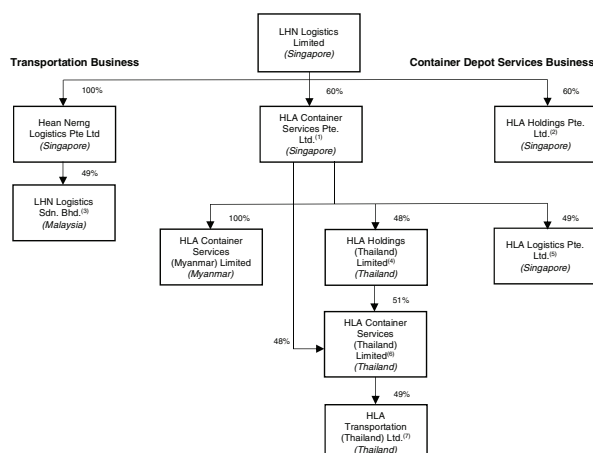
Refer to "*Offer Document Summary*" on pages 31 to 38, "*General Information on our Group – History*" on page 118 and "*General Information on our Group – Our Business*" on pages 118 to 120 of the Offer Document for more information.

**We own a fleet of vehicles to carry out our transportation services.** As at the Latest Practicable Date, we own a fleet of 74 prime movers and 356 trailers in Singapore and Malaysia. Owning the aforementioned fleet gives us the advantage of being able to handle our customers’ orders and cater for sudden spikes in demand for our transportation services.

**We operate in various regions with our cross-border capabilities and serve a diverse customer base.** We operate our Transportation Business both in Singapore and Malaysia. Our Container Depot Services Business has a presence in Singapore and Thailand. Our diversified geographical coverage and customer base enables us to cater to various customers and industries, giving more scalability in business. In addition, our regional focus enables us to leverage on growth markets and build an extensive business network in the ASEAN region to better support our customers and achieve sustainable growth for our Group.

**We have an experienced and dedicated management team with extensive industry knowledge.** We have an experienced management team with extensive knowledge of the logistics industry. Our management team is headed by our Executive Director and Managing Director (Transportation Business), Mr. Lin Kaixian, and our Executive Officer and Managing Director (Container Depot Services Business), Mr. Hew Chee Fatt. Prior to his appointment as Managing Director (Transportation Business), Mr. Lin Kaixian had been managing our Group’s Transportation Business as a senior manager for more than five years, and has accumulated approximately 15 years of experience in the transportation services industry. Similarly, Mr. Hew Chee Fatt, who has over 20 years of experience in the container depot services industry, has been managing our Group’s Container Depot Services Business for more than eight years. Mr. Khaw Shee Kai, our Financial Controller, oversees all the financial matters of our Group. We believe that the extensive experience of our management team and their industry knowledge and in-depth understanding of the logistics industry, enable us to assess market trends effectively, as well as to operate and manage our business efficiently.

The structure of our Group immediately after the Restructuring Exercise is as follows:



Refer to “Restructuring Exercise” on page 84 and “Group Structure” on pages 85 to 88 of the Offer Document for more information.

### WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?

Our Board of Directors comprises Mr. Kelvin Lim (Executive Chairman), Mr. Lin Kaixian (Executive Director and Managing Director (Transportation Business)), Mr. Leon Yee (Lead Independent Director), Ms. Catherine Tan (Independent Director) and Mr. Lim Kian Thong (Independent Director).

Our Executive Officers are Mr. Hew Chee Fatt (Managing Director (Container Depot Services Business)) and Mr. Khaw Shee Kai (Financial Controller).

Refer to “Directors, Management and Staff” on pages 192 to 192 of the Offer Document for more information.

### WHO ARE OUR CONTROLLING SHAREHOLDERS?

Upon completion of the Placement, our Controlling Shareholder, LHN Group Pte. Ltd. (“LHNGPL”), will control in aggregate approximately 84.1% of the post-Placement issued share capital of our Company. LHNGPL is wholly-owned by LHN Limited, which is dually-listed on the Catalist and the Main Board of the Hong Kong Stock Exchange. As such, LHN Limited, as well as 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, Ms. Lim Bee Li, Mr. Kelvin Lim and Ms. Jess Lim, are also deemed to be our Controlling Shareholders by virtue of the relevant provisions of the SFA and the Companies Act.

Refer to “Shareholders” on pages 77 to 82 of the Offer Document for more information.

## HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

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

(S\$'000)	← Audited →		
	FY2019	FY2020	FY2021
Revenue	24,937	25,189	27,181
Profit before income tax	4,990	3,966	4,716
Profit attributable to equity holders of our Company	3,766	2,853	3,323
Pre-Placement EPS (cents) <sup>(1)(2)</sup>	2.64	2.00	2.33
Post-Placement EPS (cents) <sup>(3)</sup>	2.25	1.70	1.98

Refer to “*Selected Combined Financial Information*” on pages 89 to 90 and “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” on pages 91 to 109 of the Offer Document for more information.

#### Notes:

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

### Selected Items from the Combined Balance Sheets of our Group

(S\$'000)	← Audited →		
	As at 30 September 2019	As at 30 September 2020	As at 30 September 2021
Current assets	9,149	10,277	11,026
Non-current assets	11,379	26,653	26,894
Current liabilities	6,661	7,913	6,970
Non-current liabilities	4,963	17,656	16,247
Total equity	8,904	11,361	14,703
Pre-Placement NAV per Share (cents) <sup>(1)</sup>	5.24	6.69	8.73

#### Note:

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

The most significant factors contributing to our financial performance in FY2019 as compared to FY2020 were as follows:

- Our revenue remained stable with a slight increase of approximately S\$0.3 million or 1.0%, from approximately S\$24.9 million in FY2019 to approximately S\$25.2 million in FY2020. This was mainly due to the increase in revenue contributed by our Transportation Business of S\$0.9 million from S\$15.3 million in FY2019 to S\$16.2 million in FY2020 due to higher demand (in terms of increase in volume handled) for our service and the expansion of our Transportation Business to Malaysia which was partially offset by a decrease in revenue of S\$0.6 million from S\$9.7 million in FY2019 to S\$9.1 million in FY2020 from our Container Depot Services Business due to the global shortage of shipping containers.
- Our cost of sales increased by approximately S\$1.2 million or 7.8%, from approximately S\$15.8 million in FY2019 to approximately S\$17.0 million in FY2020. This was mainly due to additional depreciation that arose from the completion of acquisition of our logistics property located at 7 Gul Avenue and an increase in direct manpower costs, which is in line with higher revenue. The increase was partially offset by lower container depot management charges and transportation costs.

- Our gross profit decreased by approximately S\$1.0 million or 10.8%, from approximately S\$9.1 million in FY2019 to approximately S\$8.1 million in FY2020. This was mainly due to the increase in depreciation of property and direct manpower costs. Based on the foregoing, our gross profit margin decreased from 36.6% in FY2019 to 32.3% in FY2020.
- Our other income increased by approximately S\$0.6 million or 77.6%, from approximately S\$0.7 million in FY2019 to approximately S\$1.3 million in FY2020. This was mainly due to the Singapore government’s Jobs Support Scheme, cash grants, foreign worker levy rebate and other grants received or to be received from the government arising from the COVID-19 pandemic.

The most significant factors contributing to our financial performance in FY2020 as compared to FY2021 were as follows:

- Our revenue increased by approximately S\$2.0 million or 7.9%, from approximately S\$25.2 million in FY2020 to approximately S\$27.2 million in FY2021. This was mainly due to the increase in revenue from our Transportation Business of S\$1.9 million from S\$16.1 million in FY2020 to S\$18.0 million in FY2021 due to higher demand (in terms of increase in volume handled) of our trucking services in both Singapore and Malaysia. Our Container Depot Services Business also recorded a slight increase of S\$0.1 million from S\$9.1 million in FY2020 to S\$9.2 million in FY2021 due to a slight increase of volume of containers handled by our depots in Singapore and Thailand.
- Our cost of sales increased by approximately S\$1.2 million or 7.1% from approximately S\$17.1 million in FY2020 to approximately S\$18.3 million in FY2021. The increase was mainly due to higher container depot management charges, additional depreciation that arose from the additional fleet, an increase of the cost of upkeep and maintenance and an increase in direct manpower cost, which is in line with higher revenue. The increase was partially offset by lower rental expenses and transportation cost.
- Our gross profit increased by approximately S\$0.8 million or 9.5% from approximately S\$8.1 million in FY2020 to approximately S\$8.9 million in FY2021 mainly due to the savings from the lower rental expenses after the completion of the acquisition of 7 Gul Avenue as well as the higher revenue generated from our Transportation Business. The increase was partially offset by a slight decrease in the revenue from our Container Depot Services Business and higher direct manpower and maintenance cost. Based on the foregoing, our gross profit margin increased slightly from 32.3% in FY2020 to 32.8% in FY2021.
- Our other income decreased by approximately S\$0.2 million or 18.5%, from approximately S\$1.3 million in FY2020 to approximately S\$1.1 million in FY2021. This was mainly due to lower COVID-19 grants received from government in FY2021 as compared to FY2020. The decrease was partially offset by higher other administrative service income and net gain on disposal of property, plant and equipment.

The above factors are not the only factors contributing to our financial performance in FY2019, FY2020 and FY2021. Please refer to the other factors set out in the section entitled “*Management’s Discussion and Analysis of Results of Operations and Financial Position – Review of Past Performance*” on pages 95 to 97 of the Offer Document.

## INVESTMENT HIGHLIGHTS

### WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

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| <ul style="list-style-type: none"> <li>• <b>To increase our scale of operations by growing our transportation fleet.</b> We intend to acquire at least 20 additional prime movers and at least 70 trailers, which will be made progressively starting from 2022 for a period of two years. The acquisition of these prime movers and trailers is intended to better support our customers who require cross-border transportation services between Singapore and Malaysia. We believe these improvements to our infrastructure will enhance our reputation in the logistics industry and better position us to attract new customers.</li> </ul> | <p>Refer to “<i>General Information on Our Group – Business Strategies and Future Plans</i>” on pages 156 to 157 of the Offer Document for more information.</p> |
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- **To expand and enhance our value added transportation services.** To further expand and enhance our value-added transportation services, we intend to construct an ISO tank depot at our logistics property located at 7 Gul Avenue to provide chemical cleaning and repair services for ISO tanks, empty ISO tank storage services and laden ISO tank storage services for hazardous substances, and petroleum and flammable materials.
- **To expand our operations into new markets.** As at the Latest Practicable Date, we operate our Transportation Business both in Singapore and Malaysia, and our Container Depot Services Business has a presence in Singapore and Thailand. As at the Latest Practicable Date, we are undertaking preparatory works to establish our overseas container depot in Yangon, Myanmar. We intend to expand our Group’s business to other countries in the ASEAN region as and when opportunities arise, whether through the setting up of new subsidiaries, acquisitions, joint ventures and/or strategic alliances.

**WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?**

Barring unforeseen circumstances, our Directors have observed the following trends for the next 12 months from the Latest Practicable Date:

- (a) our revenue for the next two financial years is expected to increase due to more value-added services to be provided to our customers under our Transportation Business in tandem with the expected completion of the construction of our ISO tank depot at 7 Gul Avenue and our expected increase in vehicle fleet size;
- (b) our financing costs relative to the size of our business is expected to increase due to the New UOB Facility taken up to, *inter alia*, partially finance the cost of construction of the ISO tank depot at 7 Gul Avenue, as well as the general trend of rising interest rates;
- (c) our operating expenses and profit margins are expected to increase in line with our revenue growth;
- (d) based on our Group’s previous experience in FY2020 and FY2021, the COVID-19 situation is not expected to have a material impact on our Group’s financials and/or operations for the next 12 months, other than in a situation where the COVID-19 situation worsens in the countries in which we operate and where there is any prolonged imposition of restrictions and other lockdown measures which inhibits our Group’s ability to conduct our business;
- (e) the cost of prime movers and trailers is expected to increase;
- (f) changes in diesel prices will have significant impact on trucking companies, being a fuel-intensive industry. Diesel prices are expected to fluctuate within a CAGR range of between -9.4% to -23.9% in the next 12 months, in view of the expected fluctuations in global oil supply and demand;
- (g) average trucking rates per trip are projected to move in an upward trend in 2022; and
- (h) logistics yard costs are projected to move in an upward trend in 2022.

**The above are not the only trends, uncertainties, demands, commitments or events that could reasonably have a material effect on us. Please refer to the other factors set out in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “General Information on Our Group – Trend Information and Order Book” and “Appendix A – Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021” on pages 40 to 53, 91 to 109, 155 to 156 and Appendix A to the Offer Document, respectively.**

Refer to “*General Information on Our Group – Trend Information and Order Book*” on pages 155 to 156 of the Offer Document for more information.

## WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?

We consider the following to be the most important key risks known to us now which had materially affected or could materially affect our business operations, financial position and results, and your investment in our Shares.

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

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

**We may encounter delays and disruptions in our logistics operations.** For our logistics operations, timely service is important to our customers. However, we may experience machinery or vehicular breakdowns, adverse weather or traffic conditions, electronic management system failures or container backlogs, all of which may result in delays or disruptions in our logistics operations. During the Period Under Review, there were no major delays or disruptions in our logistics operations. However, there is no guarantee that we will not encounter major delays or disruptions in the future. All of the transportation services performed in Singapore and Malaysia are subject to the standard terms and conditions imposed by the Singapore Logistics Association and the Association of Malaysian Hauliers respectively. In the event of such delays or disruptions, we will seek guidance from the compensation guidelines as issued by the Singapore Logistics Association or the Association of Malaysian Hauliers (as the case may be), and may be required to pay penalty sums to our customers and/or to compensate them for any losses they may sustain as a result of such delays or disruptions in so far as such amounts are not covered by our insurance. Any such payments will result in an increase in our operational costs and lower our profit margins. Our reputation may also be negatively affected if we are unable to meet our customers' requirements, which may result in a decline in business opportunities available to us. As at the Latest Practicable Date, there have been no past incident(s) which has or have had a material adverse impact on our Group's finance performance and/or results of operations.

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

Refer to "Risk Factors" on pages 40 to 53 of the Offer Document for more information.

**We may not be able to ensure timely renewal of our leases.** We carry out operations for our Transportation Business at our logistics property located at 7 Gul Avenue in Singapore, as well as a leased logistics parking yard located at 18 Penjuru Road in Singapore. We also operate from three leased logistics parking yards located in Johor Bahru, Seremban and Port Klang in Malaysia. In respect of our Container Depot Services Business, we have also entered into lease agreements in respect of our operation of two container depots in Thailand, the Laem Chabang Depot and the Bangkok Depot, and have also entered into a lease agreement for a container yard and container office in Yangon, Myanmar, the term of which will not commence until the container depot becomes operational. In the event that our leases are terminated prematurely and/or not renewed and/or we are unable to find suitable replacement premises at reasonable rates, our business would be disrupted and our financial results may be adversely affected.

**Our business is subject to regulatory and licensing requirements and we may be adversely affected if we are unable to maintain our existing licences, registrations, approvals and permits.** We are subject to local regulatory and licensing requirements in Singapore, Malaysia, Thailand and Myanmar in relation to the operation of our Transportation Business and our Container Depot Services Business, as well as general compliance requirements for companies and businesses operating in those jurisdictions. Our licences, registrations, approvals and permits are subject to periodic review and renewal by the relevant regulatory authorities. In the event that we fail to renew or obtain any relevant licences and permissions, our business, reputation, prospects, results of operations and financial position may be materially and adversely affected. In particular, decisions by the relevant governmental and/or regulatory authorities or agencies relating to the grant, maintenance, cancellation, amendment or renewal of our licences may adversely affect our business and operations.

**We are dependent on our contractual arrangements with Company A<sup>(1)</sup> in respect of our container depot operations in Singapore.** In Singapore, we have contractual arrangements with Company A to provide container depot management services and container depot services at 27 Benoi Sector and 9 Gul Circle to major shipping lines and container leasing companies, including SEA Medlog. Our Company has not had any issue with the renewal of contractual arrangements with Company A and does not foresee any difficulty in renewing the contractual arrangements in the future. However, as a significant portion of our revenue will continue to be dependent on these contractual arrangements with Company A, the non-renewal or termination of such contractual arrangements by Company A may adversely affect our results of operations. In the event Company A terminates our contractual arrangements, our income, profitability and financial performance would be adversely affected.

**Note:**

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

**We are dependent on a few of our major customers.** For FY2019, FY2020 and FY2021, our top five customers accounted for approximately 33.5%, 34.2% and 31.2% of our revenue respectively. We believe that a significant portion of our revenue will continue to be dependent on these customers and their business performance. Any material decrease in demand for our services, non-renewal of existing contracts or termination of services by these customers may adversely affect our results of operations. We do not enter into exclusive and long term agreements with our customers. In addition, our customers are free to engage the services of our competitors following the expiration of our service agreements. In the event any of our key customers terminate our services, our income, profitability and financial performance would be adversely affected.

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

**We may be unable to execute our growth strategies, which may hinder our ability to capitalise on new business opportunities.** We have experienced steady growth and expansion that have placed, and continues to place, significant pressure on our management and resources. We plan to further expand the scope of our business operations by growing our transportation fleet and increasing our

range of value added transportation services by constructing an ISO tank depot at our logistics property located at 7 Gul Avenue. Our Group intends to fund the construction cost of the ISO tank depot through a combination of bank borrowings, net proceeds from the Placement and internal cash flow. We also plan to expand geographically, which includes expanding into business or geographical locations where we may have no or limited operating experience. Our expansion plans as described above would require considerable amount of capital investment, which cannot be fulfilled solely by our internal resources. A substantial portion of the funds required would rely on external financing, in particular, financing provided by financial institutions. However, our ability to obtain adequate financing for our expansion plans would depend on a number of factors, many of which are beyond our control. In addition, there may be delays in the progress of the construction of the ISO tank depot due to the manpower crunch, material supply shortage, backlog currently faced by the construction industry, delays in obtaining the requisite governmental approvals, as well as the effects of the “circuit breaker” measures imposed by the Singapore government in 2020 and 2021 to curb the spread of COVID-19. Any of the above or similar risks or uncertainties could significantly delay or otherwise restrict our ability to implement our future plans, which could in turn adversely affect our ability to continue to improve our business prospects and profitability. The construction of the ISO tank depot and its financing sources have been considered in our Group’s forecasts and projections, including the finance costs of the bank proceeds envisaged to be utilised for the construction which have been accounted for at the interest rates of the short-term credit facilities currently available to our Group and in consideration of the above, any delay in the construction of the ISO tank depot may adversely affect the business, financial position, results of operations and prospects of our Group.

**Our business, financial condition and results of operations could become materially and adversely affected by the political and economic conditions in Myanmar.** As at the Latest Practicable Date, we are undertaking preparatory works to establish our overseas container depot in Yangon, Myanmar. However, the economy of Myanmar (including its financial sector and its accounting system) is still developing. In addition, companies may have to deal with inadequate telecommunications, transportation and other infrastructure, and shortage of utilities and other essential services, which will affect the ease and cost of doing business in Myanmar. There is no certainty that the business and investment environment in Myanmar will continue to improve or be sustainable. Any unfavourable changes in the political, economic and social conditions of Myanmar, and the existence of conditions impacting upon safety and security, may result in our Group not being able to commence our operations in Myanmar by the estimated date, thereby adversely affect our business, results of operations, financial condition and prospects. Our Group has considered the recent political situation in Myanmar and is proceeding with its business plans in Myanmar with caution. Our Group does not intend to significantly invest in Myanmar until there is clarity on the political situation. Our Group will continue to closely monitor the situation in Myanmar, including any sanction issues, and take into account the risks involved in establishing and operating the overseas container depot in Yangon. Providing container depot services in Myanmar will remain a concrete future plan and our Group will only commence operations in Myanmar when the political and legal concerns have been addressed, and all requisite licences, permits and approvals have been obtained.

**The above are not the only risk factors that had a material effect or could have a direct and/or indirect material effect on our business operations, financial position and results, and your Shares. Please refer to the section entitled “Risk Factors” on pages 40 to 53 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our shares, you should consider all the information contained in the Offer Document.**

**WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?**

As at the date of the Offer Document, following the allotment and issuance of the PPCF Shares, the issued and paid-up share capital of our Company is S\$12,739,515 comprising 142,440,800 Shares. Upon the allotment and issuance of the Placement Shares, the resultant issued and paid-up share capital of our Company will be increased to S\$17,446,233 comprising 167,678,800 Shares. We have only one class of shares, being ordinary shares. All of our Shares have been fully paid for. All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the Catalist Rules, purchase our own Shares. However, we may

Refer to “Description of Ordinary Shares” on pages 213 to 217 of the Offer Document for more information.

not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares. The Placement Shares offered will have the same rights as our other existing issued and paid-up Shares, including voting rights. Subject to the Constitution of our Company, Shareholders will be entitled to all rights attached to their Shares in proportion to their shareholding, such as any cash dividends declared by our Company and any distribution of assets upon liquidation of our Company. There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the Constitution, and save as disclosed in the section entitled “Shareholders – Moratorium” on pages 81 to 82 of the Offer Document.

## HOW WILL THE PROCEEDS OF THE OFFER BE USED?

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

Use of proceeds	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the Placement (cents)	As a percentage of the gross proceeds raised from the Placement (%)
Partially financing the construction of the ISO tank depot at 7 Gul Avenue	3,247	64.3	64.3
Expansion of transportation fleet and acquisition of moving equipment	361	7.2	7.2
<b>Net proceeds from the Placement</b>	<b>3,608</b>	<b>71.5</b>	<b>71.5</b>
<b>Estimated listing expenses payable in cash by our Company<sup>(1)</sup></b>	<b>1,440</b>	<b>28.5</b>	<b>28.5</b>
<b>Gross proceeds from the Placement</b>	<b>5,048</b>	<b>100.0</b>	<b>100.0</b>

**Note:**

(1) Of the total estimated listing expenses payable in cash, approximately S\$0.3 million will be capitalised against share capital and the balance of S\$1.1 million will be charged to the profit or loss.

Refer to “Use of Proceeds and Listing Expenses” on pages 56 to 57 of the Offer Document for more information.

## WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

Our Subsidiaries have declared and paid dividends during the Period Under Review and the period from 1 October 2021 to the Latest Practicable Date as follows:

S\$('000)	FY2019	FY2020	FY2021	1 October 2021 up to the Latest Practicable Date
HNL	3,000	600	1,000	–
HLA Container Services	–	300	500	–
HLA Container Services (Thailand)	–	–	247	–

Save as disclosed above, none of our Company or our subsidiaries has declared or paid any dividends during the Period Under Review and the period from 1 October 2021 to the Latest Practicable Date.

Refer to “Dividend Policy” on pages 58 to 60 of the Offer Document for more information.

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

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

Following the completion of the Placement, and subject to the aforementioned factors, we are committed to delivering dividends that increase over time with growth in the underlying earnings. Following the completion of the Placement, **our Directors intend to recommend and distribute dividends of not less than 40.0% of our Group's profit attributable to equity holders of our Company after adding back listing expenses and excluding non-recurring, one-off and exceptional items**, whether as an annual dividend or an interim dividend for FY2022. In addition, **our Directors intend to recommend and distribute dividends of not less than 40.0% of our Group's profit attributable to equity holders of our Company excluding non-recurring, one-off and exceptional items**, whether as an annual dividend or an interim dividend for the subsequent two financial years comprising FY2023 and FY2024 (together with proposed dividends for FY2022, collectively known as **"Proposed Dividends"**) as we wish to reward Shareholders for participating in our Group's growth. Investors should note that the foregoing statement on the Proposed Dividends is merely a statement of our present intention and shall not constitute a legally binding obligation on our Company or a legally binding statement in respect of our future dividends, and may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group's future dividend policy.

## DEFINITIONS

<i>"Awards"</i>	:	The share awards which may be granted pursuant to the LHN Logistics Performance Share Plan
<i>"Bangkok Depot"</i>	:	The property located at No. 22/3 Moo. 8, Tambol Bang Chalong, Amphur Bang Phli, Samutprakarn Province, Thailand which is leased by HLA Container Services (Thailand) for use as a container yard
<i>"Catalist Rules"</i>	:	Any or all of the rules in the Listing Manual Section B: Rules of Catalist, as the case may be, as amended, supplemented or modified from time to time
<i>"Constitution"</i>	:	The constitution of our Company, as amended, supplemented or modified from time to time
<i>"Container Depot Services Business"</i>	:	The business segment of our Group that provides container depot management services and container depot services in Singapore and Thailand
<i>"Controlling Shareholder"</i>	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over our Company
<i>"COVID-19"</i>	:	Coronavirus Disease 2019
<i>"Directors"</i>	:	The directors of our Company as at the date of the Offer Document, unless otherwise stated
<i>"EPS"</i>	:	Earnings per Share
<i>"Executive Director(s)"</i>	:	The executive Directors of our Company as at the date of the Offer Document, unless otherwise stated

“Executive Officers”	:	The executive officers of our Company as at the date of the Offer Document, unless otherwise stated
“Financial Controller”	:	The financial controller of our Company as at the date of the Offer Document, unless otherwise stated
“Laem Chabang Depot”	:	The property located at No. 133/5 Moo. 9, Tambol Surasak, Amphur Sriracha, Chonburi Province, Thailand, which is leased by HLA Container Services (Thailand) for use as a container yard
“Latest Practicable Date”	:	17 March 2022, being the latest practicable date before the lodgement of the Offer Document with the SGX-ST, acting as agent on behalf of the Authority
“LHN Logistics Performance Share Plan”	:	The performance share plan of our Company, known as the “LHN Logistics Performance Share Plan”, which was approved by Shareholders and implemented on 28 March 2022, the terms of which are set out in the section entitled “Appendix C – Rules of the LHN Logistics Performance Share Plan” of the Offer Document
“Listing”	:	The listing of our Company and quotation of our Shares on Catalist
“NAV”	:	Net asset value
“Performance Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the LHN Logistics Performance Share Plan
“Period Under Review”	:	The period comprising FY2019, FY2020 and FY2021
“Placement Price”	:	S\$0.20 for each Placement Share
“PPCF Shares”	:	The 1,500,000 new Shares allotted and issued by our Company to PPCF as part of PPCF’s management fees as the Sponsor and Issue Manager
“Restructuring Exercise”	:	The restructuring exercise undertaken in connection with the Listing, as set out in the section entitled “Restructuring Exercise” of the Offer Document
“Service Agreements”	:	The service agreements entered into between our Company and each of Mr. Kelvin Lim, Mr. Lin Kaixian and Mr. Khaw Shee Kai respectively, as described in the section entitled “Directors, Management and Staff – Service Agreements” of the Offer Document
“SFA”	:	The Securities and Futures Act 2001 of Singapore (2020 Revised Edition), as amended, supplemented or modified from time to time
“SFR”	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, modified or supplemented from time to time
“Share(s)”	:	Ordinary share(s) in the capital of our Company
“Shareholder”	:	Registered holder(s) of Shares, except where the registered holder is CDP, the term “Shareholder” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“TEU”	:	Twenty foot equivalent unit, a measurement of capacity in container transportation
“Transportation Business”	:	The business segment of our Group that provides transportation services in Singapore and Malaysia

## CONTACT INFORMATION

### WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

Company	Sponsor and Issue Manager, and Co-Placement Agent	Co-Placement Agent
LHN Logistics Limited	PrimePartners Corporate Finance Pte. Ltd.	CGS-CIMB Securities (Singapore) Pte. Ltd.
10 Raeburn Park #02-15B Singapore 088702 (65) 6269 7466 <a href="https://www.lhnlogistics.com/logistics.enquiry@lhnlogistics.com">https://www.lhnlogistics.com/ logistics.enquiry@lhnlogistics.com</a>	16 Collyer Quay #10-00 Income at Raffles Singapore 049318 (65) 6229 8088	10 Marina Boulevard #09-01 Marina Bay Financial Centre Tower 2 Singapore 018983 (65) 6538 9889