

PURSUIT OF EXCELLENCE

ANNUAL REPORT 2023



LHT HOLDINGS LIMITED

LHT's commitment to excellence and a greener environment has been recognised with the receipt of many important awards and certifications.



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Corporate Profile



LHT Holdings Limited has been in the timber industry for over 40 years. Since establishment in 1977, LHT has grown into one of the largest manufacturers of high quality wooden pallets, boxes and crates in Singapore, with facilities occupying 56,275 sqm of land in Singapore. LHT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 26 July 1999. LHT’s staff strength now stands at 90 employees in Singapore and a total of 262 employees in the Group as at end February 2024.

ISO Certifications	
1997	Awarded ISO 9001 certification on the quality management system
2001	Awarded ISO 14001 certification on its environmental management system highlighting LHT’s commitment towards environmental excellence

LHT’s commitment to excellence and a greener environment has been recognised with the receipt of many important awards and certifications. LHT has been presented with the SEC-Senoko Power Green Innovation Award (2005), Sustainability Award by the Singapore Business Federation in 2012, 3R Packaging Award 2013 co-hosted by Singapore Packaging Agreement and National Environment Agency, SMF Business Model Innovation Award by the Singapore Manufacturing Federation and SSWG Merit Award by the Singapore Police Force in 2014 and the Company’s Technical Wood® and Greenflo® products have also been granted Green Label Scheme by the Singapore Environment Council.

The Company has been a multiple recipient of the Enterprise 50 Award (1995 and 1996) and received the 27th International Trophy for Quality by the Trade Leader’s Club based in Madrid, Spain (1998). In 2002, LHT has also received the 21st Century, Global Triumphant Product Golden Rim Award from the Medium Business Development Association of China in recognition of its contribution to the industry.

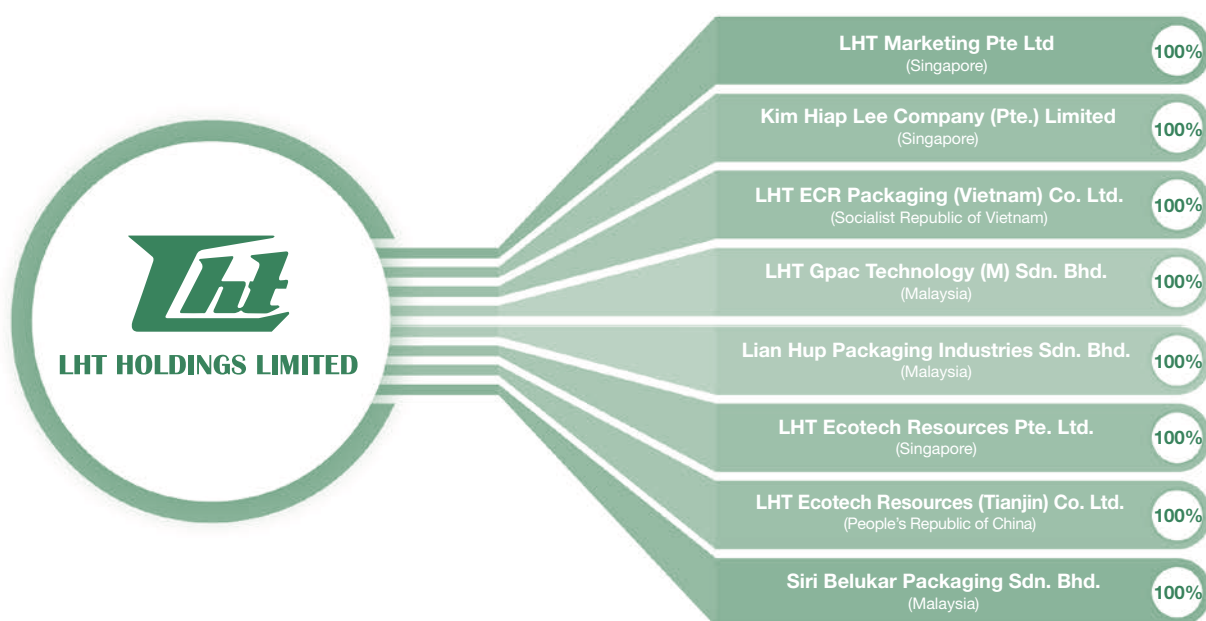
More recently, the Company has been awarded the Business Eminence Awards by Dun & Bradstreet in 2022 and Asia’s Best Sustainability Awards – SME category – Bronze by CSR works.

As part of LHT’s commitment to protecting the Earth’s precious timber resources and reducing waste, LHT established Singapore’s first wood waste recycling plant equipped with a highly automated German system to produce a series of Technical Wood® products. The advanced technology allows products to be made with greater consistency in colour and texture and to a higher density. These products undergo a strict process of treatment and drying to prevent wood cracking, mould and insect attacks and are ideally suited to furniture, flooring, building material and heavy-duty industrial applications.

With its commitment to improving the environment and highly automated machinery, LHT was selected by the Ministry of the Environment as a participant for its “Clean and Green Week” annually. This gave LHT a tremendous opportunity to showcase its advanced techniques, product applications, as well as its Technical Wood®, wooden pallet and case and wood waste recycling plant to a diverse range of stakeholders, including the staff of the statutory board, potential business partners and the public at large.



Corporate Structure and Corporate Information



BOARD OF DIRECTORS

Yap Mui Kee	–	<i>Managing Director</i>
Tan Kim Sing	–	<i>Executive Director</i>
Billy Neo Kian Wee	–	<i>Executive Director</i>
Tan Kok Hiang	–	<i>Non-Executive Lead Independent Director</i>
Low Peng Kit	–	<i>Non-Executive Independent Director</i>
Wu Chiaw Ching	–	<i>Non-Executive Independent Director</i>
Li Suet Man	–	<i>Non-Executive Non-Independent Director</i> <i>(Redesignated on 23 October 2023)</i>
Sally Yap Mei Yen	–	<i>Alternate Director to Yap Mui Kee and</i> <i>Corporate Secretary</i>

COMPANY SECRETARY

Sally Yap Mei Yen, FCS; FCG; FCCA; FCA (Singapore); CPA (Australia); ACMA; CGMA; MBA

AUDIT AND RISK COMMITTEE

Tan Kok Hiang – *Chairman*
Low Peng Kit
Wu Chiaw Ching
Li Suet Man

NOMINATING COMMITTEE

Low Peng Kit – *Chairman*
Tan Kok Hiang
Wu Chiaw Ching
Li Suet Man

REMUNERATION COMMITTEE

Tan Kok Hiang – *Chairman*
Low Peng Kit
Wu Chiaw Ching
Li Suet Man

REGISTERED OFFICE

27 Sungei Kadut Street 1
Singapore 729335
Tel : (65) 6269 7890 | Fax: (65) 6367 4907

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ir@lht.com.sg *(for investor relations matters)*
sr@lht.com.sg *(for sustainability report matters)*

STOCK DATA

SGX Code: BEI

WEBSITES

<http://www.lht.com.sg>
<http://www.technicalwood.com.sg>
<http://www.ecrpallet.com>
<http://www.ipcpallet.com>
<http://www.greenflo.com>
<http://www.gpac.com.sg>
<http://www.woodybiofuel.com>

SHARE REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896
Tel: (65) 6593 4848 | Fax: (65) 6593 4847

AUDITORS

BDO LLP
Public Accountants and
Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188788
Partner: Mr Aw Vern Chun Philip
(Appointed from the financial year ended
31 December 2021)

PRINCIPAL BANKERS

Bank of China
CIMB Bank Berhad
DBS Bank Ltd
Malayan Banking Berhad
OCBC Bank
United Overseas Bank Ltd
Bank of Investment and Development of Vietnam
RHB Bank Berhad

Mission Statement

We aspire to lead in the management of total packaging support to our customers in every aspect of their supply chains across their regional operations with the state-of-the-art technology, excellent services, and competitive pricing.

WE ACHIEVE OUR MISSION THROUGH:

Leading-edge Technology

We constantly search and acquire, whenever financially and operationally expedient, the latest technology in packaging.

Innovative Products

We build and sustain an in-house research and development capability in developing innovative products that meet the changing needs and preferences of customers for packaging.

Advance Process Management

We strive for excellence in managing all internal processes for increased productivity and all external processes for customer satisfaction with advanced process management techniques and methodologies.

Harmonious Environment with Good Network Building

We create and sustain a conducive working environment for our people while responding to the global call for environmentally friendly packaging products. We also continue building extensive marketing and distribution channels.

People Power

We unite and look to our people as a driving force for the company's growth.



Chairman's Statement



“ The Group will continue to enhance its competitiveness and innovation by maintaining product quality, prompt delivery, cost control measures and improvements in productivity. ”

Dear Shareholders,

On behalf of the Board Directors, I am pleased to present the Annual Report and audited Financial Statements of LHT Group for Financial Year 2023.

REVIEW OF PERFORMANCE

For the Financial Year 2023 (“FY2023”), the Group registered revenue of \$30.73 million, a 13.5% decrease from \$35.53 million in FY2022. Revenue from pallet and packaging products decreased by 11.3% to \$24.21 million (FY2022: \$27.29 million), mainly due to saturated market conditions arising from stiffer competition and reduction in market demand. Revenue from trading in timber-related products decreased by 37.3% to \$0.52 million (FY2022: \$0.83 million) due to lower demand in timber in the year. Revenue from Technical Wood® and related products decreased by 36.9% to \$1.42 million (FY2022: \$2.25 million) due to lower market demand for woodchips and the upcoming relocation of Technical Wood® production. Revenue from pallet rental services decreased by 11.4% to \$4.57 million (FY2022: \$5.16 million) due to lower rental pallet demand resulting from a decline in regional warehousing demand.

Correspondingly, the Group's net profit after tax decreased 21.9% to \$4.35 million in FY2023 from \$5.57 million in FY2022.

The Group's achievements depend largely on its core business of manufacturing, sale and service of pallets and packaging cases. The ability to increase market share while maintaining profit margin is key to the business.

The Board recommends a first and final one-tier exempt dividend of \$0.05 (five cents) and a final and special one-tier tax exempt dividend of \$0.13 (thirteen cents) per ordinary share with respect to the financial year ended 31 December 2023.

OUTLOOK

With current dynamic economic conditions of high inflation, high overhead costs, high energy and fuel costs, high interest rates, supply chain disruptions and the risks of technical recession, the industry will face many uncertainties in growth prospects in the coming months.

Faced with such uncertain business conditions and challenging market environment, the Group will remain cautious and vigilant with its cost management and its marketing efforts to boost its core businesses.

Apart from intensifying its marketing efforts, the Group will continuously review and further streamline its current operations, production processes and production bases.

The Group will also continue to keep enhancing its competitiveness by maintaining product quality, prompt delivery, cost controls and improvements in productivity. The Group is confident that these efforts will enable it to deliver value and stay competitive.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank all our customers, shareholders, bankers and business associates for their continuous support as well as the management and staff for their dedication over the years.

Yap Mui Kee
Chairman

Board of Directors



Ms Yap Mui Kee

Managing Director

Age: 62

Ms Yap Mui Kee has been the Executive Director of the Company since 2 January 1988. She was appointed as the Acting Managing Director on 26 February 2016 and re-designated as the Chairman, Managing Director, and CEO on 10 February 2017. She oversees the sales and marketing functions of the Group for more than 35 years and is responsible for exploring new markets for the Company and aligning the Company's research and development efforts for new products based on the market needs. Ms Yap plays an active role in the Group's ECR (Efficient Consumer Response) pallet rental business in Singapore and Malaysia; and oversees the development of the Group's RFID (Radio Frequency Identification) ECR Pallet Tracking System. She holds a Diploma in Sales and Marketing from the Marketing Institute of Singapore. She was awarded the certificate for the Operation Management Innovation (OMNI) Programme conducted by A*Star in 2011. She is a member of the Singapore Institute of Directors; an executive committee member of the Waste Management Recycling Association of Singapore and the Council member and Chairperson (2022 to 2024) of the sub-committee, the Packaging Council of Singapore Manufacturer Federation. She is also the 22nd term President of the Singapore Timber Association and 3rd Vice President of Asian Packaging Federation.



Mr Tan Kim Sing

Executive Director

Age: 75

Mr Tan Kim Sing is one of the founders of the Company and has been the Executive Director since 29 August 1980. Mr Tan has more than 30 years of experience in the timber industry and is well-versed in the production of wooden crates and pallets, as well as in the procurement of timber. He is responsible for the Company's production operations and the direct purchase of raw materials. He holds a Diploma in Business Administration from the Productivity and Standards Board in Singapore.



Board of Directors

Mr Billy Neo Kian Wee was appointed as the Executive Director on 24 February 2017. He joined the company in June 1996 and had worked in several departments of the company such as Logistics, Sales and Marketing of pallet packaging products and services, Development, Sales and Certifications of Technical Wood® products. Mr Neo was appointed the General Manager of LHT Ecotech Resources (Tianjin) Co., Ltd, a wholly owned subsidiary of the Company in China in January 2012 where he was responsible for all the operations. Mr Neo holds a Bachelor of Business (Management) from Royal Melbourne Institute of Technologies, and a Diploma in Management Studies from Singapore Institute of Management.



Mr Billy Neo Kian Wee
Executive Director
Age: 50

Mr Tan Kok Hiang joined the Company as an Independent Director on 1 July 1999. He is experienced in capital markets functions, corporate finance, asset management, financial investments, accounting, and corporate administration. Mr Tan currently sits on the board of a few other public listed companies as an Independent Director. He graduated from the University of Singapore with a Bachelor of Accountancy (Honours) Degree and is a member of the Singapore Institute of Directors.



Mr Tan Kok Hiang
Non-Executive
Lead Independent Director
Age: 73



Board of Directors



Mr Low Peng Kit, BBM(L)
Non-Executive Independent Director
Age: 75

Mr Low Peng Kit has been an Independent Director of the Company since 1 July 1999.

Mr Low brought with him a wealth of experience. He has been on the board of directors of various companies in the food and beverage, education and training, healthcare and construction sectors. Currently, he is the Managing Director of Little Red Dot Bakery Pte. Ltd., One 69 Pte. Ltd., FMC Contract Services Pte. Ltd., as well as a director of First Medical Centre Pte. Ltd., FMC Education Centre Pte. Ltd., Shang Teng Construction Pte. Ltd., DF Global Pte. Ltd. and International Institute of Mediators (Singapore) Limited.

Mr Low is also a passionate and active community leader. In his over 40 years of community service, he has served on various committees such as the REACH Supervisory Panel under the Ministry of Communications and Information, School Advisory Committees under the Ministry of Education, PAP Community Foundation Branch Executive Committee, Singapore Chinese Calligraphy Society, Singapore Clan Association, Community Development Council (CDC), Community Club Management Committee (CCMC), Residents' Committee (RC). Mr Low is also an adjunct faculty member with the People's Association National Community Leadership Institute (NACLI).

He currently serves the Yew Tee Grassroots Organisations as Honorary Chairman of the Citizens' Consultative Committee (CCC). He is also a Committee Member of the Yew Tee CCC Community Development and Welfare Fund, as well as the Yew Tee Community Club Building Fund Committee. In addition to his community work, Mr Low also holds leadership positions in various organisations. He is currently the President of the Canchan Athletic Association and the Agarwood Association of Singapore, the Vice Chairman of the Chinese Development Assistance Council @ Yew Tee Management Committee, and the Treasurer of the International Institute of Mediators (Singapore). With a heart to help others, Mr Low has been licensed to solemnise marriage in Singapore since 1 July 1992.

Mr Low holds a Diploma in Management Studies. He serves actively as a Master Mediator with the Community Mediation Centre (CMC). Being a pioneer mediator in Singapore with over 25 years of experience, he was appointed as a Senior Life Member of the International Institute of Mediators (Singapore). He is also a mediation training instructor, coach, assessor and mentor. He has vast intercultural experience through his mediations conducted with several of Singapore's mediation organisations.

Mr Low is also a member of the Singapore Institute of Directors.



Dr Wu Chiaw Ching
Non-Executive Independent Director
Age: 67

Dr Wu Chiaw Ching joined the Company as an Independent Director on 12 March 2007. He is presently the Independent Director of Goodland Group Limited. He is also a Partner of Wu Chiaw Ching & Company and a fellow member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants, United Kingdom and Certified Practising Accountants, Australia, and a member of the Singapore Institute of Directors.

Board of Directors

Mr Li Suet Man joined the Company as an Independent Director on 1 November 2019 and was redesignated as Non-Executive Non-Independent Director on 23 October 2023. He began his early career in London working for an international finance house. Eight years later in 1996, he moved on to pursue opportunities in Singapore and has since established an extensive business network here. Holding a master's degree in Finance (GPA 3.94/4.00) awarded by the City University of New York, and an executive MSc in Finance from Zicklin School of Business, he was selected for lifetime membership in Beta Gamma Sigma, the international honour society for collegiate schools of business. Since 2015, he has been frequently invited to teach International Finance and Business Management in the two local universities.

Mr Li had been the Chairman of the Energy and Chemicals Industry Group in Singapore Manufacturing Federation, a position he had held for more than 13 years. In that capacity, he had chaired the Taskforce for Energy Supply and Transmission under the auspices of the Singapore Standards Council. In 2013, he delivered the keynote speech during the Singapore International Energy Week, entitled "Singapore – Asia's Energy Hub", which garnered significant media recognition. He was also the Chairman of SME Centre and China Business Committee, and thus sat on the Singapore-Shandong Business Council for 9 years.

Over the past decade, Mr Li has been successively appointed by the China-ASEAN Business Council as Executive Chairman of four different China-ASEAN Industry Collaboration Committees, namely, Chemical, Biomedical, High-tech and Construction. For his contribution, he was named the "2017 Outstanding Figure for Promoting ASEAN-China Enterprise Cooperation" by all ten ASEAN Ambassadors to China. Concurrently, he serves as the Economic Advisor to both Shandong and Nanning International Chambers of Commerce as well as the Rizhao International Maritime City. In 2021, Mr Li was elected Vice President of the Singapore China Business Association.

Ms Sally Yap Mei Yen has been an Alternate Director to Ms Yap Mui Kee since 20 July 1998. She has held the role of Corporate Secretary of the Company since 29 March 2001, making her responsible for corporate secretarial and corporate affairs of the Company. With a background in audit, accounting and corporate secretarial functions, Ms Yap is also the Corporate Secretary of the Company's Singapore subsidiaries and the Supervisor of the Company's Chinese subsidiary. She holds a Master of Business Administration degree in finance from Manchester Business School, The University of Manchester and a Practitioner Certificate in Personal Data Protection (Singapore) 2020 from the Personal Data Protection Commission Singapore. She is a Fellow of the Association of Chartered Certified Accountants (United Kingdom) and the Chartered Secretaries Institute of Singapore and is a Fellow Chartered Governance Professional of the Chartered Governance Institute (United Kingdom). She is also a non-practising Fellow member of the Institute of Singapore Chartered Accountants (ISCA), Certified Practising Accountants, Australia, Chartered Institute of Management Accountants (United Kingdom), Chartered Global Management Accountants. She is a member and accredited Mediator of International Institute of Mediators (Singapore). She is also a member of the Singapore Institute of Directors (SID) and has been accredited by the SID as a Senior Accredited Board Director.



Mr Li Suet Man

*Non-Executive Non-Independent Director
(Redesignated on 23 October 2023)
Age: 63*



Ms Sally Yap Mei Yen

*Alternate Director to Yap Mui Kee and
Corporate Secretary
Age: 59*

Senior Management



Mr Vincent Tan Khar Kheng

Administration and Financial Controller

Age: 55

Mr Vincent Tan Khar Kheng joined the Company on 19 March 2015 as the Administration and Financial Controller. His responsibility is to oversee the overall Group's accounting and financial management, Human Resource and other administrative functions. Prior to joining the Company, Mr Tan has had over 20 years of Finance experience in management positions at multinational companies in Singapore and Indonesia. He graduated from the Nanyang Technological University with a Bachelor of Accountancy (Honours) degree. He also holds a Master of Business Administration degree from The Heriot-Watt University (United Kingdom). Mr Tan is a non-practising member of the Institute of Singapore Chartered Accountants (ISCA).

Mr William Yap Yew Weng

(Passed away on 18 November 2023)

Senior Sales Manager

Age: 64

Mr William Yap Yew Weng was Senior Sales Manager, and was in-charge of the sales of pallet packaging and all timber-related products in the Company. He joined the Company in June 1985 and had over 20 years of experience in sales and marketing of pallet packaging products and services, with many established long-term customer relationships. Mr Yap held a Diploma in Sales and Marketing from the Marketing Institute of Singapore.

Mr Derek Neo Kah Seng

Recycling Plant Manager

Age: 60

Mr Derek Neo Kah Seng joined the Company in July 1989, and has since held the role of Plant Manager, and is in-charge of all recycle plant operations. With over a decade's experience in the export sales of pallets and timber-related materials, Mr Neo is a veteran in the import and export operations. He has held the roles of Shipping Officer, Export Sales Assistant Manager and Recycle Plant Assistant Manager. Prior to joining the Company, he worked with Miniscribe Peripherals (Pte) Ltd and Fujitec Singapore Corporation Ltd. He holds a Bachelor of Science in Computer with Economics degree from The Open University in UK, a Diploma in Economics from The Open University in UK, and a Diploma in Electrical Engineering from Singapore Polytechnic.



Operating and Financial Review

OPERATING REVIEW

Pallet and Packaging Products

The pallet and packaging business registered revenue of \$24.21 million (FY2022: \$27.29 million), a decrease of 11.3% from last year, mainly due to saturated market conditions arising from stiffer competition and reduction in market demand while segmental result achieved net profit of \$3.28 million, as compared to a net profit of \$4.06 million last year.

The Group expects this sector to remain the main source of income as the Group aims to promote its range of IPPC pallets and pest-free pallets in new markets while continuously driving demand in existing ones.

Timber-Related Products

Revenue of timber-related products decreased by about 37.3% to \$0.52 million (FY2022: \$0.83 million) as a result of lower in demand in timber for the year. The segmental result registered net profit of \$0.10 million compared to net profit of \$0.26 million last year. Trading activities do not follow any seasonal patterns.

Technical Wood® Products and Woodchip Supply

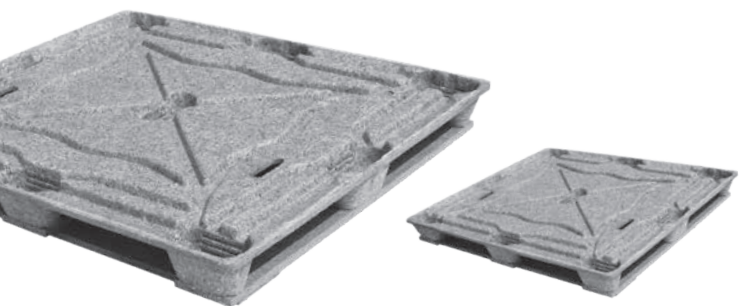
The revenue of Technical Wood® products and woodchip supply decreased by 36.9% to \$1.42 million (FY2022: \$2.25 million) mainly due to lower demand for woodchips and also preparation for upcoming relocation. This has resulted in the segmental result registering a net profit of \$0.98 million as compared to a net profit of \$2.12 million in FY2022.

Pallet Rental and Others

The revenue for pallet rental has decreased by 11.4% to \$4.57 million (FY2022: \$5.16 million) due to lower rental pallet demand resulting from a decline in regional warehousing demand. Accordingly, the segmental result registered an decrease in profit of \$2.28 million (FY2022: \$3.16 million). As the region is expected to grow, although at a slower pace, the Group is confident that pallet rental demand will continue to be strong in the near to mid term.



Operating and Financial Review



Other Subsidiary Companies

Kim Hiap Lee Company (Pte) Limited, which deals mainly with pallet rentals, registered revenue of \$2.42 million and an operating profit of \$1.35 million, after tax.

Lian Hup Packaging Industries Sdn Bhd, which specialises in the sales of wooden products, pallet rental, timber and packaging, registered revenue of \$2.56 million and operating profit of \$0.56 million, after tax.

Siri Belukar Packaging Sdn Bhd, which serves primarily as the manufacturing base which supplies pallets for LHT Holdings Limited, registered revenue of \$1.30 million and operating profit of \$0.15 million, after tax.

LHT Marketing Pte Ltd, which is the trading arm for LHT Group, registered revenue of \$1.06 million with an operating profit of \$0.26 million, after tax.

LHT Ecotech Resources Pte Ltd, an integrated solutions provider for all types of wood waste recycling and woodchips supply businesses, registered revenue of \$1.81 million with operating profit of \$0.81 million, after tax.

LHT Gpac Technology (M) Sdn Bhd was incorporated for the manufacturing of pest-free pallets, IPPC and LVL pallets, wood waste recycling management and industrial packaging. It registered revenue of \$8.82 million with operating profit of \$1.14 million, after tax.

LHT Ecotech Resources (Tianjin) Co., Ltd was established in 2015 to engage in environmental wood product manufacturing, wholesale, retail, import & export and RFID pallet rental business. As mentioned in prior years, due to difficulties brought about by the Covid-19 pandemic, the company has been scaled down to dormant in FY2020, and have remained dormant since.

LHT ECR Packaging (Vietnam) Company Limited was incorporated on 3 August 2017 to explore the pallets and packaging business in Vietnam. Due to cost and other considerations, the operations have scaled down, with no revenue registered, and an operating loss of \$0.01 million, after tax.

Potential Business Factors and Risks

Economic conditions remain dynamic and uncertain as the economy grapples with high inflation, high overhead costs, high interest rates, high energy and fuel costs and supply chain disruptions. Under such challenging conditions and uncertain business environment, the Group will remain prudent and vigilant, and continue to focus on its core business as well as cost management.

In the meantime, the Group expects to be affected by higher operating costs and foreign exchange fluctuations, accompanied by higher raw material prices and distribution costs. To maintain its competitive edge, the Group will continue to maintain the following strategies:

- (1) To ramp up the use of its Malaysian subsidiaries as its main manufacturing base to tap on more competitive labour costs;
- (2) To source for high-quality sawn timber from overseas suppliers, like New Zealand and Australia, thereby keeping process wastages to a minimum;
- (3) To maintain inventory at a reasonable level so as to minimise inventory holding cost;
- (4) To raise productivity and exploring Government's grants in innovation of technology and encourage its employees to upgrade through training and on-the-job innovation; and
- (5) To intensify its marketing efforts while continuously reviewing and streamlining its operations and productions processes.

The wider acceptance and recognition of environmental-friendly Technical Wood[®] products, pest-free pallets, IPPC pallets and pallets rental services in the local and overseas markets will help boost the Group's core businesses.

Operating and Financial Review

Human Resource, Quality Management

As at the end of February 2024, the Group has a workforce of 90 employees in Singapore. Together with its subsidiaries in other countries, the Group now has a total of 252 employees.

The Group continues to conduct safety briefing, information sharing and training for its employees on a regular basis. Ongoing continuous improvement training programmes are held to upgrade employees' productivity and safety awareness. On-the-job training, forklift refresher courses and fire and safety programmes help new and existing employees adapt to their new working environment. The Group remains an impartial and fair employer, ensuring all employees are equally treated and, encouraging employees to participate in continuous learning and on the job training.

The Group recognises and appreciates the dedication and contributions of all its employees towards the Group's achievements and successes. As of today, 76 employees have been acknowledged with long services awards.

The Group's ISO committees will continue to review and improve its quality management systems to enhance productivity and competitiveness.

FINANCIAL REVIEW

Cash Flows and Liquidity

For the year ended 31 December 2023, The Group's net cash generated from operating activities increased to \$8.86 million (FY2022: \$8.38 million) while net cash and cash equivalents decreased to \$12.36 million

(FY2022: \$12.63 million). The increase in inflow from operating activities was mainly due to a positive change of working capital while the decrease in cash and cash equivalents was mainly due to the higher dividends paid in FY2023.

The Group's current ratio decreased from 12.2 in FY2022 to 11.2 in FY2023, while the quick ratio also decreased from 10.7 to 10.3 respectively, mainly due to decreases in inventories and receivables, and increases in lease liabilities. Net asset value per share increased from 112.20 cents to 114.03 cents as at 31 December 2023. The shareholder's equity for the Group increased to \$60.71 million (FY2022: \$59.74 million), while total assets increased to \$76.81 million (FY2022: \$70.21 million).

Funding, Borrowings and Risk Management

The Group funds its investments and operations through a mixture of shareholders' funds and bank borrowings. The Group's total borrowings, which comprises wholly of lease liability of \$11.09 million has increased as compared to last year amount of \$5.78 million due to the recognition of a new lease at 6 Tuas South Street 10, Singapore 636941. This has also resulted in long-term borrowings increasing to \$9.88 million (FY2022: \$4.98 million).

Details of the Group's borrowings, interest rate and financial and capital risk management policies are disclosed in Notes 28 and 29 to the Financial Statements.

Capital Expenditure

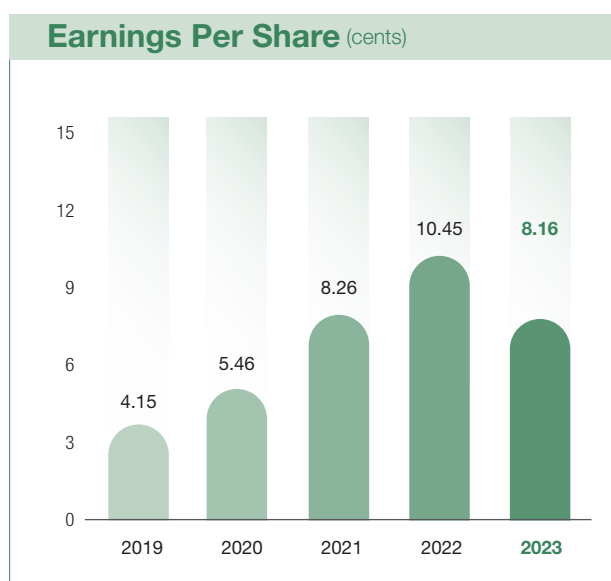
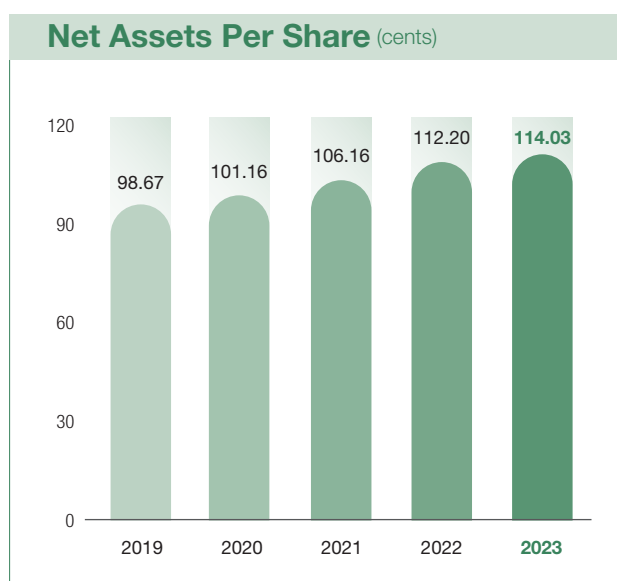
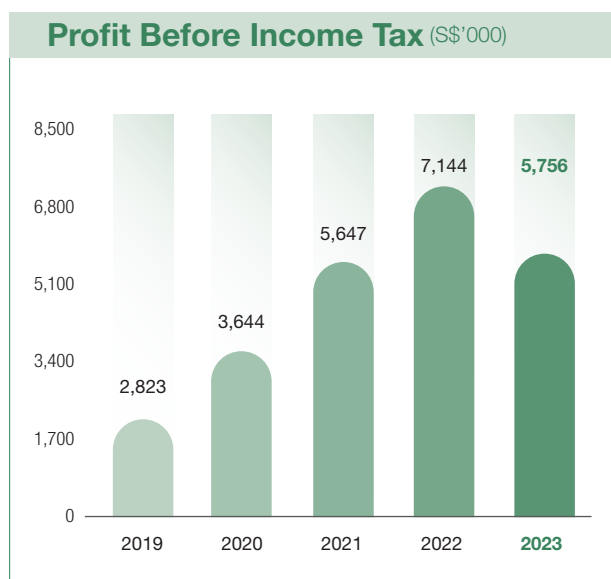
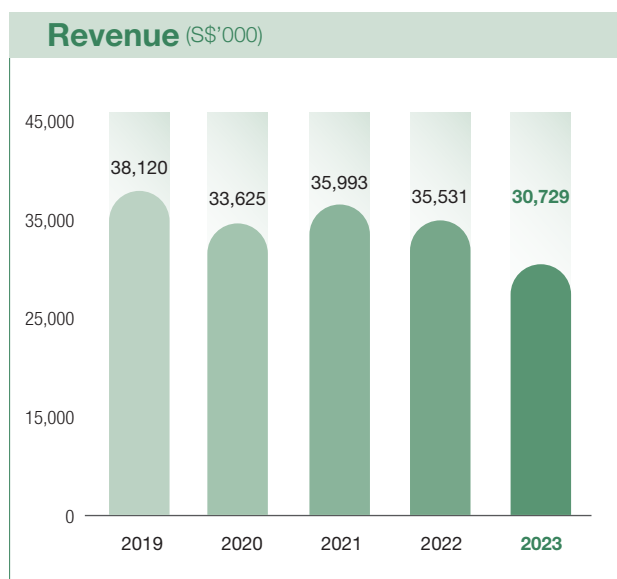
The Group's total capital expenditure incurred for the year was higher at \$4.57 million (FY2022: \$0.83 million), mainly due to the purchase of a new leasehold property.



Financial Summary

For the Financial Year Ended 31 December

*Net asset value per share increased from **112.20 cents to 114.03 cents** as at 31 December 2023, due to an increase in net assets for the year*



Financial Summary

For the Financial Year Ended 31 December

Result of Operations

\$'000	2019	2020	2021	2022	2023
Revenue	38,120	33,625	35,993	35,531	30,729
Other income	4,162	3,263	2,439	3,084	3,696
Profit before income tax	2,823	3,644	5,647	7,144	5,756
Income tax expense	(614)	(739)	(1,251)	(1,579)	(1,411)
Profit after income tax attributable to:					
Owners of the Company	2,209	2,905	4,396	5,565	4,345
Earnings per share					
Basic and diluted (cents)	4.15	5.46	8.26	10.45	8.16

Financial Position

\$'000	2019	2020	2021	2022	2023
Non-current assets	13,916	18,355	17,895	15,600	23,581
Current assets	47,918	47,109	48,899	54,607	53,229
Current liabilities	(6,035)	(4,382)	(3,589)	(4,485)	(4,758)
Net current assets	41,883	42,727	45,310	50,122	48,471
Non-current liabilities	(3,262)	(7,222)	(6,680)	(5,981)	(11,338)
	52,537	53,860	56,525	59,741	60,714

Equity

Equity attributable to owners of the Company	52,537	53,860	56,525	59,741	60,714
Net assets per share (cents)	98.67	101.16	106.16	112.20	114.03

Note:

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary share were accordingly the same as the earnings per ordinary share for the respective financial year.

Significant Events of 2023

FY2023 has once again proven itself to be a year marked by a symphony of milestones and a tapestry woven with unforgettable events for LHT Holdings Ltd.

We are proud to present a chronicle that encapsulates the spectacular events and pivotal milestones for this fiscal year:

<p>In a vibrant start to the new year, LHT Holdings Ltd, under the distinguished leadership of its Chairperson, CEO and Managing Director and President of Singapore Timber Association – Ms May Yap, commenced the year on a celebratory note with an annual Chinese New Year dinner. The elegant affair which was hosted at Yan Palace restaurant within Warren Golf & Country Club was a significant event for both the company and the association. The evening was made even more illustrious where esteemed guests, including the distinguished Minister of Trade, Mr Gan Kim Yong converged to honour tradition.</p>	<p>1st FEBRUARY 2023</p>	<p>LHT Holdings Ltd marked a significant milestone on 25 March, 2023, as a Silver Sponsor of the prestigious Gala Dinner that commemorate the 90th Anniversary of the Singapore Manufacturer Federation. Held at the Shangri La Grand Ballroom, the event was graced by Dr Tan See Leng, Minister for Manpower and 2nd Minister for Trade and Industry – an honour to the Federation's continued dedication to manufacturing innovation and growth.</p>
<p>LHT Holdings Ltd was awarded as finalist for the "Asia's Best Sustainability Report (SME) 2023" held by ASRA-Asia Sustainability Report Awards. This incredible achievement not only serves as an inspiring tribute to our commitment to sustainability and excellence, but it also confirms our unrelenting determination to promote positive change and set new standards in sustainable business practices.</p>	<p>25 MARCH 2023</p>	<p>LHT Holdings Ltd won the prestigious World Packaging Award 2023 for its innovative design, the "Green ISO Pest Free Euro Pallet." The vibrant event which was held in conjunction with the International Interpack show – Processing and Packaging in the dynamic city of Dusseldorf, Germany, stood as a beacon of worldwide excellence.</p>
<p>LHT Holdings is proud to lead a week-long education study trip from 6 to 12 May to Dusseldorf-Germany for the PCS Sustainability Program. Participants include members of the Packaging Council Singapore and esteemed lecturers from Singapore Polytechnic. The trip saw participants visiting the "Interpack 2023" event held at the Dusseldorf Trade Fair Centre which is an exhibition dedicated to sustainability processing and packaging as well as several processing plants. The fruitful study trip concluded with trips to the Packaging Valley and Circular Valley.</p>	<p>30 MARCH 2023</p>	<p>We are proud to announce that LHT Holdings has inked a Memorandum of Understanding (MOU) with the Singapore Furniture Industry Council (SFIC) and Singapore Timber Association (STA) on 24 May, 2023. This collaboration aimed at fostering a dynamic interchange of productivity insights, cutting-edge innovations, including the introduction of Skill Future courses is poised to redefine industry standards and drive a wave of transformative progress for timber-based products.</p>
<p>In its bid to attract more talents to the industry, LHT Holdings Ltd announced its sponsorship of the Republic Polytechnic Education Fund (RPEF). This remarkable initiative aims to cultivate and support budding talents, guiding them towards a future where academic excellence and engineering knowledge thrive harmoniously.</p>	<p>6 MAY 2023</p>	<p>LHT Holdings Ltd is extremely excited to be a participant of the esteemed MIFB 2023 exhibition in Kula Lumpur Convention Centre, where we proudly showcased our revolutionary Green Pallet for Green Packaging. Distinguished visitors attended the event, including Malaysia's Deputy Minister of Agriculture and Food Security, YB Tuan Chan Foong Hin, and Remme Yaabkb, Matrade's notable director handling Halal, Food and Beverage, and Agro-Based activities.</p>
<p>An inspiring milestone which saw LHT Holdings Ltd sponsoring our Green & Sustainability Wooden Packaging to Singapore Arm Forces for their storage of goodies and transportation handlings on Singapore National Day event. As with previous years, this initiative stood as a remarkable testament to fostering environmental consciousness while celebrating this special national event.</p>	<p>6 to 12 MAY 2023</p>	<p>Participated at Cleantech II exhibition and conference on SIMTech Innovation and Technology Conference 2023. Our Chairperson, CEO and Managing Director – Ms May Yap took centre stage as one of the keynote speakers, sparking a lively discussion on the future of sustainable packaging as she spoke on the topic "Toward Green Pallet for Green Packaging" which delved deep into the domain of renewable energy powered by solar innovations.</p>
<p>LHT Holdings Ltd is proud to be one of the official sponsors of the SMF-UOB-SUSS event. Keynote speaker – Dr Marshall not only took the stage and spoke at the Global Leadership Symposium with much conviction but also passionately urged students to reach beyond boundaries to achieve academic and professional excellence.</p>	<p>24 MAY 2023</p>	<p>LHT Holdings Ltd's Chairperson, CEO and Managing Director – Ms May Yap was invited to Beijing, China's "One Root One Dream 2023" event, where she was recognised for her works with the "The Most Influence and Powerful" leader award. The award was given out in a magnificent event at Diaoyutai, marking a historic occasion that celebrated leadership, innovation, and global impact.</p>
<p>LHT Holdings is delighted to be the gold sponsor of the SPSA-Singapore Packaging Stars Award and Gala Dinner 2023 held at Raffles Town Club. Ms May Yap, the current Chairperson of PCS (Singapore Manufacturing Federation – Packaging Council Singapore) and Ms Yeo Wan Leng, Member of Parliament for the Pasir Ris – Punggol GRC attended this highly anticipated industry event. Among the stars of the evening was LHT Holdings Ltd who received the star award for the year 2022 for its groundbreaking ISO Pest Free Pallet.</p>	<p>30 JUNE 2023</p>	<p>LHT Holdings Ltd hosted and welcomed a group of 30 individuals from the Land Transport Authority (LTA). Individuals from the group were treated to an immersive learning journey on waste wood sustainability where they unravel the potential hidden within discarded wood packaging, horticulture waste, and other wood byproducts, as well as how they can upcycle these items into invaluable wood products. hosted a learning journey in sustainability in waste wood for a team of 30 pax from LTA. To understand the unwanted wood packaging, horticulture waste and others wood waste for up-cycling into wood products and circular economy in wood waste sustainability.</p>
	<p>12 to 14 JULY 2023</p>	
	<p>9 AUGUST 2023</p>	
	<p>4 and 5 SEPTEMBER 2023</p>	
	<p>19 SEPTEMBER 2023</p>	
	<p>25 SEPTEMBER 2023</p>	
	<p>10 NOVEMBER 2023</p>	
	<p>30 NOVEMBER 2023</p>	

Directors' Statement

The Directors of LHT Holdings Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2023 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2023.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; 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.

2. Directors

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

Tan Kim Sing
Yap Mui Kee
Low Peng Kit
Tan Kok Hiang
Dr Wu Chiaw Ching
Billy Neo Kian Wee
Sally Yap Mei Yen
Li Suet Man

3. Arrangements to enable Directors to acquire shares or 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' Statement

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under section 164 of the Singapore Companies Act 1967 (the "Act"), except as follows:

Name of Directors The Company	Shareholdings registered in the name of Director			Shareholdings in which Director is deemed to have an interest		
	At beginning of year	At end of year	At 21 January 2024	At beginning of year	At end of year	At 21 January 2024
	Number of ordinary shares			Number of ordinary shares		
Tan Kim Sing	9,671,205	9,671,205	9,671,205	16,250 ¹	16,250 ¹	16,250 ¹
Yap Mui Kee	8,560,032	8,798,532	8,799,932	–	–	–
Low Peng Kit	3,750	3,750	3,750	–	–	–
Tan Kok Hiang	10,000	10,000	10,000	–	–	–
Sally Yap Mei Yen	88,800	88,800	88,800	–	–	–
Billy Neo Kian Wee	856,000	856,000	856,000	4,839,260 ²	– ²	– ²
Li Suet Man	–	–	–	–	12,098,147 ³	12,098,147 ³

1 Held by Mdm Ng Siew Yeng, spouse of Mr Tan Kim Sing.

2 Mr Billy Neo Kian Wee as one of the beneficiaries to his deceased father's will, has deemed interest in 4,839,260 shares of the Estate of Neo Koon Boo ("Estate"). On 22 September 2023, a sale and purchase of share agreement was entered into with Synectix Pte Ltd, a company owned by Mr Li Suet Man, a non-executive, non-independent Director of the Company and the Estate. On 6 October 2023, the entire deemed interest of 4,839,260 shares was sold to Synectix Pte Ltd.

3 Mr Li Suet Man is deemed to have an interest in 12,098,147 shares held by Synectix Pte Ltd. Of these 12,098,147 shares, 7,098,147 shares are deposited in a nominee company, DBS Nominees Pte Ltd.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

6. Audit and Risk Committee

The Audit and Risk Committee of the Company is chaired by Tan Kok Hiang, an independent Director, and includes Low Peng Kit, Dr. Wu Chiaw Ching who are independent Directors and Li Suet Man, a non-executive, non-independent Director. The Audit and Risk Committee has met two times since the last Annual General Meeting and has carried out its functions in accordance with section 201B(5) of the Act, including reviewing the following, where relevant, with the executive Directors and external and internal auditors of the Company:

- the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;
- the Company's and the Group's financial and operating results and accounting policies;
- the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;

6. Audit and Risk Committee (Continued)

- (d) the half-yearly and full-year announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Company's internal and external auditor; and
- (f) the re-appointment of the external auditor of the Company.

The Audit and Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings. The internal and external auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting. The Audit and Risk Committee has carried out an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

8. Additional disclosures requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited

The auditors of the subsidiaries of the Company are disclosed in Note 5 to the financial statements. In the opinion of the Board of Directors and Audit and Risk Committee, Rule 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

On behalf of the Board of Directors

Yap Mui Kee
Managing Director

Tan Kim Sing
Executive Director

Singapore
26 March 2024

Independent Auditor's Report

To the Members of LHT Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LHT Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023;
- the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 31 December 2023, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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.

1 Impairment assessment of right-of-use assets

Key Audit Matter

As at 31 December 2023, the right-of-use assets of the Group were \$13,787,000 which represent approximately 18% of the Group's total assets.

At the end of the financial year, management assessed that there is an indication of impairment in certain leasehold land and leasehold buildings of the Group in Malaysia as their fair value was below their carrying amount. Accordingly, management determined the recoverable amount based on the value-in-use calculations by estimating the expected discounted future cash flows to be derived from the assets' cash-generating units. Arising from their assessment, no impairment loss was recognised on the leasehold land and buildings during the financial year.

Due to significant management judgement and estimation involved in the impairment assessment, as well as the significance of these carrying amounts to the Group's financial statements, we have determined this area to be a key audit matter.

Independent Auditor's Report

To the Members of LHT Holdings Limited

1 Impairment assessment of right-of-use assets (Continued)

Related Disclosures

Refer to Note 4 of the accompanying financial statements.

Audit Response

We have performed the following audit procedures, amongst others:

- evaluated management's process in determining the recoverable amount of the leasehold land and leasehold buildings, including the process in deriving the key estimates for revenue growth rates, average gross margin, terminal growth rate and discount rate;
- assessed the reasonableness of management's key assumptions and estimates applied by comparing revenue growth rates, average gross margin, terminal growth rate and discount rate against historical data and market outlook, as appropriate;
- performed sensitivity analysis around the key assumptions, including the revenue growth rates, average gross margin, terminal growth rate and discount rate used in discounted cash flow forecasts; and
- engaged our internal valuation specialist to evaluate the reasonableness of the discount rate used.

2 Costing of inventories

Key Audit Matter

As at 31 December 2023, the Group's and Company's inventories amounted to \$4,411,000 and \$2,691,000 respectively, which accounted for approximately 8% of the Group's current assets and 8% of the Company's current assets respectively.

The Group adopts a periodic inventory accounting system, using an in-house Event-Driven Business Process Management System ("EDBPM"). Standard unit costs of the inventories are computed using Microsoft Access database application and manually entered into the EDBPM on a semi-annual basis. Arising from the large quantities of inventories and the Group's manual costing process, the determination of the unit costs for the inventories is laborious.

We focused on this area as a key audit matter as the carrying amount of inventories is a significant balance on both the consolidated statement of financial position of the Group and the statement of financial position of the Company. In addition, the inherent risk of the Group's manual process may lead to incorrect determination of the inventory unit costs and may result in inventories being materially misstated as at 31 December 2023.

Related Disclosures

Refer to Note 6 of the accompanying financial statements.

Independent Auditor's Report

To the Members of LHT Holdings Limited

2 Costing of inventories (Continued)

Audit Response

We have performed the following audit procedures, amongst others, on a sample basis:

- checked accuracy of units' costs stated in the EDBPM by matching the inventory unit costs from EDBPM against invoices from suppliers and costing sheets;
- evaluated the reasonableness of the inputs of direct labour and production overheads to the costing sheets and tested the allocation of those costs in converting the materials into work-in-progress and finished goods;
- tested the computation of the costs of purchases using the first-in, first-out basis; and
- traced the costs of inventories from the EDBPM to the costs of inventories recorded in the accounting system.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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.

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.

Independent Auditor's Report

To the Members of LHT Holdings Limited

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.

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.

Independent Auditor's Report

To the Members of LHT Holdings Limited

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 Aw Vern Chun Philip.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
26 March 2024

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	Group 2023 \$'000	2022 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,794	7,277
Right-of-use assets	4	13,787	8,323
Total non-current assets		23,581	15,600
Current assets			
Inventories	6	4,411	6,724
Trade and other receivables	7	6,043	6,575
Fixed deposits	8	30,411	28,677
Cash and cash equivalents	9	12,364	12,631
Total current assets		53,229	54,607
Total assets		76,810	70,207
LIABILITIES AND EQUITY			
Current liabilities			
Lease liabilities	10	1,204	797
Trade and other payables	11	2,652	2,788
Income tax payables		902	900
Total current liabilities		4,758	4,485
Non-current liabilities			
Lease liabilities	10	9,884	4,984
Trade and other payables	11	205	171
Provisions	12	596	–
Deferred tax liabilities	13	653	826
Total non-current liabilities		11,338	5,981
Total liabilities		16,096	10,466
Equity			
Share capital	14	24,621	24,621
Currency translation reserve	15	(1,532)	(822)
Retained earnings		37,625	35,942
Total equity attributable to owners of the Company		60,714	59,741
Total liabilities and equity		76,810	70,207

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

Statement of Financial Position

As at 31 December 2023

	Note	Company	
		2023	2022
		\$'000	\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,489	2,036
Right-of-use assets	4	5,607	5,196
Investments in subsidiaries	5	10,300	10,300
Total non-current assets		<u>17,396</u>	<u>17,532</u>
Current assets			
Inventories	6	2,691	4,211
Trade and other receivables	7	5,128	5,204
Fixed deposits	8	19,842	19,082
Cash and cash equivalents	9	5,830	6,290
Total current assets		<u>33,491</u>	<u>34,787</u>
Total assets		<u>50,887</u>	<u>52,319</u>
LIABILITIES AND EQUITY			
Current liabilities			
Lease liabilities	10	689	611
Trade and other payables	11	3,163	3,081
Income tax payables		423	281
Total current liabilities		<u>4,275</u>	<u>3,973</u>
Non-current liabilities			
Lease liabilities	10	5,216	4,883
Trade and other payables	11	205	171
Provisions	12	102	–
Deferred tax liabilities	13	20	83
Total non-current liabilities		<u>5,543</u>	<u>5,137</u>
Total liabilities		<u>9,818</u>	<u>9,110</u>
Equity			
Share capital	14	24,621	24,621
Retained earnings		16,448	18,588
Total equity		<u>41,069</u>	<u>43,209</u>
Total liabilities and equity		<u>50,887</u>	<u>52,319</u>

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

Consolidated Income Statement

For The Financial Year Ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Revenue	16	30,729	35,531
Cost of sales		(18,641)	(21,383)
Gross profit		12,088	14,148
Other item of income			
Other income	17	3,696	3,084
Other items of expenses			
Distribution expenses		(999)	(1,142)
Administrative expenses		(8,412)	(8,054)
(Loss allowance)/Reversal of loss allowance for trade receivables	8	(62)	36
Other expenses		(148)	(530)
Finance costs	18	(407)	(398)
Profit before income tax	19	5,756	7,144
Income tax expense	21	(1,411)	(1,579)
Profit for the year		4,345	5,565
Profit attributable to:			
Owners of the Company		4,345	5,565
Earnings per share attributable to owners of the Company (cents)			
Basic and diluted	22	8.16	10.45

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

Consolidated Statement of Comprehensive Income

For The Financial Year Ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Profit for the year		4,345	5,565
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Translation differences relating to financial statements of foreign subsidiaries, net of tax amounting to \$Nil (2022: \$Nil)		(710)	(752)
Total comprehensive income for the year attributable to owners of the Company		<u>3,635</u>	<u>4,813</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>3,635</u>	<u>4,813</u>

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

Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2023

Note	Equity attributable to owners of the Company			
	Share capital \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Group				
Balance at 1 January 2023	24,621	(822)	35,942	59,741
Total comprehensive income for the year:				
Profit for the year	–	–	4,345	4,345
Other comprehensive income:				
Exchange differences on translating foreign subsidiaries	–	(710)	–	(710)
Total comprehensive income for the year	–	(710)	4,345	3,635
Total transactions with owners, recognised directly in equity				
Dividend	26	–	(2,662)	(2,662)
Balance at 31 December 2023	24,621	(1,532)	37,625	60,714
Balance at 1 January 2022	24,621	(70)	31,974	56,525
Total comprehensive income for the year:				
Profit for the year	–	–	5,565	5,565
Other comprehensive income:				
Exchange differences on translating foreign subsidiaries	–	(752)	–	(752)
Total comprehensive income for the year	–	(752)	5,565	4,813
Total transactions with owners, recognised directly in equity				
Dividend	26	–	(1,597)	(1,597)
Balance at 31 December 2022	24,621	(822)	35,942	59,741

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

Statements of Changes in Equity

For The Financial Year Ended 31 December 2023

	Note	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Company				
Balance at 1 January 2023		24,621	18,588	43,209
Total comprehensive income for the year:				
Profit for the year		–	522	522
Total comprehensive income for the year		–	522	522
Total transactions with owners, recognised directly in equity				
Dividend	26	–	(2,662)	(2,662)
Balance at 31 December 2023		24,621	16,448	41,069
Balance at 1 January 2022		24,621	18,181	42,802
Total comprehensive income for the year:				
Profit for the year		–	2,004	2,004
Total comprehensive income for the year		–	2,004	2,004
Total transactions with owners, recognised directly in equity				
Dividend	26	–	(1,597)	(1,597)
Balance at 31 December 2022		24,621	18,588	43,209

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

Consolidated Statement of Cash Flows

For The Financial Year Ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Operating activities			
Profit before income tax		5,756	7,144
Adjustments for:			
Loss allowance made/(reversed) for trade receivables	7	62	(36)
Write-down of obsolete inventories	6	18	267
Property, plant and equipment written off	19	54	42
Deferred grant income		(51)	(51)
Interest expense	18	407	398
Interest income	17	(1,083)	(274)
Depreciation of property, plant and equipment	3.3	1,819	1,981
Amortisation of right-of-use assets	4(c)	1,041	994
Gain on disposal of property, plant and equipment	17	(213)	(412)
Operating cash flows before movements in working capital		7,810	10,053
Changes in working capital:			
Inventories		2,295	(1,105)
Trade and other receivables		466	255
Trade and other payables		(136)	482
Cash generated from operations		10,435	9,685
Income taxes paid		(1,576)	(1,306)
Net cash generated from operating activities		8,859	8,379
Investing activities			
Purchase of property, plant and equipment	3.4	(4,574)	(826)
Purchase of right-of-use assets	4	-	(95)
Placements of fixed deposits		(1,747)	(14,575)
Proceeds from disposal of property, plant and equipment		237	520
Deposit for acquisition of property	23	(79)	-
Deferred capital grant received	11	85	-
Interest received		1,166	88
Net cash used in investing activities		(4,912)	(14,888)
Financing activities			
Dividend paid	26	(2,662)	(1,597)
Repayment of lease liabilities	10	(841)	(792)
Interest paid	10	(340)	(392)
Net cash used in financing activities		(3,843)	(2,781)
Net change in cash and cash equivalents		104	(9,290)
Cash and cash equivalents at beginning of financial year		12,631	22,298
Net effect of exchange rate changes on the cash and cash equivalents held in foreign currencies		(371)	(377)
Cash and cash equivalents at end of financial year	9	12,364	12,631

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General corporate information

LHT Holdings Limited (the “Company”) (Registration number 198003094E) is a limited liability company incorporated and domiciled in Singapore with its principal place of business and registered office at 27 Sungei Kadut Street 1, Singapore 729335. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activities of the Company are those of manufacturing and trading of wooden pallets and timber-related products. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

2. Basis of preparation

The financial statements have been drawn up in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and are prepared under the historical cost convention, except as disclosed in the relevant notes to the financial statements.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar (“\$”), which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand (“\$’000”), unless otherwise stated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. 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 summarised below and detailed disclosures are included in the respective notes to the financial statements.

Critical judgements applied:

- Determine the lease term (Note 4(d))

Significant accounting estimates and assumptions used:

- Depreciation and useful lives (Note 3.1)
- Impairment of right-of-use assets (Note 4(a)(iii))
- Net realisable value for inventories (Note 6)
- Loss allowance for trade and other receivables (Note 28.1)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

2. Basis of preparation (Continued)

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2023

On 1 January 2023, the Group adopted the new or amended SFRS(I) and interpretations to SFRS(I) that are mandatory for application for the financial year. The adoption of these standards did not result in significant changes to the Group's accounting policies and had no material impact to the Group's financial statements, except as disclosed below.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Disclosure of Accounting Policies and SFRS(I) Practice Statement 2

The amendments change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy is likely to be considered material.

Management has followed the guidance in the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 in determining which accounting policy information is material. For the preparation of financial statements for the financial year ended 31 December 2023, the material accounting policy information have been included in the respective notes to the financial statements.

New Standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

3. Property, plant and equipment

	Leasehold properties \$'000	Plant and machinery \$'000	Office furniture, fittings and equipment \$'000	Motor vehicles and forklifts \$'000	Rental pallets \$'000	Construction- in-progress \$'000	Total \$'000
Group 2023 Cost							
As at 1 January 2023	10,218	20,288	2,864	1,364	8,535	280	43,549
Additions	3,960	6	11	–	570	27	4,574
Disposals	–	–	(3)	–	(134)	–	(137)
Written off	–	–	(7)	–	(1,361)	–	(1,368)
Transfer from right- of-use assets	–	–	–	11	–	–	11
Currency realignment	(41)	(134)	(17)	(19)	(309)	–	(520)
As at 31 December 2023	14,137	20,160	2,848	1,356	7,301	307	46,109

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

3. Property, plant and equipment (Continued)

	Leasehold properties \$'000	Plant and machinery \$'000	Office furniture, fittings and equipment \$'000	Motor vehicles and forklifts \$'000	Rental pallets \$'000	Construction-in-progress \$'000	Total \$'000
Accumulated depreciation and impairment loss							
As at 1 January 2023	8,884	18,743	2,736	966	4,943	–	36,272
Charge for the year	464	274	49	77	955	–	1,819
Disposals	–	–	(3)	–	(110)	–	(113)
Written off	–	–	(7)	–	(1,307)	–	(1,314)
Currency realignment	(22)	(131)	(15)	(7)	(174)	–	(349)
As at 31 December 2023	9,326	18,886	2,760	1,036	4,307	–	36,315
Net carrying amount							
As at 31 December 2023	4,811	1,274	88	320	2,994	307	9,794

	Leasehold properties \$'000	Plant and machinery \$'000	Office furniture, fittings and equipment \$'000	Motor vehicles and forklifts \$'000	Rental pallets \$'000	Construction-in-progress \$'000	Total \$'000
Group 2022 Cost							
As at 1 January 2022	10,265	20,552	2,852	1,161	9,435	180	44,445
Additions	–	–	33	92	601	100	826
Disposals	–	(44)	(1)	–	(550)	–	(595)
Written off	–	(68)	(1)	–	(630)	–	(699)
Transfer from right-of-use assets	–	–	–	129	–	–	129
Currency realignment	(47)	(152)	(19)	(18)	(321)	–	(557)
As at 31 December 2022	10,218	20,288	2,864	1,364	8,535	280	43,549
Accumulated depreciation and impairment loss							
As at 1 January 2022	8,498	18,704	2,686	882	5,040	–	35,810
Charge for the year	409	298	67	90	1,117	–	1,981
Disposals	–	(44)	(1)	–	(442)	–	(487)
Written off	–	(68)	–	–	(589)	–	(657)
Currency realignment	(23)	(147)	(16)	(6)	(183)	–	(375)
As at 31 December 2022	8,884	18,743	2,736	966	4,943	–	36,272
Net carrying amount							
As at 31 December 2022	1,334	1,545	128	398	3,592	280	7,277

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

3. Property, plant and equipment (Continued)

	Leasehold properties \$'000	Plant and machinery \$'000	Office furniture, fittings and equipment \$'000	Motor vehicles and forklifts \$'000	Construction- in-progress \$'000	Total \$'000
Company 2023						
Cost						
As at 1 January 2023	9,489	15,583	2,280	235	280	27,867
Additions	–	–	7	–	27	34
Disposal	–	–	(3)	–	–	(3)
Written off	–	–	(6)	–	–	(6)
As at 31 December 2023	9,489	15,583	2,278	235	307	27,892
Accumulated depreciation						
As at 1 January 2023	8,503	14,921	2,213	194	–	25,831
Charge for the year	395	143	37	6	–	581
Disposal	–	–	(3)	–	–	(3)
Written off	–	–	(6)	–	–	(6)
As at 31 December 2023	8,898	15,064	2,241	200	–	26,403
Net carrying amount						
As at 31 December 2023	591	519	37	35	307	1,489
Company 2022						
Cost						
As at 1 January 2022	9,489	15,656	2,261	235	180	27,821
Additions	–	–	21	–	100	121
Disposal	–	(5)	(1)	–	–	(6)
Written off	–	(68)	(1)	–	–	(69)
As at 31 December 2022	9,489	15,583	2,280	235	280	27,867
Accumulated depreciation						
As at 1 January 2022	8,108	14,848	2,162	188	–	25,306
Charge for the year	395	145	52	6	–	598
Disposal	–	(4)	(1)	–	–	(5)
Written off	–	(68)	–	–	–	(68)
As at 31 December 2022	8,503	14,921	2,213	194	–	25,831
Net carrying amount						
As at 31 December 2022	986	662	67	41	280	2,036

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

3. Property, plant and equipment (Continued)

3.1 Depreciation and useful lives

Property, plant and equipment are recognised at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using straight-line method to allocate their depreciable amounts over their estimated useful lives, on the following bases:

Leasehold properties	Over the lease terms ranging from 12 – 99 years
Plant and machinery	5 – 20 years
Office furniture, fittings and equipment	5 years
Motor vehicles and forklifts	5 & 10 years
Rental pallets	5 years

No depreciation is charged on construction-in-progress as they are not yet ready for their intended use as at the end of the financial year.

The estimated useful life and residual value reflect management's estimate of the periods that the Group and the Company intend to derive future economic benefits from the use of the Group's and the Company's property, plant and equipment. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges.

3.2 Leasehold properties

The details of the leasehold properties are:

Location	Usage	Approximate gross floor area	Tenure from inception
27 Sungei Kadut Street 1 Singapore 729335	Manufacturing and trading of wooden pallets and timber related products and administrative office	23,020 sqm	49 years expiring 2025
6 Tuas South Street 10 Singapore 636941	Wood waste recycling and recovering	8,194 sqm	12 years expiring 2035
Lot PTB 1237, Jalan Tun Matahir 1, Industries Area, Phase 2 Bandar Tenggara, 81000 Kulai, Johor Malaysia	Manufacturing of wooden pallets and timber related products	7,402 sqm	60 years expiring 2052
No. 4, Jalan Pinang Merah 20, Bandar Tenggara, 81000 Kulai, Johor Malaysia	Dormitory for employees	721 sqm	99 years expiring 2090
No. 6 Jalan Pinang Merah 20, Bandar Tenggara, 81000 Kulai, Johor Malaysia	Dormitory for employees	726 sqm	99 years expiring 2090
No. 8, Jalan Pinang Merah 20, Bandar Tenggara 81000 Kulai, Johor Malaysia	Dormitory for employees	753 sqm	99 years expiring 2090

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

3. Property, plant and equipment (Continued)

3.3 Depreciation

The depreciation of property, plant and equipment is recognised in the following line items of the consolidated income statement:

	Group	
	2023 \$'000	2022 \$'000
Cost of sales (Note 19)	788	956
Administrative expenses (Note 19)	1,031	1,025
	<u>1,819</u>	<u>1,981</u>

3.4 Additions

During the financial year, the Group acquired property, plant and equipment by way of:

	2023	2022
	\$'000	\$'000
Cash payments	<u>4,574</u>	<u>826</u>

During the financial year, the Group acquired a leasehold property at 6 Tuas South Street 10, Singapore 636941, being JTC Private Lot A3001668 at PIC 8201210051 comprised in Lot 04735P MK 7 for a cash consideration of \$3,850,000. The leasehold land was recognised as an addition to the right-of-use assets (Note 4) at the inception of the lease with respect to the annual lease payments payable to JTC.

3.5 Construction-in-progress

Included in the construction-in-progress were development cost for an artificial intelligence enabled robotic pallet assembly system of approximately \$307,000 (2022: \$280,000).

3.6 Assets pledged as security to banks for banking facilities

The carrying amount of property, plant and equipment pledged to banks for banking facilities, as of 31 December amounted to:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Leasehold properties	591	986	591	986
Plant and machinery	152	174	152	174
	<u>743</u>	<u>1,160</u>	<u>743</u>	<u>1,160</u>

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

4. Right-of-use assets

(a) Carrying amounts of right-of-use assets

	Leasehold land \$'000	Leasehold buildings \$'000	Motor vehicles and forklifts \$'000	Total \$'000
Group				
2023				
At 1 January 2023	6,143	1,666	514	8,323
Additions	5,450	9	189	5,648
Variable lease payment adjustment	1,051	–	–	1,051
Amortisation charges	(735)	(93)	(213)	(1,041)
Transfer to property, plant and equipment	–	–	(11)	(11)
Discharge of leases	–	(5)	–	(5)
Currency realignment	(68)	(92)	(18)	(178)
At 31 December 2023	11,841	1,485	461	13,787
2022				
At 1 January 2022	6,752	1,758	750	9,260
Additions	–	109	209	318
Variable lease payment adjustment	84	–	–	84
Amortisation charges	(616)	(94)	(284)	(994)
Transfer to property, plant and equipment	–	–	(129)	(129)
Discharge of leases	–	–	(14)	(14)
Currency realignment	(77)	(107)	(18)	(202)
At 31 December 2022	6,143	1,666	514	8,323

For the purposes of consolidated statement of cash flows, the additions above included cash payment of \$Nil (2022: \$95,000).

	Leasehold land \$'000	Motor vehicles and forklifts \$'000	Total \$'000
Company			
2023			
At 1 January 2023	4,952	244	5,196
Variable lease payment adjustment	1,146	–	1,146
Amortisation charges	(630)	(105)	(735)
Discharge of leases	–	–	–
At 31 December 2023	5,468	139	5,607
2022			
At 1 January 2022	5,450	444	5,894
Variable lease payment adjustment	84	–	84
Amortisation charges	(582)	(186)	(768)
Discharge of leases	–	(14)	(14)
At 31 December 2022	4,952	244	5,196

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

4. Right-of-use assets (Continued)

(a) Carrying amounts of right-of-use assets (Continued)

(i) Leasehold land and leasehold buildings

The Group and the Company makes annual lease payments for three (2022: two) parcels of leasehold land in Singapore. The details of the leasehold land are:

Location	Usage	Approximate gross floor area	Tenure from inception
27 Sungei Kadut Street 1 Singapore 729335	Manufacturing and trading of wooden pallets and timber related products and administrative office	23,020 sqm	49 years expiring 2025
30 Kranji Way – PID 8201710044 at Kranji Industrial Estate Singapore	Under development	17,988 sqm	26 years expiring 2050
6 Tuas South Street 10 Singapore 636941**	Wood waste recycling and recovering	8,194 sqm	12 years expiring 2035
Lot PTB 253, Jalan Tun Mutalib 3, Kawasan Perindustrian Bandar Tenggara, 81440 Bandar Tenggara, Johor, Malaysia	Manufacturing of wooden pallets and timber related products	4,771 sqm	54 years expiring 2078
Lot PTB 1299, Jalan Tun Mutahir 5, Kawasan Perindustrian Bandar Tenggara, 81440 Bandar Tenggara, Johor, Malaysia	Manufacturing of wooden pallets and timber related products	3,963 sqm	28 years expiring 2052
Lot PTB 1238, Jalan Tun Mutahir 1, Kawasan Industri Fasa II, 81440 Bandar Tenggara, Johor, Malaysia	Manufacturing of wooden pallets and timber related products	2,032 sqm	32 years expiring 2056
Lot PTB 1237, Jalan Tun Mutahir 1, Industries Area, Phase 2 Bandar Tenggara, 81000 Kulai, Johor Johor, Malaysia	Manufacturing of wooden pallets and timber related products	7,402 sqm	60 years expiring 2052

** Addition of right-of-use asset in current financial year

The lease arrangements in Singapore prohibit the Group and the Company from subleasing the assets to third parties.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

4. Right-of-use assets (Continued)

(a) Carrying amounts of right-of-use assets (Continued)

(ii) Motor vehicles and forklifts

The Group and the Company leases equipment and vehicles for its operations. The lease arrangements prohibit the Group and the Company from subleasing the equipment to third parties.

During the current financial year, carrying amounts of motor vehicles and forklifts of the Group which amounted to \$11,000 (2022: \$129,000) were transferred to property, plant and equipment in Note 3 to the financial statements as the attributable lease liabilities have been fully paid up.

The Group's and the Company's obligation under these leases are secured by the leased assets. There are several lease contracts that include extension option which are further discussed below at Note 4(d) to the financial statements.

The Group and the Company also has leases with terms of 12 months or less. The Group and the Company applies the "short-term lease" recognition exemptions for these leases.

(iii) Impairment of right-of-use assets

During the year, the Group carried out a review of the recoverable amount of its leasehold land and leasehold buildings located at Lot PTB 253 and Lot PTB 1238 in Mukim of Ulu Sungai Johor, District of Kota Tinggi, Johor, Malaysia due to a decline in fair value of the assets. These assets do not generate independent cash flows hence, impairment assessment is performed at cash-generating unit level.

The recoverable amount of the relevant assets as at 31 December 2023 is determined from their value in use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management for the next 5 years. The key assumptions used for this value in use calculations and the respective segment of these cash-generating units belong are disclosed as follows:

	Pallet/Packaging – Lot PTB 253 2023 %	Pallet Rental and Others – Lot PTB 1238 2023 %
Average gross margin	15.4	77.6
Discount rate	14.7	16.0
Revenue growth rate	-1.1 to 6.6	-0.9 to 1.0
Terminal growth rate	1.9	1.9

The review did not lead to any impairment loss of during the financial year.

(b) Lease liabilities

The carrying amounts of lease liabilities, movements during the financial year and the maturity analysis of lease liabilities are disclosed in Note 10 to the financial statements.

(c) Amount recognised in profit or loss

	Group	
	2023 \$'000	2022 \$'000
Amortisation of right-of-use assets	1,041	994
Interest expense on lease liabilities (Note 10 and 18)	395	398
Lease expense not capitalised in lease liabilities:		
– Expense relating to short-term leases (included in administrative expenses and cost of sales)	40	15
Total amount recognised in profit or loss	1,476	1,407

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

4. Right-of-use assets (Continued)

(c) Amount recognised in profit or loss (Continued)

The amortisation of right-of-use assets is recognised in the following line items of the consolidated income statement:

	2023	2022
	\$'000	\$'000
Cost of sales (Note 19)	405	387
Administrative expenses (Note 19)	636	607
	1,041	994

(d) Extension options

The Group has several lease contracts for leasehold buildings and forklifts that include extension options. The options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Management has included the Group's and the Company's potential cash outflows of \$132,000 (2022: \$116,000) and \$132,000 (2022: \$116,000) respectively in the measurement of lease liabilities for forklifts, as it is reasonably certain that the extension option will be exercised.

Restrictions

As at 31 December 2023, the Group's and the Company's motor vehicles and forklift, with a carrying amount of \$209,000 (2022: \$303,000) and \$62,000 (2022: \$115,000) respectively are secured over the lease liabilities owing to financial institutions amounting to \$93,000 (2022: \$214,000) and \$40,000 (2022: \$73,000) respectively.

The carrying amount of the leasehold building erected on the leasehold land secured for the facilities are disclosed in Note 3.6.

The Group's and the Company's motor vehicles under right-of-use assets included assets held in trust by the Directors of the Company with carrying amount of \$62,000 (2022: \$115,000).

5. Investments in subsidiaries

	Company	
	2023	2022
	\$'000	\$'000
Unquoted equity shares, at cost	14,019	14,019
Impairment loss	(3,719)	(3,719)
	10,300	10,300

Movements in impairment loss are as follow:

	Company	
	2023	2022
	\$'000	\$'000
At 1 January	3,719	3,719
Impairment loss recognised during the financial year	–	–
At 31 December	3,719	3,719

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

5. Investments in subsidiaries (Continued)

Significant restriction

Cash and bank balances of \$99,000 (2022: \$103,000) held with a subsidiary in the People's Republic of China are subjected to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus affect the Group's ability to access or use the cash and settle liabilities outside of the People's Republic of China.

Details of the subsidiaries are as follow:

Name of Company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership 2023 %	Interest held by the Group 2022 %
Kim Hiap Lee Company (Pte.) Limited ⁽¹⁾ (Singapore)	Timber merchants, sawmillers and pallet rental	100	100
Lian Hup Packaging Industries Sdn. Bhd. ⁽²⁾ (Malaysia)	Dealers in wood products, pallets and packaging and pallet rental	100	100
Siri Belukar Packaging Sdn. Bhd. ⁽²⁾ (Malaysia)	Manufacturer, importer and exporter of wooden pallets and related products	100	100
LHT Marketing Pte Ltd ⁽¹⁾ (Singapore)	Timber merchants and commission agents	100	100
LHT Ecotech Resources Pte Ltd ⁽¹⁾ (Singapore)	Wood waste recycling and recovering	100	100
LHT Gpac Technology (M) Sdn. Bhd. ⁽²⁾ (Malaysia)	Manufacturer, wood waste recycling, importer and exporter of green products and woodchips	100	100
LHT ECR Packaging (Vietnam) Company Limited ⁽³⁾ (Socialist Republic of Vietnam)	Trading and providing of other services with respect to timber, pallets and other packaging materials	100	100
LHT Ecotech Resources (Tianjin) Co., Ltd ⁽³⁾ (People's Republic of China)	Trading and exporter of wooden pallets and related products	100	100

(1) Audited by BDO LLP, Singapore

(2) Audited by overseas member firms of the BDO network in the respective countries.

(3) Reviewed by BDO LLP, Singapore for consolidation purposes

The business license of LHT Ecotech Resources (Tianjin) Co., Ltd is for a term of 30 years, with effect from 23 April 2012 to 22 April 2042. The business license of LHT ECR Packaging (Vietnam) Company Limited is for a term of 10 years, with effect from 3 August 2017 in force until 1 August 2027 inclusive. LHT Ecotech Resources (Tianjin) Co., Ltd remains dormant during the current and previous financial years.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

6. Inventories

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>At cost</u>				
Raw materials	2,977	4,886	1,503	2,677
Work-in-progress	67	422	67	422
Finished goods	1,367	1,416	1,121	1,112
	4,411	6,724	2,691	4,211

The cost of inventories recognised as an expense and included in cost of sales line item in profit or loss is disclosed in Note 19 to the financial statements.

The cost of inventories is assigned using first-in, first-out method. Inventories are measured at lower of cost and net realisable value. The Group reviews the ageing analysis of inventories semi-annually and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories is estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

During the financial year, the Group has recognised a write-down of \$18,000 (2022: \$267,000). The write-down has been included in "other expenses" (Note 19).

7. Trade and other receivables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current				
Trade receivables				
– third parties	5,110	5,809	3,907	4,140
– subsidiaries	–	–	765	320
	5,110	5,809	4,672	4,460
Less: Loss allowance	(234)	(172)	(50)	(38)
Total trade receivables	4,876	5,637	4,622	4,422
GST/VAT receivables	603	305	–	–
Other receivables				
– third parties	120	4	–	–
– subsidiaries	–	–	–	217
Interest receivables	103	186	66	139
Refundable deposits	317	299	254	254
Prepayments	319	439	186	172
Less: Loss allowance for GST/VAT receivables	(295)	(295)	–	–
Total trade and other receivables	6,043	6,575	5,128	5,204
Add/(Less):				
– Fixed deposits (Note 8)	30,411	28,677	19,842	19,082
– Cash and cash equivalents (Note 9)	12,364	12,631	5,830	6,290
– GST/VAT receivables	(603)	(305)	–	–
– Loss allowance for GST/VAT receivables	295	295	–	–
– Prepayments	(319)	(439)	(186)	(172)
Financial assets at amortised cost	48,191	47,434	30,614	30,404

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

7. Trade and other receivables (Continued)

Trade receivables from third parties and subsidiaries are non-interest bearing and repayable within the normal credit terms of 30 to 90 days. They are recognised at their original invoice amounts which represent their values on initial recognition.

The non-trade balances due from third parties and subsidiaries are unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

Movements in loss allowance for trade receivables are as follow:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 January	172	208	38	41
Loss allowance reversed	–	(36)	–	(3)
Loss allowance made	62	–	12	–
At 31 December	234	172	50	38

The aging analysis of the trade receivables are set out in Note 28.1 to the financial statements.

The currency profiles of the Group's and Company's trade and other receivables at the end of the financial year are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	5,205	5,543	4,839	4,988
Ringgit Malaysia	187	559	85	22
Renminbi	–	2	–	–
United States dollar	19	22	18	22
Vietnamese dong	5	–	–	–
	5,416	6,126	4,942	5,032

8. Fixed deposits

Fixed deposits are denominated in the following currencies:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	29,668	28,602	19,842	19,082
Ringgit Malaysia	671	75	–	–
United States dollar	72	–	–	–
	30,411	28,677	19,842	19,082

The fixed deposits of the Group amounting to \$72,000 (2022: \$57,000) are pledged to one (2022: one) bank as security for bank guarantee facilities granted to the subsidiaries. The fixed deposits bear effective interest rates ranging from 2.05% to 4.02% (2022: 0.24% to 1.73%) per annum with maturity ranging from 1 to 12 months (2022: 1 to 12 months) from the end of the financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

9. Cash and cash equivalents

Cash and cash equivalents comprise the following at the end of the financial year:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash on hand	16	16	5	7
Bank balances	12,348	12,615	5,825	6,283
	12,364	12,631	5,830	6,290

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	8,844	9,776	5,711	6,146
Ringgit Malaysia	3,070	1,715	61	65
United States dollar	349	1,035	58	79
Renminbi	99	103	–	–
Vietnamese dong	2	2	–	–
	12,364	12,631	5,830	6,290

10. Lease liabilities

	Leasehold land \$'000	Leasehold buildings \$'000	Motor vehicles and forklifts	Total \$'000
			\$'000	
Group				
2023				
At 1 January 2023	5,283	65	433	5,781
Additions	4,866	9	189	5,064
Discharge of leases	–	(5)	–	(5)
Interest expenses (Note 18)	373	3	19	395
Variable lease payment adjustment	1,051	–	–	1,051
Lease payments				
– Principal portion	(554)	(31)	(256)	(841)
– Interest portion	(318)	(3)	(19)	(340)
Currency realignment	–	(4)	(13)	(17)
At 31 December 2023	10,701	34	353	11,088
2022				
At 1 January 2022	5,672	88	531	6,291
Additions	–	14	209	223
Discharge of leases	–	–	(14)	(14)
Interest expenses (Note 18)	372	5	21	398
Variable lease payment adjustment	84	–	–	84
Lease payments				
– Principal portion	(479)	(33)	(280)	(792)
– Interest portion	(366)	(5)	(21)	(392)
Currency realignment	–	(4)	(13)	(17)
At 31 December 2022	5,283	65	433	5,781

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

10. Lease liabilities (Continued)

	Leasehold land \$'000	Motor vehicles and forklifts \$'000	Total \$'000
Company			
2023			
At 1 January 2023	5,284	210	5,494
Discharge of leases			
Interest expenses	319	10	329
Variable lease payment adjustment	1,051	–	1,051
Lease payments			
– Principal portion	(555)	(85)	(640)
– Interest portion	(319)	(10)	(329)
At 31 December 2023	5,780	125	5,905
2022			
At 1 January 2022	5,672	353	6,025
Discharge of leases	–	(14)	(14)
Interest expenses	372	16	388
Variable lease payment adjustment	84	–	84
Lease payments			
– Principal portion	(479)	(129)	(608)
– Interest portion	(365)	(16)	(381)
At 31 December 2022	5,284	210	5,494

The maturity of lease liabilities of the Group and the Company are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Contractual undiscounted cash flows				
– Not later than a year	1,818	1,142	981	947
– Later than one year and not later than five years	4,157	2,421	1,679	2,318
– Over five years	11,362	7,236	7,289	7,236
	17,337	10,799	9,949	10,501
Less: Future interest expense	(6,249)	(5,018)	(4,044)	(5,007)
Present value of lease liabilities	11,088	5,781	5,905	5,494
Presented in statements of financial position				
– Current	1,204	797	689	611
– Non-current	9,884	4,984	5,216	4,883
	11,088	5,781	5,905	5,494

The Group and the Company leases leasehold land in Singapore and Malaysia. It is customary for lease contract in Singapore to revise the lease payment annually based on the prevailing market rent. The Group and the Company also leases certain machineries and motor vehicles (i.e. commercial vehicles and forklifts) from third parties with only fixed payment over the lease terms.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

10. Lease liabilities (Continued)

The Group also leases office premises on short-term basis (i.e. less than 12 months). The election of short-term leases exemption is made on lease-by-lease basis.

The average incremental borrowing rate applied in the leases for the Group and the Company range from 2.28% to 7.00% (2022: 2.28% to 7.00%) and 4.15% to 7.00% (2022: 4.15% to 7.00%) respectively.

The total cash outflow for all leases including short-term leases for the Group amounted to \$1,221,000 (2022: \$1,199,000) for the current financial year.

Lease liabilities payables are denominated in the following currencies:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	10,827	5,494	5,905	5,494
Ringgit Malaysia	261	287	–	–
	11,088	5,781	5,905	5,494

11. Trade and other payables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current				
Deferred capital grant				
– capability development grant (“CDG”)	30	80	30	80
– enterprise development grant (“EDG”)	175	91	175	91
	205	171	205	171
Current				
Trade payables				
– third parties	756	891	343	647
– subsidiaries	–	–	1,379	1,171
– related parties	42	59	40	47
	798	950	1,762	1,865
GST/VAT payables	155	233	145	96
Other payables – related parties	10	–	–	–
Amount owing to a director	18	12	–	–
Accrued expenses	1,107	994	916	816
Deposits received	98	80	9	9
Provision for unutilised leave	283	146	257	133
Deferred capital grant – CDG	51	51	51	51
Advances from customers (Note 16(b))	23	234	23	111
Sundry payables	109	88	–	–
Total trade and other payables	2,652	2,788	3,163	3,081

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

11. Trade and other payables (Continued)

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Add/(Less):				
– Lease liabilities (Note 10)	11,088	5,781	5,905	5,494
– GST/VAT payables	(155)	(233)	(145)	(96)
– Provision for unutilised leave	(283)	(146)	(257)	(133)
– Advances from customers (Note 16(b))	(23)	(234)	(23)	(111)
– Deferred capital grant – CDG	(51)	(51)	(51)	(51)
Financial liabilities carried at amortised cost	13,228	7,905	8,592	8,184

The trade amounts due to third parties, subsidiaries and related parties are unsecured, non-interest bearing and repayable within the normal credit term of 30 to 90 days.

Deposits received comprise substantially deposits for rental from lessees.

The deferred capital grant – Capability Development Grant (“CDG”) relates to a government grant that is given to the Company for the eligible cost incurred for its development project (deployment of automated pallet assembly lines for smart and sustainable manufacturing) on process redesign and business process enhancement for productivity for the qualifying period from 1 September 2017 to 31 August 2019, which was capitalised as property, plant and equipment. During the financial year ended 31 December 2021, \$329,000 grant income had been approved and received by the Group and the Company. As of 31 December 2023, the Group and the Company recognised \$51,000 (2022: \$51,000) in profit or loss under other income (Note 17) and remaining of \$81,000 (2022: \$131,000) recognised as deferred capital grant.

The deferred capital grant – Enterprise Development Grant (“EDG”) relates to a government grant that is given to the Company for the eligible cost incurred for its development project for its artificial intelligence enabled robotic pallet assembly system for the qualifying period from 1 July 2020 to 31 December 2022. In current financial year, the Company had received cash from its interim claim of \$85,000 (2022: \$Nil) to help defray the upfront cost of the project. As of 31 December 2023, the Group and the Company recognised \$Nil (2022: \$Nil) of the cash receipt in profit or loss and remaining of \$175,000 (2022: \$91,000) was recognised as deferred capital grant.

The currency profiles of the Group’s and Company’s trade and other payables at the end of the financial year are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	1,438	1,658	1,973	2,137
Ringgit Malaysia	592	304	654	518
United States dollar	106	158	60	35
Vietnam dong	4	4	–	–
	2,140	2,124	2,687	2,690

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

12. Provisions

	Costs of dismantlement, removal or restoration			
	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
At 1 January	-	-	-	-
Provision made	584	-	95	-
Unwind of discount (Note 18)	12	-	7	-
At 31 December	596	-	102	-

The provision for restoration is the estimated costs of dismantlement, removal or restoration of leased properties to their original conditions as stipulated in the terms and conditions of lease contract.

13. Deferred tax liabilities

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities	653	826	20	83

The movements for the financial year in deferred tax position are as follow:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
At 1 January	826	896	83	152
Credit to profit or loss (Note 21)	(159)	(57)	(63)	(69)
Currency realignment	(14)	(13)	-	-
At 31 December	653	826	20	83

The following are the major deferred tax liabilities and assets recognised by the Group and the Company (prior to offsetting balances within the same tax jurisdiction) and movements thereon during the financial year.

13.1 Deferred tax

	Accelerated tax depreciation	Right of Use assets	Lease liabilities	Industrial building allowance	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
At 1 January 2023	976	868	(919)	(9)	(90)	826
Charged/(Credit) to profit or loss	(138)	884	(938)	3	30	(159)
Currency realignment	(14)	-	-	-	-	(14)
At 31 December 2023	824	1,752	(1,857)	(6)	(60)	653
At 1 January 2022	1,031	989	(1,011)	(16)	(97)	896
Charged/(Credit) to profit or loss	(42)	(121)	92	7	7	(57)
Currency realignment	(13)	-	-	-	-	(13)
At 31 December 2022	976	868	(919)	(9)	(90)	826

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

13. Deferred tax liabilities (Continued)

13.1 Deferred tax (Continued)

	Accelerated tax depreciation \$'000	Right of Use assets \$'000	Lease liabilities \$'000	Industrial building allowance \$'000	Others \$'000	Total \$'000
Company						
At 1 January 2023	212	857	(905)	(9)	(72)	83
Charged/(Credit) to profit or loss	(59)	57	(92)	3	28	(63)
At 31 December 2023	153	914	(997)	(6)	(44)	20
At 1 January 2022	270	963	(985)	(16)	(80)	152
Charged/(Credit) to profit or loss	(58)	(106)	80	7	8	(69)
At 31 December 2022	212	857	(905)	(9)	(72)	83

13.2 Deferred tax assets not recognised

Deferred tax assets not recognised relate to the following:

	Group	
	2023 \$'000	2022 \$'000
Unutilised tax losses	445	482

As at 31 December 2023, the Group has unutilised tax losses of \$1,780,000 (2022: \$1,928,000) arising from its subsidiary in the jurisdiction of the People's Republic of China, available for set-off against future taxable profits subject to agreement with the relevant tax authorities and compliance with certain provision of the tax legislation of the country in which the subsidiary operates. The deferred tax assets have not been recognised because it is not certain that whether future taxable profit will be available against which the subsidiary can utilise the benefits.

The unutilised tax losses of the subsidiary can only be utilised for set-off against its future taxable profits within five years from the date the tax losses were incurred. The unutilised tax losses will expire as follows:

	Group	
	2023 \$'000	2022 \$'000
Year 2023	–	149
Year 2024	1,346	1,346
Year 2025	138	138
Year 2026	293	293
Year 2027	2	2
Year 2028	1	–
	1,780	1,928

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

14. Share capital

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares		Share capital	
	'000	'000	\$'000	\$'000
Issued and paid up:				
Balance at beginning and end of financial year	53,245	53,245	24,621	24,621

The ordinary shares have no par value, carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

15. Currency translation reserve

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency.

16. Revenue

- (a) Disaggregation of revenue

The Group has disaggregated revenue to reflect the operations of the business segments identified by management. The segment information together with other information utilised for the purpose of management monitoring of operating results of the segments, which includes the geographical markets and type of goods and services are disclosed in Note 27 to the financial statements.

	Group	
	2023	2022
	\$'000	\$'000
Sales of goods – Point in time	26,157	30,368
Pallet rental – Over time	4,572	5,163
	30,729	35,531

Sale of goods

Revenue from sale of goods is recognised at point in time when the controls of the products (i.e. risk of obsolescence and loss of shipment) are transferred to the customers.

Pallet rental

The Group, as a lessor, leases its pallets under operating leases to non-related parties. Lease payments from operating leases are recognised as revenue over time on a straight-line basis.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

16. Revenue (Continued)

(b) Contract balances

	Group	
	2023	2022
	\$'000	\$'000
<u>Contract liabilities</u>		
Advances from customers (Note 11)		
– sales of goods	23	234

The timing of revenue recognition and payments received from customers would affect the amount of contract liabilities recognised at the end of the financial year.

The vast majority of the Group's contracts are for the delivery of goods which are expected to be fulfilled within the next 12 months. Accordingly, the allocation of aggregate transaction price to the remaining performance obligations and explanation on when the Group expects the revenue to be recognised are not disclosed.

Significant changes in contract liabilities during the financial year are tabled as follow:

	Group	
	2023	2022
	\$'000	\$'000
As at 1 January	234	–
Amount recognised as revenue	(211)	–
Cash received in advance of performance and not recognised as revenue	–	234
At 31 December	23	234

The contract liabilities arise from delivery of goods mainly due to the advance payments received from customers at end of financial year do not necessarily equal to the amount of revenue recognised on the contracts.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

17. Other income

	Group	
	2023	2022
	\$'000	\$'000
Gain on disposal of property, plant and equipment	213	412
Government grants:		
(i) Special Employment Credit	–	20
(ii) Capability Development Grant	51	51
(iii) Productivity Solutions Grant	7	–
(iv) Wage Credit Scheme	41	19
(v) Work Study Program (Republic Polytechnic)	15	–
(v) CPF Transition Offset	11	–
(vi) Others government grants	14	5
Heat treatment and utilities income	272	331
Insurance claim	193	–
Interest income	1,083	274
Logistics service income	844	1,001
Waste collection income	543	507
Sundry income	409	464
	<u>3,696</u>	<u>3,084</u>

Heat treatment, utilities and logistic income

Heat treatment, utilities and logistic service income are recognised at point in time when services are provided.

Waste collection income

Waste collection income from waste wood collection is recognised at point in time when collection services are provided.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

18. Finance costs

	Group	
	2023	2022
	\$'000	\$'000
Interest expense in respect of:		
– Lease liabilities (Note 10)	395	398
– Unwind of discount on site restoration provision (Note 12)	12	–
	<u>407</u>	<u>–</u>

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

19. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2023	2022
	\$'000	\$'000
<i>Cost of sales</i>		
Cost of inventories included in cost of sales	11,839	13,640
Employee benefits expenses (Note 20)	3,806	4,009
Repair and maintenance expenses	586	617
Depreciation of property, plant and equipment (Note 3.3)	788	956
Amortisation of right-of-use assets (Note 4(c))	405	387
Short term lease expense	4	13
Utilities expenses	603	828
<i>Distribution expenses</i>		
Transportation and carriage expenses	999	1,142
<i>Administrative expenses</i>		
Advertisement/marketing promotion expenses	32	97
Audit fees:		
– Auditors of the Company	130	128
– Other auditors	35	26
Non-audit fees – non-audit related service ⁽¹⁾		
– Auditors of the Company	32	23
– Other auditors/firm	19	7
Depreciation of property, plant and equipment (Note 3.3)	1,031	1,025
Amortisation of right-of use assets (Note 4(c))	636	607
Directors' fees (Note 25)	283	241
Employee benefits expenses (Note 20)	4,122	4,046
Insurance	237	342
Legal and professional fees	423	252
Property tax	301	268
Short term lease expense	36	2
Upkeep and maintenance expenses	246	125
<i>Other expenses</i>		
Foreign exchange loss, net	76	219
Property, plant and equipment written off	54	42
Write-down of obsolete inventories (Note 6)	18	267

(1) There are no audit-related services paid/payable to the auditors of the Company and other auditors.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

20. Employee benefits expenses

	Group	
	2023	2022
	\$'000	\$'000
Salaries, wages and other costs	7,457	7,555
Defined contribution plans	471	500
	<u>7,928</u>	<u>8,055</u>

The employee benefits expenses are recognised in the following line items in the consolidated income statement:

	Group	
	2023	2022
	\$'000	\$'000
Cost of sales	3,806	4,009
Administrative expenses	4,122	4,046
	<u>7,928</u>	<u>8,055</u>

The employee benefits expenses include compensation of key management personnel as disclosed in Note 25 to the financial statements.

21. Income tax expense

	Group	
	2023	2022
	\$'000	\$'000
Based on results for the financial year:		
– current income tax	1,498	1,638
– deferred tax	(159)	(106)
	<u>1,339</u>	<u>1,532</u>
(Over)/under provision in prior years:		
– current income tax	72	(2)
– deferred tax	–	49
	<u>72</u>	<u>47</u>
Total income tax expense	<u>1,411</u>	<u>1,579</u>

Domestic income tax is calculated at 17% (2022: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The corporate income tax applicable to the Company's subsidiaries in Malaysia is at 24% (2022: 24%), Vietnam at 20% (2022: 20%) and China at 25% (2022: 25%).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

21. Income tax expense (Continued)

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore statutory tax rate of 17% (2022: 17%) to profit before income tax as a result of the following differences:

Reconciliation of effective tax rate

	Group	
	2023 \$'000	2022 \$'000
Profit before income tax	5,756	7,144
Income tax calculated using applicable tax rate of 17% (2022: 17%)	979	1,214
Add/(Less):		
Effect of different tax rates of overseas operations	164	146
Effect of income not subject to tax	(87)	–
Effect of non-allowable items	390	325
Tax incentive	(70)	(70)
Tax effect on expiry of deferred tax assets previously not recognised (Note 13.2)	(37)	(83)
Under provision in prior years	72	47
Total income tax expense	1,411	1,579

22. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2023	2022
Profit after income tax attributable to owners of the Company (\$'000)	4,345	5,565
Actual number of ordinary shares in issue during the year applicable to basic earnings per share ('000)	53,245	53,245
Earnings per shares (in cents)		
– Basic and diluted	8.16	10.45

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the actual number of ordinary shares in issue during the financial year. As the Company has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

23. Capital commitments

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Capital expenditure committed but not contracted				
– Artificial intelligence enabled robotic pallet assembly system	475	475	475	475
– Industrial land and factory	711	–	–	–
	1,186	475	475	475

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

23. Capital commitments (Continued)

Artificial intelligence enabled robotic pallet assembly system

As of 31 December 2020, the Company had applied for government grant from Singapore authority for its artificial intelligence enabled robotic pallet assembly system for the qualifying period from 1 July 2020 to 31 December 2022. The maximum amount supported by the capital grant is \$551,765 for eligible expenses amounting to \$755,000.

On 3 January 2023, the Company had obtained extension from Singapore authority for the above project qualifying period to be extended till 30 September 2025.

During the financial year, the Company had incurred cost of \$Nil (2022: \$100,000) which had been capitalised as construction-in-progress as disclosed in Note 3 to the financial statements.

Industrial land and factory

During the financial year, the Group has paid the deposit of S\$79,000 (equivalent to RM280,000) to a third-party vendor for the acquisition of a industrial land together with a factory located PTD 2165, Jalan Tun Mutalib 4, Kawasan Perindustrian Bandar Tenggara, 81440 Bandar Tenggara, Johor. The transaction is yet to be completed as of the financial year subject to the finalisation of the sales and purchase agreement. The payment is recorded as prepayments (Note 7).

24. Contingent liabilities

As at 31 December 2023, the contingent liabilities of the Company were as follows:

	Company	
	2023 \$'000	2022 \$'000
Corporate guarantee given to a financial institution for a subsidiary's purchase of motor vehicles under hire purchase facilities	52	115
Banker's guarantee for a subsidiary's customer as security in relation to a sales contract	186	186
	<u>238</u>	<u>301</u>

The banker's guarantee was secured on the Company's leasehold properties with carrying amount of \$591,000 (2022: \$986,000).

The maximum amount that the Company could be forced to settle under the corporate guarantee and banker's guarantee should the respective subsidiaries default on their financial obligations as mentioned above and if the full guaranteed amount is claimed by the respective counterparties which provided the hire purchase facilities and banker's guarantee would be approximately \$238,000 (2022: \$301,000).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

25. Significant related party transactions

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed by and between the parties:

	Company	
	2023	2022
	\$'000	\$'000
Subsidiaries:		
– Trade sales	2,066	2,478
– Trade purchases	10,741	10,931
– Transport charges	125	115
– Pallet repair income	113	145
– Dividend income	–	1,554
– Management fee charged from	120	120
– Service rendered by	89	123
– Sundry income	104	65
– Rental income	84	84

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Related parties:				
– Transport charges	576	660	502	545
Director-related employees' remuneration	876	802	731	676

Related parties are companies whose equity shareholders are either close members of the Group's directors' family or common directors with significant influence over the Group's subsidiaries.

As at 31 December, the outstanding balances in respect of the above transactions are disclosed in Notes 7 and 11 to the financial statements.

Key management personnel remuneration

Key management personnel are the Directors and those having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly. The Group's and the Company's key management personnel are the Directors of the Group and the Company and Head of Key Functions.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

25. Significant related party transactions (Continued)

Key management personnel remuneration (Continued)

Compensation of key management personnel

The details of the key management personnel remunerations are as follow:

	Group	
	2023	2022
	\$'000	\$'000
Short-term employee benefits	2,367	2,087
Post-employment benefits	104	104
Directors' fees		
– Directors of the Company	241	196
– Directors of the Subsidiaries	42	45
	<u>2,754</u>	<u>2,432</u>
Comprise amounts paid to:		
– Directors of the entities in the Group	1,513	1,289
– Director-related employees	876	802
– Other key management executives	365	341
	<u>2,754</u>	<u>2,432</u>

The remuneration of key management personnel are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

26. Dividend

	Group and Company	
	2023	2022
	\$'000	\$'000
First and final one-tier tax-exempt dividend paid of \$0.05 (2022: \$0.03) per ordinary share in respect of the previous financial year	<u>2,662</u>	<u>1,597</u>

The Directors of the Company recommend a first and final one-tier tax exempt dividend of \$0.05 (2022: \$0.05) per ordinary share amounting to approximately \$2,662,000 (2022: \$2,662,000) and a final and special one-tier tax exempt dividend of \$0.13 (2022: Nil) per ordinary share amounting to \$6,922,000 (2022: \$Nil) to be paid in respect of the current financial year. This first and special final dividend have not been recognised as a liability as at year end as it is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

27. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, which includes a group of executive directors and the managing director who make strategic decisions of the Group.

The Group's operating businesses are organised and managed into 4 main operating segments, namely pallet/packaging, timber related products, Technical Wood® and related products, and pallet rental and others. The pallets/packaging segment is mainly engaged in the manufacture and supply of wooden pallets and cases for the packing of industrial products. The timber related products segment is mainly engaged in the trading of raw timber related products. The Technical Wood® and related products segment is mainly engaged in the manufacture of Technical Wood®, Technical Wood® flooring and wood waste collection. The pallet rental and others segment are mainly engaged in pallet-leasing business.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes and finance costs are managed by the management on a Group basis.

The accounting policies of the operating segments are the same as those described in the material accounting policies as disclosed in respective notes to the financial statements. There is no asymmetrical allocation to reportable segments.

Management evaluates performance on the basis of profit or loss from operations before income tax expense.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for inter-segment sales and transfers on arm's length basis as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total costs incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

27.1 Business segments

	Pallet/ Packaging		Timber Related Products		Technical Wood® and Related Products		Pallet Rental and Others		Elimination		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue												
Sales to external customers	24,214	27,290	519	831	1,424	2,247	4,572	5,163	-	-	30,729	35,531
Inter-segment sales	11,455	11,678	879	1,030	390	720	10	-	(12,734)	(13,428)	-	-
Total revenue	35,669	38,968	1,398	1,861	1,814	2,967	4,582	5,163	(12,734)	(13,428)	30,729	35,531
Segment results	3,277	4,055	95	263	975	2,117	2,277	3,155	(461)	(2,048)	6,163	7,542
Finance costs											(407)	(398)
Profit before income tax											5,756	7,144
Income tax expense											(1,411)	(1,579)
Profit for the year											4,345	5,565

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

27. Segment information (Continued)

27.1 Business segments (Continued)

	Pallet/ Packaging \$'000	Timber Related Products \$'000	Technical Wood® and Related Products \$'000	Pallet Rental and Others \$'000	Elimination \$'000	Consolidated \$'000
Group						
31 December 2023						
Segment assets	46,959	2,094	12,726	19,382	(4,351)	76,810
Unallocated assets	–	–	–	–	–	–
Total assets						76,810
Segment liabilities	10,323	20	5,640	1,288	(2,730)	14,541
Unallocated liabilities*	–	–	–	–	–	1,555
Total liabilities						16,096
Other segment information						
Capital expenditures	34	–	3,960	1,403	(823)	4,574
Depreciation	651	–	199	1,378	(409)	1,819
Amortisation	816	–	77	148	–	1,041
Property, plant and equipment written off	–	–	–	54	–	54
Gain on disposal of property, plant and equipment	–	–	–	(213)	–	(213)
Write-down of obsolete inventories	18	–	–	–	–	18

* Unallocated liabilities relate to income tax payables and deferred tax liabilities

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

27. Segment information (Continued)

27.1 Business segments (Continued)

	Pallet/ Packaging \$'000	Timber Related Products \$'000	Technical Wood® and Related Products \$'000	Pallet Rental and Others \$'000	Elimination \$'000	Consolidated \$'000
Group						
31 December 2022						
Segment assets	47,653	2,002	6,748	17,400	(3,596)	70,207
Unallocated assets	–	–	–	–	–	–
Total assets						70,207
Segment liabilities	9,992	142	220	811	(2,425)	8,740
Unallocated liabilities*	–	–	–	–	–	1,726
Total liabilities						10,466
Other segment information						
Capital expenditures	128	–	92	1,488	(882)	826
Depreciation	671	–	181	1,435	(306)	1,981
Amortisation	847	–	6	141	–	994
Property, plant and equipment written off	–	–	–	42	–	42
Gain on disposal of property, plant and equipment	(3)	–	–	(409)	–	(412)
Write-down of obsolete inventories	267	–	–	–	–	267

* Unallocated liabilities relate to income tax payables and deferred tax liabilities

27.2 Geographical information

Revenue from external customers

	Singapore		Malaysia		Others		Consolidated	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue to external customers	25,757	28,696	3,512	3,775	1,460	3,060	30,729	35,531

The revenue information above is based on the location of the customers.

Major Customers

For financial year ended 31 December 2023, there is 1 customer (2022: Nil) whose revenue represents more than 10% of the Group's total revenue. This revenue is attributable to Singapore's pallet/packaging segment.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

27. Segment information (Continued)

27.2 Geographical information (Continued)

Location of non-current assets

	Singapore		Malaysia		Consolidated	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets	19,170	10,492	4,411	5,108	23,581	15,600

Non-current assets consist of property, plant and equipment and right-of-use assets as presented in the statement of financial position of the Group.

28. Financial instruments and financial risk

The Group's and the Company's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

28.1 Credit risks

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is the Group's policy, implemented locally, to assess the credit risk of new customers before entering contracts.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer.

The Board of Directors determines concentrations of credit risk by periodic monitoring, at least annually, of the credit limit of existing customers and through a monthly review of the trade receivables' ageing analysis. Customers are assessed individually for any period-end receivables if specific information is available and the expected credit losses are estimated to be 100%.

The Group's and the Company's major classes of financial assets are trade and other receivables, fixed deposits and cash and cash equivalents.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

28. Financial instruments and financial risk (Continued)

28.1 Credit risks (Continued)

As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follows:

	Company	
	2023 \$'000	2022 \$'000
Financial guarantees provided for facilities (Note 24)	238	301

The Group and the Company do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for the top five trade receivables from third parties which accounts for 25% (2022: 28%) and 27% (2022: 35%) of the Group's and the Company's total trade receivables respectively, and receivables from subsidiaries which accounts for 17% (2022: 7%) of the Company's total trade receivables, as at the end of the financial year. The Group defines counterparties as having similar characteristics if they are related entities.

Trade receivables

The aging analysis of trade receivables is as follows:

	Group					
	2023		Net \$'000	2022		Net \$'000
	Gross \$'000	Loss allowance \$'000		Gross \$'000	Loss allowance \$'000	
Current	3,485	(30)	3,455	3,885	(26)	3,859
Past due 1 to 30 days	966	(10)	956	1,139	(8)	1,131
Past due 31 to 60 days	293	(4)	289	400	(4)	396
Past due for more than 60 days	366	(190)	176	385	(134)	251
	5,110	(234)	4,876	5,809	(172)	5,637

	Company					
	2023		Net \$'000	2022		Net \$'000
	Gross \$'000	Loss allowance \$'000		Gross \$'000	Loss allowance \$'000	
Current	3,238	(26)	3,212	3,320	(21)	3,299
Past due 1 to 30 days	852	(6)	846	860	(5)	855
Past due 31 to 60 days	417	(2)	415	195	(1)	194
Past due for more than 60 days	165	(16)	149	85	(11)	74
	4,672	(50)	4,622	4,460	(38)	4,422

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

28. Financial instruments and financial risk (Continued)

28.1 Credit risks (Continued)

Trade receivables (Continued)

Management measures loss allowance for trade receivables at an amount equal to lifetime expected credit losses (“ECL”). The ECL on trade receivables are determined based on historical loss rates and historical payment pattern, adjusted for the current conditions and forecast of future economic conditions that may affect the ability of the customers to settle the trade receivables at the end of the financial year.

Management is confident on the recoveries of the Company’s past due trade receivables due from subsidiaries having taken into account the available internal information on the subsidiaries’ past, current and expected operating performance. In addition, the timing of payment is controlled by the Company taking into account cash flow management within the Group. Accordingly, management has measured the ECL on the Group’s and the Company’s trade receivables to be insignificant.

A trade receivable is written off when there is information indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the customer has been placed under liquidation or has entered into bankruptcy proceedings. The Group and the Company did not write-off any debt during the current and previous financial year.

Non-trade receivables

Management monitors and assess at the end of the financial year on any indicator of significant increase in credit risk for the non-trade receivables due from third parties (Note 7). In the assessment for indicators, management took into account information that are available internally about these counterparties and if the entities had defaulted in their debts. Based on the assessment, management has determined that the credit risk for these assets has not increased significantly since their initial recognition, and accordingly, the non-trade amounts have been measured based on 12-month expected credit loss model. At the end of the financial year, the Group and the Company did not expect any significant credit losses from non-performance by the counterparties and accordingly, no loss allowance has been recognised.

A non-trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The Group and the Company did not write-off any non-trade receivable during the current and previous financial years.

Cash and cash equivalents and fixed deposits

Credit risk also arises from balances held with banks. The Group and the Company substantially placed its bank balances and fixed deposits in 3 and 2 (2022: 3 and 2) banks which represent 99% and 98% (2022: 98% and 92%) respectively of the Group’s and the Company’s bank balances and fixed deposits as at 31 December 2023.

The Board of Directors monitors the credit ratings of counterparties regularly. Impairment of bank balances, and fixed deposits have been measured based on 12-month expected credit loss model. At the end of the financial year, the Group and the Company did not expect any material credit losses from non-performance by these banks which are assigned with minimum rating “A” and above by international credit-rating agencies.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

28. Financial instruments and financial risk (Continued)

28.1 Credit risks (Continued)

Financial guarantee contracts

The Company has issued financial guarantees to banks and a financial institution for its subsidiaries' facilities. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

28.2 Market risks

The Group's and the Company's activities are affected by various financial risks, including the effects of changes in foreign currency exchange rates and interest rates as described in the following paragraphs. The policies for managing each of these risks are summarised below.

(i) Foreign currency risk

The Group is exposed to currency risk on sales, purchases and expenditure that are denominated in a currency other than the respective functional currencies of Group entities and the Company. The currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD"), Malaysian Ringgit ("RM"), United States Dollar ("USD"), and Chinese Renminbi ("RMB"). Exposure to currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

At the end of the financial year, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group			Company	
	Functional currency of individual entities within the Group			Total	SGD
	SGD \$'000	RM \$'000	VND \$'000	\$'000	\$'000
2023					
Monetary assets					
SGD	–	1,360	–	1,360	–
RM	61	–	–	61	146
USD	1,052	9	97	1,158	186
Monetary liabilities					
RM	10	–	–	10	654
USD	60	46	–	106	60
Add/(Less): Intragroup receivable/(payable)					
SGD	–	355	–	355	–
RM	(601)	–	–	(601)	–
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currency					
SGD	–	1,715	–	1,715	–
RM	(550)	–	–	(550)	(508)
USD	992	(37)	97	1,052	126

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

28. Financial instruments and financial risk (Continued)

28.2 Market risks (Continued)

(i) Foreign currency risk (Continued)

	Group			Company	
	Functional currency of individual entities within the Group			Total \$'000	SGD \$'000
	SGD \$'000	RM \$'000	VND \$'000		
2022					
Monetary assets					
SGD	–	163	–	163	–
RM	65	–	–	65	87
USD	941	2	114	1,057	101
Monetary liabilities					
RM	18	–	–	18	519
USD	35	–	–	35	35
Less: Intragroup payable					
SGD	–	2	–	2	–
RM	525	–	–	525	–

Currency exposure of financial assets net of those denominated in the respective entities' functional currency

SGD	–	161	–	161	–
RM	(478)	–	–	(478)	(432)
USD	906	2	114	1,022	66

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity analysis

The following table details the sensitivity to a 10% (2022: 10%) increase and decrease in the relevant foreign currencies against the functional currency of the respective entities within the Group with all other variables held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

28. Financial instruments and financial risk (Continued)

28.2 Market risks (Continued)

(i) Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit will increase/(decrease) by:

	Group		Company	
	Increase/(Decrease) in profit for the year			
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
RM				
Strengthens against SGD	(55)	(48)	(51)	(43)
Weakens against SGD	55	48	51	43
USD				
Strengthens against SGD	105	102	13	7
Weakens against SGD	(105)	(102)	(13)	(7)

(ii) Interest rate risk

The Group's and the Company's exposure to interest rate risk arises from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to maintain an efficient and optimum cost structure using a combination of fixed and variable rate debts, long and short-term borrowings.

At the end of the financial year, the Group does not have any significant exposure to cash flow interest rate risk. Its interest rate risk is primarily attributable to lease liabilities which are mainly subject to fixed interest rates, as shown in Note 10 to the financial statements. The Group does not use derivative financial instruments to hedge its interest rate risk.

The Group does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

28.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's and the Company's liquidity risks are managed centrally by maintaining an adequate level of cash and cash equivalents as well as to match the payment and receipt cycle to finance the Group's and the Company's operations. Long-term borrowing is a preferred source of financing to ensure continuity of funding. The Group and the Company also ensure there are adequate lines of bank credit to address any short-term funding requirement. The Group's and the Company's surplus funds are also managed centrally by placing them with reputable financial institutions.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

28. Financial instruments and financial risk (Continued)

28.3 Liquidity risk (Continued)

Contractual maturity analysis – non-derivative financial instruments

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial instrument based on the earlier of the contractual date or when the Group and the Company expected to pay. The table includes both expected interest and principal cash flows.

	Not later than 1 year or on demand \$'000	Between 1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Group				
2023				
Interest bearing				
– lease liabilities	1,818	4,157	11,362	17,337
Non-interest bearing				
– trade and other payables*	2,140	–	–	2,140
	<u>3,958</u>	<u>4,157</u>	<u>11,362</u>	<u>19,477</u>
2022				
Interest bearing				
– lease liabilities	1,142	2,421	7,236	10,799
Non-interest bearing				
– trade and other payables*	2,124	–	–	2,124
	<u>3,266</u>	<u>2,421</u>	<u>7,236</u>	<u>12,923</u>

* Excluding GST/VAT payables, provision for unutilised leave, advances from customers and deferred capital grant.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

28. Financial instruments and financial risk (Continued)

28.3 Liquidity risk (Continued)

Contractual maturity analysis – non-derivative financial instruments (Continued)

	Not later than 1 year or on demand \$'000	Between 1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Company				
2023				
Interest bearing				
– lease liabilities	981	1,679	7,289	9,949
Non-interest bearing				
– trade and other payables*	2,687	–	–	2,687
	3,668	1,679	7,289	12,636
Financial guarantee contracts (Note 24)	238	–	–	238
2022				
Interest bearing				
– lease liabilities	947	2,318	7,236	10,501
Non-interest bearing				
– trade and other payables*	2,690	–	–	2,690
	3,637	2,318	7,236	13,191
Financial guarantee contracts (Note 24)	267	34	–	301

* Excluding GST/VAT payables, provision for unutilised leave, advances from customers and deferred capital grant.

The disclosed amount for the financial guarantee contract represents the maximum amount and at the earliest period for which the Company could be called upon by the bank or financial institution to pay should the subsidiaries default on the repayments (Note 24).

29. Capital management policies and objectives

The Group and the Company manages its capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital (Note 14), reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The Group's management reviews the capital structure on a semi-annual basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new shares issues and share buy-backs as well as the utilisation of new banking facilities or the repayment of existing borrowings.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

29. Capital management policies and objectives (Continued)

As disclosed in Note 5, a subsidiary of the Group in the People's Republic of China is subjected to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends.

The Group and the Company are not subjected to any externally imposed capital requirements for the financial years ended 31 December 2023 and 31 December 2022.

The Group and the Company's overall strategy remains unchanged from 2022.

30. Fair values measurement

30.1 Fair value of non-financial assets that are carried at fair value

The Group and the Company do not have any non-financial assets that are measured at fair value.

30.2 Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of trade and other receivables, fixed deposits, cash and cash equivalents, trade and other payables approximate their respective fair values due to the relative short-term maturity of these financial instruments.

30.3 Financial instruments that are carried at fair value

The Group and the Company do not hold any financial instruments that are measured at fair value as at the end of the financial year.

31. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023 were authorised for issue by the Board of Directors on 26 March 2024.

Supplementary Information In Compliance With SGX-ST

1 MATERIAL CONTRACT

No material contracts to which the Company or any subsidiary company is a party involving the CEO, Managing Director, each director, or each controlling shareholder, and are still subsisted at the end of the financial year, or if not subsisting, entered into since the end of the previous financial year.

2 INTERESTED PERSON TRANSACTION [Listing Rule Chapter 9]

In compliance with chapter 9 of the Listing Manual (“the Manual”) of the Singapore Exchange Securities Trading Limited, there were no transactions with interested persons (as defined in the Manual) for the financial year ended 31 December 2023 that exceeded the stipulated threshold. During the year, the aggregate amount of interested person transactions conducted, excluding transactions less than \$100,000 was \$575,699 as shown in the table below.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hwee Wong Transport Trading Pte Ltd (“HWT”)	HWT provides transport services to the Company. \$503,680	–
Leayong Trading (“LT”)	LT provides transport services to subsidiaries of the Company \$20,285	–
Gold Leayong Trading (“GLT”)	GLT provides transport services to subsidiaries of the Company \$51,734	–
Total	\$575,699	–

For interested person transactions above, there were no transactions with interested persons as defined in the SGX’s Listing Manual for the financial year ended 31 December 2023 that exceeded the stipulated threshold. Therefore, no shareholders’ mandate pursuant to Rule 920 has been obtained.

3 RISK MANAGEMENT POLICY AND PROCESS

3.1 Business Risk Management

The Group’s market for its pallets and packaging products are predominantly in Singapore where it serves a broad range of industry segments and the demand for the Group’s wooden pallets and packaging products will depend on the cumulative level of business activities in all these industries in Singapore. As such, the Group’s business will be affected by economic fluctuations in Singapore.

The Group’s subsidiary companies and marketing agents overseas will continue to promote and improve brand visibility in the international market for Technical Wood® products, IPPC pallets and packaging products. The wider acceptance of environmental-friendly technical wood products, ECR pallets and pest-free pallet products will have a positive impact on the Group’s performance.

Supplementary Information In Compliance With SGX-ST

3.2 Raw Material Risk Management

As most of the Group's raw materials for the pallet and packaging products are sourced from overseas, particularly from Australia, New Zealand and China, the Group's cost of raw materials will be affected by fluctuations in freight costs and currencies, which in turn will affect our production cost. In order to contain the impact of this fluctuation, the Group monitors currency movements and may hedge when necessary.

3.3 Human Resource Management

The Group recognises the importance of human capital and employee's morale within the organisation. It has in place a systematic process in ensuring that employees are competitively rewarded and incentives and bonuses are accorded based on the performance of the companies within the Group and the performance of the employees.

3.4 Safety and Emergency Risk Management

The Group strongly emphasises the importance of health and safety, especially fire safety in this hazardous wood industry, and recognises the criticalness of providing uninterrupted flow of products and services. The Group has in place Fire and Safety Committees which are set up to review and advise on proper health and safety issues, fire prevention and emergency preparedness in the handling of incidents. There is also close coordination between various committees in emergency response and preparedness. The Company is a member of the Safety & Security Watch Group (SSWG) of Sungei Kadut and Kranji Industrial Estates and plays an important role in assisting SPF and SCDF in handling of incidents relating to security and civil emergencies.

3.5 Financial Risk Management

The Group's financial risks mainly consist of interest rate risk, liquidity risk, credit risk, foreign currency risk, and capital risk management which arise from the Group's activities. The details of the management of these risks are stated in Note 27 and 28 of the Notes to the Financial Statements for the year ended 31 December 2023.

Corporate Governance Report

LHT Holdings Limited (the “Company”) and its subsidiaries (the “Group”) are committed to maintaining good corporate governance and transparency in the Company’s business practices. The board of Directors (“Board”) and the Management believe that good corporate governance helps to maintain an ethical business environment, which is essential to the long-term sustainability of the Group’s business performance. To protect the interests of the Company’s shareholders (the “Shareholders”), the Board and its committees have established policies and procedures to govern their business activities guided by their respective Terms of References.

This Report describes the Company’s corporate governance processes and activities for the financial year ended 31 December 2023 (“FY2023”) with specific reference to the revised Code of Corporate Governance 2018 (the “Code”) issued by The Monetary Authority of Singapore on 6th August 2018. The Company has complied with the Code except where otherwise explained. For ease of reference, the relevant principles and provisions of the Code discussed are in italics.

I. BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

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 Board oversees the overall strategy and business direction of the Group and is responsible for its success. The Management plays a pivotal role in providing complete, adequate and timely information to assist the Board to fulfil its responsibilities.

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.

Principal Duties of the Board

The principal functions of the Board include, among other things, providing entrepreneurial leadership, setting the appropriate tone-from-the-top and a desired organisational culture, monitoring Management’s performance, establishing a framework for prudent and effective internal controls to managing risk, safeguarding shareholders’ interests and the Group’s assets as well as setting values and standards (including ethical standards) for the Group. The Board is also mindful of the Group’s social responsibilities.

The Board sets the directions for the Group where ethics and values are concerned. This helps to nurture an environment where integrity and accountability are vital to the success of the Group.

The Board’s Conduct of Affairs

The primary function of the Board is to provide entrepreneurial leadership to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board’s role is to:

- Assume the responsibility of corporate governance;
- Approve the Group’s policies, strategies and financial plans;
- Guide the formulation of the Group’s overall long-term strategic plans and performance objectives as well as operational initiatives;

Corporate Governance Report

- Establish and oversee the process of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Review and approve annual budgets, major funding proposals, investment and divestment proposals;
- Monitor the performance of the management;
- Set the Company's values and ethical standards, and ensure that obligation to shareholders and other stakeholders are understood and duly met;
- Consider sustainability issues such as climate, environmental and social and governance factors as part of its strategic formulation;
- Review the Group's financial and management performance;
- Oversee the business of the Group and monitor the performance of the Company's management;
- Approval of nominations for the Board by the Nominating Committee and endorsing the appointments of the key executives and senior management;
- Review recommendations made by the Audit and Risk Committee on the appointment, re-appointment or removal of external auditors;
- Review recommendations made by the Remuneration Committee and approve the remuneration packages for the Board and key management;

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with the Management team to make objective decisions in the interest of the Group.

The Group is guided by a conflict of interest policy when approving any business transaction to ensure no unfairness or favouritism to any business counterparts. The director who has a conflict of interest and when his or her interest is likely to have an impact on transactions or decisions under discussion by the Board is required to immediately declare his or her interest to the Board, excuses himself or herself from the information flow or participating in any discussion or voting related to the transactions, unless the Board believes that his or her presence and participation is necessary.

Provision 1.2

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.

Continuous Training, Orientation and Development of Directors

The Company maintains a training budget to fund existing Directors' participation at industry conferences and seminars and attendance at any course of instruction/training programme relevant to their Director's duties. The training budget is open to every Director and subject to approval by the Managing Director. The Company has adopted an open policy that welcomes the Directors to seek clarification on any aspects of the Company's operations or business decisions. The Managing Director will make necessary arrangements to clarify their queries through briefings, informal discussions or explanations when required by the Directors.

Corporate Governance Report

Upon appointment as a director, each director receives a formal letter of appointment from the company with the relevant information on his/her duties and responsibilities as a director, including the company's corporate governance processes and the relevant statutory and regulatory compliance issues. Orientation courses and educational programs will be organised for each new director to ensure that the incoming director is familiar with the Group's key business and governance practices.

To make sure all Board members are aware of the latest regulatory changes, the Corporate Secretary circulates all announcements, reports, press releases, articles from local newspapers published or issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Singapore Institute of Directors ("SID"), or the Accounting and Corporate Regulatory Authority of Singapore ("ACRA"), to help the Board members keep abreast of the current industry trends and to comply with all business regulations and standards that are currently in force.

The Board is also regularly updated on risk management, corporate governance, insider trading and the key relevant regulatory requirements to enable them to properly discharge their duties as the Board or Board Committee members properly. The details of updates, briefings and training programmes attended by the Directors in FY2023 are as follows:–

- BDO Financial Reporting Standard (FRS) Virtual Workshop 2023 – Module 1 by BDO on 5 October 2023
- BDO Financial Reporting Standard (FRS) Virtual Workshop 2023 – Module 2 by BDO on 6 October 2023
- Webinar on Transfer Pricing Adjustments by BDO Tax Advisory Pte Ltd on 10 February 2023
- BDO Malaysia Tax Webinar: Capital Gains Tax (CGT) on 14 December, 2023
- Launch of the Singapore Directorship Report 2023 by SID
- SID Corporate Governance Roundup 2023 by SID on Thursday, 26 October 2023
- SID Webinar for Nominating Committee – Beyond the 9-year rule on 14 November 2023
- Singapore Budget Seminar 2023 by BDO LLP
- IVSC-IVAS (Institute of Valuers and Appraisers, Singapore) – Business Valuation on 3rd to 4th October 2023
- Overview of GRI's Support Options by GRI on October 3, 2023
- Corporate Governance Week by SIAS [Securities Investors Association (Singapore)] from 6 to 10 November 2023

Corporate Governance Conference 2023 (In Person) on 6th November 2023

"Building Trust Through Effective Corporate Governance: Navigating Legal, Ethical, and Social Challenges"

Closing the Digital Device – What should Director think about Technology?

ESG and the Boardroom – How does your Board drive action on ESG?

Corporate Governance Forum 1 (Virtual). "Optimising Investor Relations: Strengthening Communication Strategies for Success on 7 November 2023

Corporate Governance Forum 2 (Virtual). "The Dilemma for Company Good Governance – Fraud the Challenge" on 9 November 2023

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Corporate Governance Forum 3 (Virtual). “Does The Role Of An Internal Auditor Enhance Corporate Governance In Listed Companies – Does It Add Value?” on 13 October 2023

Investor Forum (Virtual). Unlocking Value with Responsible Investing: ESG and Climate Governance Insights for Investors on 10 November 2023

- Attended Five-Day Mediation Training Course by International Institute of Mediators (Singapore) Ltd on 15, 16, 22, 23 & 29 July 2023
- Attended SMEICC Conference Series – SME and Infocomm Commerce Series for “Leadership Next: Rising Above Adversity on 15 and 16 August 2023
- Personal Data Protection (PDP) Week 2023 – Accelerate Business Growth With Trusted Data, organised by Personal Data Protection Commission Singapore from 18 to 21 July 2023

PDP Seminar 2023, Tuesday, 18 July 2023

Panel 1: Transforming Your Business with Data/AI

Panel 2: Navigating the Complexities and Challenging of Data Transfers with Confidence

Anonymisation Workshop for DPOs in SMEs: Ensuring Privacy and Security of PII by Asia DPO

Data-Driven Workforce: Unlocking the Future of Work with Analytics by Microsoft and IMDA

Design Jam: AI Transparency and Explainability in Practice by Meta and IMDA

[In Person Session] Managing Cross Border Data Transfers by Cybersecurity and Data Protection Committee by The Law Society of Singapore

- Attended Webinar – Accounting Ethics: Whistleblowing by ACCA Singapore on 20 July 2023
- Attended ACCA Technical Symposium on 4 October 2023
- Training by SGX-GCNS (Global Compact Network Singapore) for the Workshop on Taskforce for Climate-related Financial Disclosure (TCFD), All-Sectors-Virtual session on 21 April 2023
- Event by Chartered Secretaries Institute of Singapore (CSIS) on hybrid AGM on 29 August 2023
- Workshop on Corporate Secretary – Connectors of Corporate Governance Ecosystem on 9 December 2023 by Vietnam Institute of Director and CSIS
- ESG and Climate Governance International Conference: What Directors Need to Know on 3 June 2023

Corporate Governance Report

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.

Board Approval

The Group adopted internal guidelines and communicated to the management the set forth matters require the Board's approval and disclosed in the Company's annual report. Under these guidelines:

- major funding proposals
- investment and divestment proposals
- material acquisitions and disposals of assets
- corporate restructuring exercise
- commitments to short-term or long-term loans
- application for banking facilities and lines of credit from banks and financial institutions
- unbudgeted huge capital expenditures

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.

Delegation by the Board

The Board is supported by several committees that assist it in discharging its responsibilities and enhancing the Company's corporate governance framework. Each Board committee has its specific Terms of Reference that set out the scope of its duties and responsibilities, rules and regulations, and procedures governing how it should operate and its view when making decisions. These committees include the Audit and Risk Committee ("ARC"), the Nominating Committee ("NC"), and the Remuneration Committee ("RC").

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.

Board Meetings and Attendance

The Board and its committees meet regularly through scheduled and ad-hoc meetings and as and when warranted by particular circumstances. If Directors are unable to attend meetings in person, telephonic means of communication are allowed under the Constitution of the Company's Constitution. To enable members of the Board and its committees to prepare for the meetings, meetings agendas, board papers and related materials are circulated to the Board members before the meeting.

The Board meets at least twice a year with additional meetings convened when necessary. During FY2023, the Company has held two (2) Board Meetings.

Corporate Governance Report

Multiple Board Representations

All Directors are required to declare their board representations. The NC will review multiple board representations held by the Directors on a half-yearly basis to ensure that sufficient time and attention are given to the affairs of the Company. The NC considers that multiple board representations held presently by the Directors do not impede their respective performance in carrying out their duties as Directors of the Company.

The Directors committed considerable time towards the board meetings and board committee meetings held in FY2023. Some Directors adjusted their schedules to ensure full participation in the board or board committee meetings to deliberate the Group business issues. The NC is of the view that the Directors have committed their time effectively to discharge their responsibilities.

A record of the Directors' attendance at the Board and Board Committee meetings as well as general meetings for FY2023 is set out below:

Directors' Attendance at Board and Board Committee Meetings and General Meetings

Name	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee		General Meeting	
	No. of Meetings held	No of Meetings Attended	No. of Meetings held	No of Meetings Attended	No. of Meetings held	No of Meetings Attended	No. of Meetings held	No of Meetings Attended	No. of Meetings held	No of Meetings Attended
Yap Mui Kee (Managing Director)	2	2	2	2 [#]	3 ^Δ	2 [#]	3 ^Δ	2 [#]	1	1
Tan Kim Sing (Executive Director)	2	2	2	2 [#]	3 ^Δ	2 [#]	3 ^Δ	2 [#]	1	1
Billy Neo Kian Wee (Executive Director)	2	2	2	2 [#]	3 ^Δ	2 [#]	3 ^Δ	2 [#]	1	1
Tan Kok Hiang (Non-Executive Lead Independent Director)	2	2	2	2	3	3	3	3	1	1
Low Peng Kit (Non-Executive Independent Director)	2	2	2	2	3	3	3	3	1	1
Wu Chiaw Ching (Non-Executive Independent Director)	2	2	2	2	3	3	3	3	1	1
Li Suet Man (Non-Executive Non-Independent Director – Redesignated on 23 October 2023)	2	2	2	2	3	3	3	3	1	1
Sally Yap Mei Yen ** (Alternate Director to Yap Mui Kee and Corporate Secretary)	2	2	2	2 [#]	3 ^Δ	2 [#]	3 ^Δ	2 [#]	1	1

By invitation.

** Yap Mui Kee and Sally Yap Mei Yen are sisters

Δ 2 scheduled 1 ad-hoc

Corporate Governance Report

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.

Access to information

Management places a high priority on providing complete, adequate and timely information to the Board on an on-going basis, to assist the Directors to discharging their duties efficiently and effectively. Board members receive management reports on the operations and financial performance of the Group which include updates on the Group's financial status, cash flow positions and performance of the Group's assets. The Board will also be updated on current industry trends and developments. As far as possible, Board members will receive the Board papers not less than five business days before the meeting to enable them to have sufficient time to consider and deliberate issues to be considered at the meetings. Minutes of the previous meetings are tabled and confirmed at Board meetings for the Directors' information.

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.

Access to Management and Corporate Secretary

The Board has at all times separate and independent access to Management through electronic mail, telephone and face-to-face meetings. It is entitled at all times to request any additional information needed to make informed decisions. The key management staff, the Statutory Auditors, BDO LLP and Internal Auditors, D'Ark Services Pte Ltd are invited to attend Board Committee meetings to update or to provide independent professional advice on specific issues to the Directors, where necessary.

Directors also have separate and independent access to the Corporate Secretary through electronic mail, telephone and meetings.

The Corporate Secretary is responsible for ensuring that the Board procedures are followed and all applicable rules and regulations are complied with. The Corporate Secretary also assists in coordinating the flow of information within the Group and helps the Chairperson in enhancing the Group's corporate governance practices and processes. The Board's approval is required for the appointment and removal of the Corporate Secretary.

Independent Professional Advice

Where required, procedures are also in place for the Board and individual Board Committees to seek independent professional advice on their Directors' duties and responsibilities at the Company's expense.

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.

Provisions 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.

Corporate Governance Report

Provisions 2.2

Independent directors make up a majority of the Board where the Chairman is not independent.

Provisions 2.3

Non-executive directors make up a majority of the Board.

Key information of Directors is set out on pages 90 to 94 of this Annual Report.

Board Independence

The Independent of any Independent Directors (IDs) who have served the Board beyond nine years

In line with **Provision 2.1** of the Code, the Board has reviewed the number of years served by each Non-Executive Independent Director. The NC noted that three members, Mr Tan Kok Hiang, Mr Low Peng Kit and Dr Wu Chiaw Ching, had served the Company for more than nine years. Having considered their experience and in-depth knowledge in the Group's business operations, continuous contributions at the Board level in terms of impartial and constructive advice; the Board was of the view that there was no material conflict between their tenure and their ability to discharge their role as Non-Executive Independent Directors.

The Board has subjected the three members through a rigorous review process by all the other fellow directors to establish their independence before deciding if they should continue with the appointment. After due consideration and with the concurrence of the NC, the Board is of the view that Mr Tan Kok Hiang, Mr Low Peng Kit and Dr Wu Chiaw Ching have demonstrated strong independence in both their character and judgement over the years to discharge their duties and responsibilities as independent directors of the Company, and with the utmost commitment in upholding the interest of the non-controlling shareholders.

They have expressed individual viewpoints and debated objectively with the Management on all business decisions. They have sought clarification and amplification as they deemed necessary, including direct access to the Management. Taking into account the above, and also having considered the need for the Board's renewal against tenure and benefits, the Board has affirmed their independence status and resolved that Mr Tan Kok Hiang, Mr Low Peng Kit and Dr Wu Chiaw Ching continue to assume their roles as independent directors, notwithstanding they have served on the Board beyond nine years from the date of their first appointment.

The Board is aware that as transition, IDs whose tenure exceeds the nine-year limit can continue to serve as independent directors until the listed companies' annual general meeting (AGM) held for the financial year ended 31 December 2023. There are three independent directors will be retiring at the close of the upcoming AGM on 29 April 2024. The new independent directors will be joining the Board to fill the vacancies after careful selection and shortlisting the candidates by the Nominating Committee from organisations such as the Council for Board Diversity, the Singapore Institute of Directors (SID) and the relevant professional bodies to facilitate the search of the candidates who can provide diverse experience and perspectives to the Board that are relevant to the current plans and future strategy of the Company.

The Nominating Committee shortlisted and nominated five (5) proposed new Non-Executive Independent Directors, being approved by the Board to be voted by the shareholders at the upcoming AGM on 29 April 2024. All newly proposed Non-Executive Independent Directors will be, upon voting and appointing by the shareholders at the AGM become the newly appointed Independent Directors of the Board. The new Board will be formed, and the new Independent Directors will be delegated to the respective Audit and Risk Committee, Nominating Committee, and Remuneration Committee according to their experience and skill sets to become Lead Independent Directors, Chairpersons and Members of the Board Committees.

Corporate Governance Report

Proportion of Non-Executive Independence of Directors

The current Board comprises eight Directors: three Executive Directors, one Alternate Director to the Managing Director, Ms Yap Mui Kee, three Non-Executive Independent Directors and one Non-Executive Non-Independent Director, Mr Li Suet Man, being redesignated from Non-Executive Independent Director to Non-Executive Non-Independent Director on 23 October 2023. Please refer to SGX's announcement on 23 October 2023. The Board made up the independent element and is capable of providing opportunities for open, constructive and robust debate on pertinent issues affecting the affairs and business of the Company and the Group.

The NC, with respect to the independence of a Director, takes into account the criteria given in the Listing Manual and the Code and the existence of any relationships between such Director and the Group. For example, its related corporations, its substantial shareholders and officers, if applicable, and whether such relationships can interfere, or be reasonably perceived to interfere, with the exercise of such Director's independent judgment.

The NC, having considered the declarations made by the Independent Directors in respect of their independence, is of the view that the current Board has an appropriate level of independence to enable it to make decisions in the best interests of the Company.

The Board and its Board Committees comprise directors who can provide an appropriate balance and diversity of skills, experience, gender, and knowledge of the Company. The three Non-Executive Independent Directors have constructively challenged the Board, helped develop proposals on strategy, and reviewed management's performance in meeting their goals and objectives. To facilitate a more effective check on management, the Non-Executive Independent Directors met thrice in FY2023.

The board's composition complies with the code. The Board has appointed Mr Tan Kok Hiang ("Mr Tan") as the Lead Independent Director of the Company. Mr Tan is accessible by the shareholders if they have concerns that they are unable or feel inappropriate to go through the normal channels to the Chairman, the Managing Director, and the CEO.

The Board conducts scheduled meetings, and ad-hoc meetings are convened when circumstances require. In FY2023, one ad-hoc NC and RC meeting were convened. To facilitate the attendance and participation of Directors at Board meetings, the Company's Constitution allows Board meetings to be conducted using telephone conferences or other methods of simultaneous communication by electronic or telegraphic means.

To assist the Board in discharging its responsibilities, the Board has established three Board Committees, namely, the Audit and Risk Committee (the "ARC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC"). These committees function within clearly defined terms of reference and operating procedures, which are reviewed regularly.

Meetings of the Board

The dates of meetings of the Board and the Board Committees, as well as the annual general meeting ("AGM"), are scheduled half a year in advance. To ensure maximum participation, the Corporate Secretary will consult every director before fixing the dates of these meetings. The Board meets at least two times within each financial year and at other times as appropriate, to approve the release of the Group's financial results as well as to consider and resolve the financial and business matters of the Group. The Board and Board Committees may also make decisions by way of circular resolutions in writing. To facilitate effective management, the day-to-day management of the Group's businesses and affairs is entrusted to the executive directors and the key management staff.

The Non-Executive Independent Directors are required to make half-yearly independence declaration based on the criterion of independence provided under **Provision 2.1** of the Code. The NC has reviewed such disclosures and has ascertained and satisfied the independence status of all the three Non-Executive Independent Directors of the Company. To facilitate a more effective check on the management, the Non-Executive Independent Directors met thrice in FY2023.

Corporate Governance Report

Role of Non-Executive, Independent Directors

The Non-Executive, Independent Directors provide, amongst other things, strategic guidance to the Company based on their professional knowledge, in particular, to constructively challenge and develop proposals on the Group's business strategy. The independent directors also help to review the performance of the Company's management to make sure they are aligned with the agreed goals and monitor their reporting processes. To this end and where appropriate, they are encouraged to meet at least twice a year or any times deemed necessary, without the present of the Company's management staff.

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.

Board Composition

The NC conducts an annual review on the composition of the Board which comprises of members from different backgrounds and whose core competencies, qualifications, skills, and experiences are extensive and other aspects such as gender and age. Having reviewed and considered the composition and diversity of the Board and its committees, the NC has determined that the current Board size and structure is adequate for the existing Company's business operations of the Company.

The Board is also well supported by accurate, complete and timely information, and has unrestricted access to the Management staff. A summary of the composition of the Board and its Committees are set out below:

Director	Board	ARC	NC	RC
Ms Yap Mui Kee	Chairman, Managing Director and CEO	–	–	–
Mr Tan Kim Sing	Executive Director	–	–	–
Mr Billy Neo Kian Wee	Executive Director	–	–	–
Mr Tan Kok Hiang	Non-Executive Lead Independent Director	Chairman	Member	Chairman
Dr Wu Chiaw Ching	Non-Executive Independent Director	Member	Member	Member
Mr Low Peng Kit	Non-Executive Independent Director	Member	Chairman	Member
Mr Li Suet Man (Redesignated on 23 October 2023)	Non-Executive Non-Independent Director	Member	Member	Member
Ms Sally Yap Mei Yen	Alternate Director to Ms Yap Mui Kee	–	–	–

Board Diversity

LHT's Board Diversity Policy sets out the policy and approach to achieve an appropriate balance and mix of diversity on the Board of Directors ("Board") of the Company and its subsidiaries. This included age, background, ethnicity, gender, experience, skills, knowledge, terms of service, independence, and other factors, as well as a perspective based on the laws, rules, and regulations applicable to the Company. These attributes will be considered during the re-composition of the Board to attain an optimum balance.

All Board appointments are to be determined based on merit, in terms of knowledge, skill, experience, diversity and independence as required for the Board to discharge its governance role and responsibilities effectively. An effective Board requires directors with integrity, expertise, skill, time, and commitment to carry out their duties effectively. A well-balanced Board with directors from diverse backgrounds can provide fresh perspectives to solve business issues, foster growth and create value for the Company and enhance corporate governance.

Corporate Governance Report

The NC, with the concurrence of the Board, is of the view that the current Board size of three Executive Directors, one Alternate Director and three Non-Executive Independent Directors and one Non-Executive Non-Independent Director is appropriate. The NC also considers its members' mix of skills and core competencies to ensure a good balance and diversity of skills and experience, independence, age, gender and knowledge. Amongst the directors are accounting, finance, legal, human resource and corporate governance professionals with relevant expertise and skill sets in their respective fields for effective decision-making. The NC report to the Board periodically on the progress in achieving the objectives for promoting diversity.

From October 2023 to end of February 2024, the Nomination Committee (NC) evaluated five individuals – two female and three male, age between 37 to 62 – considering their educational qualifications, track records, ages, work experiences, capabilities, strong business networks, and other pertinent factors for their potential appointments as Non-Executive Independent Directors of the Company. Their profiles are enclosed in the Appendix of the Notice of Annual General Meeting (AGM) along with proxy forms to be dispatched to the shareholders for their consideration and votes during the AGM.

The Board has adopted a framework for promoting diversity, and the NC is responsible for ensuring that this framework is implemented effectively and practically. The diversity practice endorses the principle that its Board should have a balance of diversity of age, background, ethnicity, gender, experience, skills, knowledge, terms of service, independence and other factors, and a variety of perspectives appropriate to its business to mitigate against groupthink and to ensure that the Group could benefit from all available talents. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of background, experience, gender, age, and other relevant factors. These differences will be considered in determining the optimum composition of the Board and, when possible, should be balanced appropriately.

Every year, the NC conducts its review of the composition of the Board, which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills, and experiences, met with the requirement of the Group.

To assist the NC in its annual review of the directors' mix of skills and experiences that the Board requires to function competently and efficiently. Each director has been appointed based on the strength of his or her calibre, experience, and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and its business performance. In recognition of the importance and value of gender diversity in the composition of the Board, the Board has six male and two female executives and alternate directors representing the Board membership. Ms Yap Mui Kee and Ms Sally Yap Mei Yen have been members of the Board since 2 January 1988 and 20 July 1998, respectively. Besides, it consists of directors with ages ranging from more than fifty (50) to seventy-five (75) years old, who have served on the Board for different tenures from more than four (4) years to forty-three (43) years. The members of the Board, with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

The Board's combined core competencies and experience provide management with a diverse and objective perspective, enabling balanced and well-considered decisions. The Directors' profiles are set out on pages 06 to 09 of this Annual Report.

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.

Meeting of Independent Directors without Management

During the year, the Independent Directors met up thrice, without the management's presence, and also as and when the need arose. Feedback is provided to the Board and/or Management, as appropriate. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views during or after the Board and Board committee meetings.

Corporate Governance Report

The Board is of the view that there is a team of robust Non-Executive Independent Directors on the Board to enable the exercise of unbiased and objective judgement on corporate affairs of the Group by considering the number of Non-Executive Independent Directors on the Board, the size, and scope of the affairs and operations of the Group. No one individual represents a considerable concentration of power.

The Chairperson and the Managing Director are responsible for, among others,

- (1) Exercising control over quality, quantity, and timeliness of the flow of information between the management of the Company (the “Management”) and the Board.
- (2) Scheduling meetings that enable the Board to perform its duties responsibly with no disruption to the operation of the Company.
- (3) Assisting in ensuring compliance with the Company’s guidelines on governance.
- (4) Setting the meeting agenda for Board Meetings with the assistance of the Corporate Secretary.

The Managing Director reviews the board papers before they are presented to the Board to ensure that board members are provided with relevant, adequate, and complete information. Board papers are sent to the Directors at least five days before the date of the meeting to enable them to prepare for the meeting.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves on 24 February 2023, 11 August 2023 and 26 October 2023, without the presence of other Directors. The Lead Independent Director will brief the Chairman and the Managing Director after such meetings.

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.

Provisions 3.1

The Chairman and the Chief Executive Officer (“CEO”) are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Provisions 3.2

The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

Separation of the Role of Chairman and the Chief Executive Officer (CEO)

The Board is of the view that, now, it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairperson of the Board and the CEO is the same person, so as to ensure that the decision-making process of the Group would be more efficient. Despite the above structure, all major proposals and decisions made by the Executive Chairperson and CEO are discussed and reviewed by the ARC. Her performance and appointment to the Board are reviewed periodically by the NC, and her remuneration package and service agreement are also reviewed regularly by the RC. As the ARC, NC and RC comprise all the non-executive and independent directors, the Board believes that there are adequate safeguards in place against an uneven concentration of power exercised by the single leadership structure. The Board will consider the separation of the role of the Chairperson and the CEO as stipulated as part of the on-going succession planning and Board renewal process.

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Role of Executive Chairperson and CEO

Ms Yap Mui Kee is the Chairperson, Managing Director and CEO of the Company. She is responsible for the overall leadership of the Board and engages with the management staff regularly on pertinent issues. She approves the agendas for the Board Meetings and promotes a culture of open and free discussion amongst the Board. She also ensures that the Board receives timely and accurate information from the management staff, and provides valuable insight, guidance and advice on the Group's corporate governance systems and processes. She leads the Management team and has full executive responsibility for the overall management and performance of the Group's business. She is also responsible for translating the Board's decisions into executive action and is accountable to the Board on the outcomes.

The Board is of the view that it was in the best interests of the Group, now, to adopt this single leadership structure where the Chairperson of the Board and the CEO of the Company is the same person. This was in the context of the financial year ended 31 December 2023 where there was still much business uncertainty arising from the Covid-19 Pandemic. It should also be noted that, and as mentioned on page 06 of the Annual Report, Miss Yap Mui Kee has been an executive director of the Company for more than 35 years since 1988, and she was appointed acting Managing Director in February 2016 and became the Chairman cum Managing Director and CEO the following year in February 2017.

Principle 3 of the Code requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Notwithstanding the adoption of a single leadership structure as mentioned above, Miss Yap Mui Kee does not have unfettered powers of decision-making. This is because, and as stated on page 78 of the Annual Report in relation to **Provision 1.3** of the Code, the Group has adopted a set of internal guidelines that set forth matters requiring the Board approval. There is therefore a clear division of matters that require the approval of the Board. In this regard, it should also be noted that the independent directors constitute a majority of the members of the Board. In addition to the above, all major proposals and decisions made by Miss Yap Mui Kee as CEO are also discussed and reviewed by the Audit and Risk Committee. Therefore, having regard to the measures described above, the single leadership structure adopted by the Company does not lead to the Miss Yap Mui Kee, as Executive Chairman and CEO, having unfettered powers of decision-making on behalf of the Company and therefore is consistent with the intent of **Principle 3** of the Code.

The Board will consider the separation of the roles of the Chairperson of Board and the CEO as part of its on-going succession planning and renewal process.

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.

Appointment of Lead Independence Director

Mr Tan Kok Hiang is a Non-Executive Director and the Lead Independent Director of the Company. He is responsible for providing leadership in situations where the Chairperson is in conflict, especially when the Chairperson is not independent. The lead independent director is accessible to shareholders when they have any concerns, and for which contact through the usual channels of communication with the Chairperson or Management is inappropriate or inadequate.

Corporate Governance Report

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.

Provision 4.1 Board Renewal and Succession Planning

The Board establishes a Nominating Committee (“NC”) to make recommendations to the Board on relevant matters relating to:

- (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;**
- (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;**
- (c) the review of training and professional development programmes for the Board and its directors; and**
- (d) the appointment and re-appointment of directors (including alternate directors, if any).**

Provision 4.2

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.

The Board has a process for the appointment and re-appointment of directors, based on the need for progressive renewal of the Board.

NC Composition, Role and Terms of Reference

The NC comprises of the following three Non-Executive, Independent Directors and one Non-Executive Non-Independent Director. The Chairman of the NC is Mr Low Peng Kit. Mr Tan Kok Hiang, Dr Wu Chiaw Ching and Mr Li Suet Man are the members.

Mr Tan Kok Hiang	(Non-Executive Lead Independent Director)
Mr Low Peng Kit, Chairman	(Non-Executive Independent Director)
Dr Wu Chiaw Ching	(Non-Executive Independent Director)
Mr Li Suet Man	(Non-Executive Non-Independent Director)

The NC performs the roles of selection, appointment and re-appointment of directors to the Board. NC has adopted specific written terms of reference. Mr Tan Kok Hiang, the Lead Independent Director, is also a member of the NC. The key terms of reference of the NC include:

- (i) to make recommendations to the Board on the appointment of new executive and non-executive Directors, including making recommendations to the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board.
- (ii) to determine annually if a Director is independent and make recommendations to the Board on the composition of independence Directors on each Board Committee.
- (iii) to identify and nominate candidates for the approval of the Board, to fill Board vacancies as and when they arise as well as put in place plans for succession, in particular for the Chairperson and Chief Executive.
- (iv) to recommend Directors who are retiring by rotation to be put forward for re-election.

Corporate Governance Report

- (v) to have due regard to the principles of governance and code of best practice.
- (vi) to liaise with the Board in relation to the preparation of the Committee's report to shareholders as required.
- (vii) to decide whether a Director can and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple Board Representations. The NC has adopted internal guidelines that address the competing time commitments faced when Directors serve on multiple boards to ensure that Directors give sufficient time and attention to each Company's affairs.
- (viii) to assess the effectiveness of the Board as a whole and to assess the contribution of each Director to the effectiveness of the Board. This assessment process is performed and disclosed annually.

From time to time, the NC would make recommendations to the Board on matters relating to the training and professional development programs for the Board.

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.

Process for Selection, Appointment and Re-appointment of New Directors

- The NC reviews the needs of the Board by taking into account the scope and need of the operations of the Group.
- From the Board Performance Evaluation which is completed by the Board annually, the NC can evaluate whether the composition and size of the Board are adequate. It also assesses whether additional competencies are required in the area where the appointment of new directors is concerned.
- In selecting new directors, suggestions made by directors were considered.
- Where a vacancy arises under any circumstances, or where it is considered that the Board could benefit from the services of a new Director with particular skills, the NC, in consultation with the Board determines the selection criteria and selects candidates with the appropriate expertise and experience for the position.
- The NC will evaluate the capabilities of the candidates in areas of academic and professional qualifications, knowledge and experiences concerning the business of the Group.
- After assessing their suitability, potential candidates are interviewed, further assessed and shortlisted by the NC and subsequently, appointed to the Board.

The NC had considered five (5) persons' education qualifications, track record, age, working experience, capabilities, strong business network and other relevant factors for their proposed appointment as Non-Executive Independent Director. Subsequently, the NC recommended the 5 persons for the Board's approval. The 5 persons are to fill the vacancies of the retiring directors at the upcoming AGM on 29 April 2024. The shareholders will vote for the proposed Non-Executive Independent Directors. They will be appointed as members of the Board Committees, subject to the approval of the newly constituted Board of Directors.

Provision 4.4

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.

Corporate Governance Report

Continuous Review of Directors' Independence

Each Independent Director has to make a yearly declaration to confirm his independence. The NC has reviewed the independence of the Directors, as mentioned on page 81 of this report. In the opinion of the NC, Mr Low Peng Kit, Mr Tan Kok Hiang, and Dr Wu Chiaw Ching are independent based, among other things, on the criteria given in the Listing Manual and the Code and their respective declarations.

None of the Directors is appointed for a fixed term. The following Regulations in the Company's Constitution, provide guidelines for the retirement and rotation of Directors:-

Regulation 103 provides that one-third of the directors for the time being (or if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation, provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Regulation 107 provides that any director appointed during the financial year shall hold such office until the next annual general meeting of the Company and shall be eligible for re-election at such general meeting.

All directors, including Executive Directors, must submit themselves for re-nomination and re-appointment at least once every three years, in accordance with Rule 720 (5) of the SGX-ST Listing Manual ("Listing Rules").

Accordingly, the directors due for re-nomination and re-appointment at the forthcoming AGM under Regulation 103 of the Company's Constitutions are Ms Yap Mui Kee and Mr Tan Kim Sing.

The NC has reviewed and recommended that Ms Yap Mui Kee and Mr Tan Kim Sing who are retiring under Regulation 103 of the Company's Constitution at the forthcoming AGM and who have submitted themselves for re-election as directors. The Board has accepted the recommendations of the NC. Each member of the NC abstains from voting on any resolutions, making any recommendation, and/or participating in matters in which he is interested.

Key information about each director is set out on pages 90 to 94. Information relating to directors seeking re-election as set out in Appendix 7.4.1 of the Listing Rules is set out on pages 194 to 198.

The composition of the Board and the independence of each independent director are reviewed annually by the NC based on the provision relating to independence as set out in the 2018 code, which requires each independent director to complete and execute a form declaring and affirming his independence and confirming that exist no condition that would impair his independence is then recommended by the NC to the Board.

Considering the NC's views, the Board is satisfied that Mr Tan Kok Hiang, Mr Low Peng Kit, and Dr Wu Chiaw Ching are independent in light of the provisions of the 2018 Code. As of 31 December 2023, three independent directors have served on the Board for more than nine years, They are Mr Tan Kok Hiang, Mr Low Peng Kit, and Dr Wu Chiaw Ching. The NC considers that a director's independence cannot be determined solely and arbitrarily based on the length of time. A director's contribution in terms of experience, expertise, professionalism, integrity, objectivity, and independent judgment in engaging and challenging Management in the best interest of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent directors. However, the Board and NC will exercise due and careful review, taking into consideration other factors, in assessing the independence of a director. These factors include, inter alia, whether the directors have any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived to compromise their independence and interfere with the exercise of their independent business judgment with a view to the best interest of the Group.

Nonetheless, in compliance with Rule 210(5)(d)(iv) of the Listing Manual of SGX-ST, which imposed and states that a director will not be independent if he or she has been a director of the issuer for an aggregate period of more than nine years, beyond which such directors will no longer be considered independent. Mr Tan Kok Hiang, Mr Low Peng Kit, and Dr Wu Chiaw Ching, who are retiring pursuant to Regulation 104 of the Company Constitution, will not be seeking re-election as Directors of the Company on 29 April 2024 at the close of the AGM.

Corporate Governance Report

The Board has determined that Mr Tan Kok Hiang, Mr Low Peng Kit, and Dr Wu Chiaw Ching continue to remain objective and independent-minded in Board deliberations. Their vast experience enables them to provide the Board and the various Board Committees on which they serve with pertinent experience and competence to facilitate sound decision-making and their length of service does not in any way interfere with their exercise of independent judgement nor hinder their ability to act in the best interest of the Company.

The NC ensures that new directors are aware of their duties and obligations. New directors are given a formal letter explaining his/her duties and obligations as directors.

It is also part of the NC's duties to review and ascertain whether a director can and has been adequately carrying out his or her duties as a director of the Company. All directors are required to declare their other board representations formally. The Board does not limit each director to holding directorships in listed companies, including the Company. The NC is satisfied that all directors have discharged their duties adequately for FY2023.

The Board believes in carrying out succession planning on its Top Management team to ensure continuity of leadership. The Chairman, MD and CEO has initiated on-going informal succession programme to prepare a team of future leaders for the Group's long-term sustainability. The potential successors to key positions are identified and development plans are instituted for them. The Chairman, MD and CEO constantly updates the NC and RC and informs them that the succession plan is on track.

Provision 4.5

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 commitments 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.

Directors' Time Commitments

The key information regarding the Directors of the Company, including their present, the past three years directorship, other major appointments and principal and other commitments in other listed companies are as follows:

Name of Director	Yap Mui Kee (Managing Director)
Shareholding in the Company (as at 11 March 2024)	8,860,932 Shares (as set out on page 186 of this report)
Board Committees Served	None
Date of first appointment as Director	02 January 1988
Date of last re-election as Director	29 April 2021 (Recommended by Nominating Committee for re-election under Regulation 103 of the Company's Constitution at the forthcoming Annual General Meeting to be scheduled on 29 April 2024)
Length of services as Director	36 years (as at 31 December 2023)
Present Directorships in other listed companies	None
Past Directorships in other listed companies (within the last 3 years)	None
Other Principal Commitment	None

Corporate Governance Report

Name of Director	Tan Kim Sing (Executive Director)
Shareholding in the Company (as at 11 March 2024)	9,671,205 Shares (as set out on page 186 of this report) Tan Kim Sing is deemed to be interested in the 16,250 shares held by his spouse, Mdm Ng Siew Yeng
Board Committees Served	None
Date of first appointment as Director	29 August 1980
Date of last re-election as Director	29 April 2022 (Recommended by the Nominating Committee for re-election under Regulation 103 of the Company's Constitution at the forthcoming Annual General Meeting to be scheduled on 29 April 2024)
Length of services as Director	43 years 4 months (as at 31 December 2023)
Present Directorships in other listed companies	None
Past Directorships in other listed companies (within the last 3 years)	None
Other Principal Commitment	None

Name of Director	Billy Neo Kian Wee (Executive Director)
Shareholding in the Company (as at 11 March 2024)	856,000 Shares Billy Neo Kian Wee, one of the beneficiaries of his deceased father's will, is deemed to be interested in 4,839,260 shares of the Estate of Neo Koon Boo sold his shares on 22 September 2023
Board Committees Served	None
Date of first appointment as Director	24 February 2017
Date of last re-election as Director	28 April 2023
Length of services as Director	6 years 10 months (as at 31 December 2023)
Present Directorships in other listed companies	None
Past Directorships in other listed companies (within the last 3 years)	None
Other Principal Commitment	None

Corporate Governance Report

Name of Director	Tan Kok Hiang (Non-Executive, Lead Independent Director)
Shareholding in the Company (as at 11 March 2024)	10,000 Shares
Board Committees Served	<p>Tan Kok Hiang is a Chairman of Audit and Risk Committee and Remuneration Committee and Member of Nominating Committee</p> <p>Mr Tan Kok Hiang will not be seeking re-election and will retire as Director of the Company on 29 April 2024 at the close of the AGM. Upon his retirement as a Director of the Company, he will cease to be a Non-Executive Lead Independent Director of the Company and will relinquish his position as Chairman of the Audit and Risk Committee and Remuneration Committee and as a member of the Nominating Committee</p>
Date of first appointment as Director	01 July 1999
Date of last re-election as Director	29 April 2021
Length of services as Director	24 years 6 months (as at 31 December 2023)
Present Directorships in other listed companies	<p>Enviro-Hub Holdings Ltd (Non-Executive Independent Director)</p> <p>Transit-Mixed Concrete Ltd (Non-Executive Chairman Independent Director)</p> <p>ICP Limited (Formerly known as Goldtron Limited) (Non-Executive Chairman Independent Director)</p>
Past Directorships in other listed companies (within the last 3 years)	None
Other Principal Commitment	None

Name of Director	Low Peng Kit (Non-Executive, Independent Director)
Shareholding in the Company (as at 11 March 2024)	3,750 Shares
Board Committees Served	<p>Low Peng Kit is a Chairman of Nominating Committee, Member of Audit and Risk Committee and Remuneration Committee</p> <p>Mr Low Peng Kit will not be seeking re-election and will retire as Director of the Company on 29 April 2024 at the close of the AGM. Upon his retirement as a Director of the Company, he will cease to be a Non-Executive Independent Director of the Company and will relinquish his position as Chairman of the Nominating Committee and as a member of the Audit and Risk Committee, and Remuneration Committee</p>
Date of first appointment as Director	01 July 1999
Date of last re-election as Director	28 April 2023
Present Directorships in other listed companies	None
Length of services as Director	25 years 6 month (as at 31 December 2023)
Past Directorships in other listed companies (within the last 3 years)	None
Other Principal Commitment	Treasurer for International Institute of Mediator Singapore Ltd (iiM)

Corporate Governance Report

Name of Director	Wu Chiaw Ching (Non-Executive, Independent Director)
Shareholding in the Company (as at 11 March 2024)	None
Board Committees Served	<p>Wu Chiaw Ching is a Member of Audit Committee, Remuneration Committee, and Nominating Committee.</p> <p>Dr Wu Chiaw Ching will not be seeking re-election and will retire as a Director of the Company on 29 April 2024 at the close of the AGM. Upon his retirement, he will cease to be a Non-Executive Independent Director and will relinquish his position as a member of the Audit and Risk Committee, Remuneration Committee, and Nominating Committee</p>
Date of first appointment as Director	12 March 2007
Date of last re-election as Director	29 April 2022
Length of services as Director	16 years 10 months (as at 31 December 2023)
Present Directorships in other listed companies	Goodland Group Limited (Non-Executive Independent Director)
Past Directorships in other listed companies (within the last 3 years)	<p>China Fashion Holdings Limited (Non-Executive Independent Director)</p> <p>Natural Cool Holdings Limited (Non-Executive Independent Director)</p> <p>Gaylin Holdings Limited (Non-Executive Independent Director)</p> <p>GDS Global Limited (Non-Executive Lead Independent Director)</p>
Other Principal Commitment	Partner of Wu Chiaw Ching & Company

Corporate Governance Report

Name of Director	Li Suet Man (Non-Executive, Non-Independent Director – Redesignated on 23 October 2023)
Shareholding in the Company (as at 11 March 2024)	12,098,147 Shares Mr Li is deemed to be interested in 5,000,000 shares held directly through his company, Synectix Pte Ltd and 7,098,147 shares are deposited with DBS Nominees Pte Ltd
Board Committees Served	Li Suet Man is a Member of Audit and Risk Committee, Remuneration Committee, and Nominating Committee
Date of first appointment as Director	1 November 2019
Date of last re-election as Director	28 April 2023
Past Directorships in other listed companies (within the last 3 years)	None
Length of services as Director	4 years 2 month (as at 31 December 2023)
Other Principal Commitment	Alternate Director and CEO, Feoso Oil (Singapore) Pte Ltd Alternate Director, Feoso (Singapore) Pte Ltd Alternate Director, Feoso Investment (Singapore) Pte Ltd Non-Executive Director, The Trading Room Enterprise Pte Ltd Non-Executive Director, Club Chinois Pte Ltd Non-Executive Director, Chinois Pte Ltd Non-Executive Director, Fiyala Pte Ltd Non-Executive Director, Synectix Pte Ltd Non-Executive Director, Far East Oil Terminal One Sdn Bhd Non-Executive Director, Marina Financial Services Pte Ltd

Name of Alternate Director	Sally Yap Mei Yen (Alternate Director to Yap Mui Kee and Corporate Secretary)
Shareholding in the Company (as at 9 March 2023)	88,800 Shares
Board Committees Served	Corporate Secretary to the Audit and Risk Committee, Nominating Committee, and Remuneration Committee
Date of first appointment as Director	20 July 1998
Date of last re-election as Director	29 April 2021 (same as the appointor above)
Present Directorships in other listed companies	None
Length of services as Director	25 years 5 months (as at 31 December 2023)
Past Directorships in other listed companies (within the last 3 years)	None
Other Principal Commitment	None

Corporate Governance Report

Presently, one of the Executive Directors and all Non-Executive Independent Directors of the Company hold other board representations in companies that are not within the Group. The NC has reviewed and is satisfied that such multiple board representations of the Directors would not hinder their abilities to carry out their duties as directors of the Company.

The NC has adopted internal guidelines that address the competing time commitments faced when Directors serve on multiple boards to ensure that Directors give sufficient time and attention to each company's affairs. Further, the NC and the Board are of the view that such multiple board representations of the Directors benefit the Group, as the Directors bring with them their experience and knowledge obtained from such board representations in other companies. The Company did not provide the maximum number of listed company board appointments for Executive Directors or key management personnel.

The NC ensures that the Board possesses the core competencies required by the Code. The NC adopted the Code's definition of what constitutes an Independent Director.

The NC met the above terms of reference and is of the view that:-

- (a) Three (3) Directors of the NC are Non-Executive and Independent Directors and can exercise objective judgement on corporate affairs of the Group independently from Management;
- (b) there is no individual or small group of individuals on the Board who dominate the Board's decision-making process, and the Board is of the view that there is an adequate process for the appointment of new Directors.
- (c) the Board possesses core competencies required for the effective conduct of the affairs and operations of the Group; and
- (d) the current size of the Board is adequate for the Group.

Appointment of Alternate Directors

Ms Sally Yap is the Corporate Secretary of the Company and its local subsidiaries. She is also appointed by Ms Yap Mui Kee, the Managing Director of the Company, to act as the Alternate Director since 20 July 1998. Ms Sally Yap, being part of the management and professionally qualified as a Chartered Accountant and Chartered Secretary, is familiar with the Company's affairs. She has made substantial contributions by providing feedback to the Board and at the Company's Board meetings. The NC, taking into consideration the above, felt that Ms Sally Yap is appropriately qualified and capable of discharging the duties and responsibilities of a Director. As an Alternate Director, she also bears the same duties and responsibilities as a director.

BOARD PERFORMANCE

PRINCIPLE 5:

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

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.

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.

Corporate Governance Report

Board Performance

In assessing the effectiveness of the Board, the contribution of individual directors plays an important role. In reviewing the re-election and re-appointment of any director, a formal process is established to evaluate the directors' performance annually. Assessment of each director's contribution to the Board includes his or her attendance and participation, time and effort devoted to the Company's business and affairs. The NC has conducted a Board Performance Evaluation exercise to assess the effectiveness of the Board for FY2023 and the result shown the effectiveness of the Board as a whole and its Board Committees. The contribution of each director to the effectiveness of the Board is consistently good.

In addition, the NC and the Board also ensure that the appointed directors possess core competencies like business experience, accounting, audit, tax, finance, legal and knowledge of the industry.

New directors will be appointed by way of a board resolution or board meeting after the NC approves their appointment. Such new directors must submit themselves for re-election at the next AGM as provided under **Regulation 107** of the Company's Constitution.

Performance Criteria for Board Evaluation

NC has established an appraisal process to assess the performance and effectiveness of the Board. The assessment process comprises three parts:

Part 1: The Board Self-Assessment on the qualitative of the functioning of the board

Part 2: Individual Directors Self-Assessment

Part 3: Individual Directors will also do a Peer Assessment on Directors

The NC and the Board have endorsed the performance criteria of the three parts of the assessments. The completed qualitative assessment questionnaires are submitted to the NC for discussion. The results and conclusion are then presented to the Board by the NC together with the action plan are then drawn up to address any areas for improvement.

The review parameters for evaluating each Director include, among others, the following:–

- (a) Attendance at board/committee meetings and related activities
- (b) Adequacy of preparation for the board meeting
- (c) Contribution in a strategic business decision, finance and accounting, risk management, legal, and regulatory and HR management
- (d) Contribution in own specialist relevant area
- (e) Generation of constructive debate
- (f) Maintenance of independence
- (g) Disclosure of related party transactions

No external facilitator has been engaged in the Board assessment process.

The NC is of the view that despite multiple board representations in certain instances, each Director is capable of carrying out his or her duties as a Director of the Company.

Corporate Governance Report

The Board is of the view that the performance of the Company's share price alone is not a good indication of the performance of the Company or the performance of the Board as a whole. Instead, the Board find that the Group's revenue and profit before tax to be a better performance indicator to assess the performance of the Board.

Each member of the NC shall abstain from voting on any resolution and making any recommendation and/or participating in respect of matters in which he has an interest.

II. 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.

Provisions 6.1

The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:

- (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.***

Provisions 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.

Provisions 6.3

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

RC Composition and Role

Matters concerning the remuneration of the Board, key management personnel and employees related to the substantial shareholders, the CEO and/or Directors (if any) are handled by the RC whose primary functions include the development of formal and transparent policies on remuneration matters in the Company.

Remuneration Committee and Terms of Reference

The RC comprises the following four Directors, three of whom are non-executive and independent:

Mr Tan Kok Hiang, Chairman	(Non-Executive Lead Independent Director)
Mr Low Peng Kit	(Non-Executive Independent Director)
Dr Wu Chiaw Ching	(Non-Executive Independent Director)
Mr Li Suet Man	(Non-Executive Non-Independent Director)

The Chairman of the RC, Mr Tan Kok Hiang, is experienced in capital markets functions, corporate finance, asset management, financial investments, accounting and is also knowledgeable in field of executive compensation. During FY2023, the RC held two scheduled and one ad-hoc meetings, which Mr Tan Kok Hiang, Mr Low Peng Kit, Dr Wu Chiaw Ching and Mr Li Suet Man attended.

Corporate Governance Report

The RC has adopted specific written terms of reference. The key terms of reference of the RC include:–

- (1) to review the remuneration packages and terms of employment of each Executive Director, divisional or subsidiary companies' Directors and each employee who is related to the Executive Director and controlling shareholder of the Group.
- (2) to review the total remuneration of the Executive Directors, divisional or subsidiary companies' Directors and employees who are related to the Executive Directors and controlling shareholders of the Group.
- (3) to ensure that the remuneration package of employees related to the Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.
- (4) to ensure the remuneration of at least the top five executives (in term of aggregate remuneration and not being Directors) are formulated.
- (5) to ensure no Director or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents requested by the RC to assist it in its deliberations.
- (6) to recommend to the Board a framework of remuneration, and the specific remuneration packages for each Director and the CEO (or Executive of equivalent rank if the CEO is not a Director). The RC's recommendations should be submitted for endorsement by the entire Board. The RC should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, and benefits in kind. RC will also review the remuneration of senior management.
- (7) Making recommendations to the Board on the Group's framework of executive remuneration;
- (8) Reviewing and providing a recommendation to the Board on the adequacy and form of compensation of the Directors and key executives of the Group to ensure that the compensation is realistically commensurate with the responsibilities and performance of the Director and/or key executive and the Group;
- (9) Reviewing and recommending to the Board the terms of renewal for those Executive Directors whose current employment contracts with the Group has or is due to expire;
- (10) Reviewing the fees for Non-Executive Directors before proposing such fees to the Board for approval, taking into account factors such as the effort and time spent by and the responsibilities of such Non-Executive Directors;
- (11) Reviewing and recommending to the Board the talent management and remuneration framework for the Company, including staff development and succession planning; and
- (12) Reviewing and recommending to the Board the engagement of stakeholders with respect to remuneration matters.

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated. The RC also ensures that the Executive Directors' and key management personnel remuneration are structured to link remuneration to corporate and individual performance and align with the interest of shareholders to promote the long-term success of the Company, taking into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks.

Corporate Governance Report

Provision 6.4

The company discloses the engagement of any remuneration consultants and their independence in the company's annual report

The RC has access to the professional advice of external experts in the area of remuneration, where required. The Company engaged no remuneration consultants in FY2023.

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 has considered and approved the RC's proposal regarding the Non-Executive Directors' fees for FY2023. The RC and the Board believe that the directors' remuneration is appropriate and not excessive, considering their effort and time spent and responsibilities.

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.

Remuneration of Executive Directors and KMPs

The Company's Executive Director and key management personnel remuneration structure comprises both fixed and variable components. The variable component is linked to the Group/Company's performance and the individual personnel's performance. Such performance-related remuneration is designed to align with the interests of shareholders and other stakeholders and promote the Group's long-term success.

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.

Remuneration of Non-Executive Directors

The Board recommended a fixed fee for each Independent Director's effort, time spent and responsibilities. The Chairman of the Board, the Lead Independent Director and the Chairman of the Audit and Risk Committee, Remuneration Committee and Nominating Committee are remunerated with a slightly higher director's fee as their level of responsibility is higher. The directors' fees are subject to shareholders' approval at the AGM on 29th April 2024. The Independent Directors do not have any service contracts with the Company.

Contractual Provisions Protecting the Company's Interests

The Company does not have any contractual provisions in the employment contracts with the Executive Director and key management personnel pursuant to which the Company may reclaim the variable components of remuneration from the Executive Director and key management personnel in exceptional circumstances, such as any misstatement of financial results, or misconduct resulting in a financial loss to the Company and the Group. Notwithstanding the preceding, the Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself of the relevant remedies at law against the Executive Director in the event of such breach of fiduciary duties.

Corporate Governance Report

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.

To attract, retain and motivate Directors and employees to provide good stewardship of the Company, the RC establishes appropriate remuneration packages for the Company's directors and key management personnel. Such remuneration packages are based on an established framework and are reviewed periodically to ensure that they remain relevant.

During the year, the RC considered and approved the Executive Director's remuneration package, including salary, bonus and benefits-in-kind. The RC also reviewed the key management personnel's performance and considered the Executive Director's recommendation for bonuses and remuneration for the key management personnel.

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.

Provisions 8.1

The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and**
- (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**

Remuneration Report

The following table presents details on the remuneration of Directors and key management personnel for FY2023. The remuneration for the Executive Directors is based on their service agreement with the Company.

The RC comprises three Non-Executive Independent Directors and one Non-Executive Non Independent Director, the Chairman of the RC is Mr Tan Kok Hiang, Mr Low Peng Kit, Dr Wu Chiaw Ching and Mr Li Suet Man are the members. The Chairman of the RC, Mr Tan Kok Hiang, is experienced in capital markets functions, corporate finance, asset management, financial investments, and accounting and is also knowledgeable in executive compensation.

The RC has adopted specific written terms of reference. The key terms of reference of the RC include:–

- (1) to review the remuneration packages and terms of employment of each Executive Director, divisional or subsidiary companies' Directors and each employee related to the Executive Director and controlling shareholder of the Group.
- (2) to review the total remuneration of the Executive Directors, divisional or subsidiary companies' Directors and employees who are related to the Executive Directors and controlling shareholders of the Group.
- (3) to ensure that the remuneration package of employees related to the Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.
- (4) to ensure the remuneration of at least the top five executives (in term of aggregate remuneration and not being Directors) are formulated.

Corporate Governance Report

- (5) to ensure no Director or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents requested by the RC to assist it in its deliberations.
- (6) to recommend to the Board a framework of remuneration, and the specific remuneration packages for each Director and the CEO (or Executive of equivalent rank if the CEO is not a Director). The RC's recommendations should be submitted for endorsement by the entire Board. The RC should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, and benefits in kind. RC will also review the remuneration of senior management.

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated. As far as possible, the RC ensures that the Executive Directors' and key management personnel's remuneration is structured to link remuneration to corporate and individual performance and align with the interest of shareholders to promote the long-term success of the Company, taking into account the company's risk policies, be symmetric with risk outcomes, and be sensitive to the time horizon of risks.

The Managing Director has a three-year renewable service agreement with removal clauses or early termination clauses. The RC would review the Company's obligations arising in the event of termination of the executive directors' service agreements, to ensure that such service agreements contain fair and reasonable termination clauses that are not overly generous.

The Company's Constitution governs the terms of the directors' appointment. There are safeguards in place to ensure that no one individual director represents a considerable concentration of power. The RC has full authority to engage any external professional adviser on remuneration matters if the need arises. No director is involved in the determination of his own remuneration.

Each of the remunerations of the Executive Directors is governed by the separate service agreement entered into with the Company, which took effect on 20th May 2022 for the Managing Director, Ms Yap Mui Kee and the Executive Director, Mr Tan Kim Sing and on 24th February 2023 for the Executive Director, Mr Billy Neo Kian Wee. These will continue for three (3) years unless otherwise terminated by either party giving not less than six (6) months' notice or an amount equal to six (6) months' salary in lieu of notice. Each of the Service Agreements may be terminated by the Company by summary notice upon the occurrence of certain events, such as misconduct or a breach of the Executive Directors' obligations. According to the respective service agreements, the Executive Directors are paid the remuneration, including a fixed salary and a variable performance bonus.

The terms in determining their remuneration are set out in their respective service agreements with the Company, subject to the approval of the Remuneration Committee ("RC") and the Board. None of the Executive Director voted in the approval of his or her service agreement, approved by the RC and the Board.

As set out in the table on pages 102 to 103, **Provision 8.1(a)**, the performance-related elements of remuneration formed a significant proportion of the Managing Director and the two other Executive Directors total remuneration package. Variable bonuses made up 22%, 22% and 12% each of the total remuneration respectively of the Executive Directors, Ms Yap Mui Kee, Mr Tan Kim Sing, and Billy Neo Kian Wee in FY2023. The performance-based component was aligned with the Executive Directors' interests with that of the Shareholders to bring a direct relationship between their remuneration and their performance in creating value for the Company.

Other than fixed salary and bonus payment, the three Executive Directors were also paid directors' fees, which made up between 11% to 13% of their total remuneration package. The total amount of fees payable to the directors was disclosed in Note 25 in the notes to the Financial Statements of AR 2023 on page 59 of AR 2023. The amount of fees paid to each director was determined by their contribution and other factors such as frequency of meetings held, and duties or responsibilities assumed, such as lead independent directors or chairpersons of various Board committees. Other than directors' fees, the Non-Executive Independent Directors of the Company do not receive salary, bonus and other benefits.

Corporate Governance Report

The RC will consider using the contractual provision to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in a financial loss to the Company.

Report to Shareholders on Remuneration and Disclosure of Directors' Remuneration

Due to the sensitive and confidential nature of the remuneration packages of the Executive Directors, which are critical to the businesses of the Group, the Company did not provide the exact remuneration received by each of the Executive Director, to protect the Group's interest and ensure the Company's competitive advantage in retaining them. However, the three Executive Directors' total remuneration was disclosed in Note 25 in the notes to the Financial Statements of AR 2023 on page 59 of AR 2023. Therefore, the aggregate remuneration of the three Executive Directors on page 59 of AR 2023 and the disclosure in the table below and next page of this report provided sufficient transparency on their remuneration packages, notwithstanding the deviation on disclosure of the exact amount of the remuneration of the Director required under **Provision 8.1(a)**.

The Company believes the disclosures adopted by the Company in AR 2023 are consistent with Principle 8 of the Code of Corporate Governance, which requires transparency on the company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Due to the confidentiality reason and to protect the Group's interest, **Provision 8.1 (a)** is partially complied with. Appended herein below are a breakdown showing the level and mix of each Director's remuneration and the Managing Director in bands of S\$250,000 for FY 2023:–

Report to Shareholders on Remuneration and Disclosure of Directors' Remuneration

Name & Designation	FY2023		FY2022	
	Above S\$250,000 and below \$500,000	%	Above S\$250,000 and below S\$500,000	%
Yap Mui Kee (Managing Director)	Salary	63	Salary	67
	Fee*	11	Fee	14
	Bonus	22	Bonus	15
	Other Benefits	4	Other Benefits	4
Tan Kim Sing (Executive Director)	Salary	61	Salary	65
	Fee*	13	Fee	15
	Bonus	22	Bonus	15
	Other Benefits	4	Other Benefits	5
Billy Neo Kian Wee (Executive Director)	Salary	71	Salary	69
	Fee*	12	Fee	11
	Bonus	12	Bonus	15
	Other Benefits	5	Other Benefits	5

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Name & Designation	FY2023		FY2022	
	Below S\$250,000	%	Below S\$250,000	%
Tan Kok Hiang (Non-Executive Lead Independent Director)	Salary	–	Salary	–
	Fee*	100	Fee	100
	Bonus	–	Bonus	–
	Other Benefits	–	Other Benefits	–
Low Peng Kit (Non-Executive Independent Director)	Salary	–	Salary	–
	Fee*	100	Fee	100
	Bonus	–	Bonus	–
	Other Benefits	–	Other Benefits	–
Wu Chiaw Ching (Non-Executive Independent Director)	Salary	–	Salary	–
	Fee*	100	Fee	100
	Bonus	–	Bonus	–
	Other Benefits	–	Other Benefits	–
Li Suet Man (Non-Executive Non-Independent Director)	Salary	–	Salary	–
	Fee*	100	Fee	100
	Bonus	–	Bonus	–
	Other Benefits	–	Other Benefits	–
Sally Yap Mei Yen (Alternate Director ^{##} to Yap Mui Kee and Corporate Secretary ^{@@})	Salary	78	Salary	83
	Fee*	–	Fee	–
	Bonus	22	Bonus	17
	Other Benefits	–	Other Benefits	–

* Fees are subject to the approval of the Shareholders at the AGM for FY2023

^{##} According to **Regulation 108** of the Company's Constitution states that an Alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to her appointor as such appointor may by writing to the Company from time to time direct, but save as aforesaid, the Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an Alternate Director shall be deducted from the remuneration otherwise payable by her appointor.

^{@@} Remunerated under the capacity of a Corporate Secretary and belonged to the level and mix of remuneration of the top key executives as shown on page 104.

Corporate Governance Report

Remuneration of Key Management Personnel

Due to confidentiality reasons and to protect the Group's interest, **Provision 8.1(b)** of the Code partially complied with. As for the Key Management Personnel (who are not Director or the CEO) their total remuneration for FY2023 was set out on page 59 of this Annual Report. As disclosed, their remuneration was determined by the RC, having regard to their performance and market trends. Appended below is a breakdown showing the level and mix of each key management personnel (who are Director or the CEO) in bands of \$250,000 for FY2023.

Name & Designation	FY2023		FY2022	
	Below S\$250,000	%	Below S\$250,000	%
Vincent Tan Khar Kheng (Administration and Financial Controller)	Salary	76	Salary	83
	Bonus	24	Bonus	17
	Other Benefits	–	Other Benefits	–
William Yap Yew Weng (Senior Sales Manager) [Passed away on 18 November 2023]	Salary	100	Salary	95
	Bonus	–	Bonus	5
	Other Benefits	–	Other Benefits	–
Derek Neo Kah Seng ^{^^} (Recycling Plant Manager)	Salary	85	Salary	86
	Bonus	15	Bonus	14
	Other Benefits	–	Other Benefits	–

^{^^} Uncle of Billy Neo Kian Wee (Executive Director)

As for the Key Management Personnel (who are not directors or the Managing Director), their total remuneration for FY 2023 was set out on page 59 of AR 2023. As disclosed, their remuneration was determined by the RC, having regard to their performance and market trends.

Corporate Governance Report

Remuneration of immediate family members and Executive Directors, the CEO, or Substantial Shareholders

Due to confidentiality reasons and to protect the Group's interest, **Provision 8.2** of the Code is partially complied with. As for the remuneration of immediate members of a Director, the CEO, or the substantial shareholders, their total remuneration for FY2023 was set out on page 59 of this Annual Report. The remuneration paid to employees who are immediate family members of a Director, the CEO, or the substantial shareholders, whose remuneration exceeds S\$100,000 in FY2023 is as follows:–

Name & Designation	Relationship	FY2023		FY2022	
		Below S\$250,000	%	Below S\$250,000	%
Yap Mei Lan (Senior Sales Manager)	Sister of Yap Mui Kee, (Managing Director, Substantial Shareholder)	Salary	72	Salary	81
		Bonus	28	Bonus	19
		Other Benefits	–	Other Benefits	–
Yeo Wen Torng (ECR-RFID Project Manager)	Spouse of Yap Mui Kee, (Managing Director, Substantial Shareholder)	Salary	77	Salary	84
		Bonus	23	Bonus	16
		Other Benefits	–	Other Benefits	–
Tay Kee Soon (Assistant Factory Manager of Siri Belukar Packaging Sdn Bhd)	Cousin of Billy Neo Kian Wee (Executive Director)	Salary	83	Salary	83
		Bonus	17	Bonus	17
		Other Benefits	–	Other Benefits	–
Tan Hwei Hsia (Accounts Manager)	Daughter of Tan Kim Sing (Executive Director, Substantial Shareholder)	Salary	87	Salary	88
		Bonus	13	Bonus	12
		Other Benefits	–	Other Benefits	–
Yap Chun Chun (Assistant Sales Manager)	Cousin of Yap Mui Kee (Managing Director, Substantial Shareholder)	Salary	87	Salary	88
		Bonus	13	Bonus	12
		Other Benefits	–	Other Benefits	–
Yap Lai Eng (Assistant Sales Manager)	Cousin of Yap Mui Kee (Managing Director, Substantial Shareholder)	Salary	83	Salary	85
		Bonus	17	Bonus	15
		Other Benefits	–	Other Benefits	–

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.

Remuneration of Directors

The table on pages 102 and 103 shows the breakdown of the remuneration and fees of the Directors for FY2023. Shareholders' approval will be sought at the Annual General Meeting for payment of such fees.

The Company had not disclosed the exact remuneration paid to each Director, including the Executive Director, due to the sensitive and confidential nature of such remuneration matters and to ensure the Company's competitive advantage in retaining such personnel.

The Company does not have an employee share scheme.

Corporate Governance Report

III. 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.

Provision 9.1

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.

Nature and Extent of Risk

The Board recognises the importance of maintaining sound systems of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The ARC oversees and ensures that such systems have been appropriately implemented and are monitored.

A summary of the Group's risk management and internal controls system is appended below.

Risk Management

The Group adopts a comprehensive and systematic approach towards Risk Management to help identify, measure, prioritise and respond to the risks challenging its objectives, initiatives, and day-to-day operating activities.

As part of the Group's approach towards risk management, the Group has conducted on an annual basis a Risk Assessment exercise where the key risks of the Group have been identified and evaluated. Also, the Group evaluates its risk exposure based on the likelihood and impact of each risk identified.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately Management and the Board, working as a team.

Internal Controls

A system of internal controls has been implemented to enhance the Group's internal control function in finance, operations, compliance, and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and reporting is reliable.

Audit and Risk Committee

The Board, Audit and Risk Committee, and the management assume the responsibility of the risk management function. Management regularly reviews the Group's business and operational activities to identify areas of significant risks and appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the ARC.

Corporate Governance Report

Provision 9.2

The Board requires and discloses in the company's annual report that it has received assurance from:

- (a) the CEO and the Chief Financial Officer ("CFO") 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**
- (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.**

Board's Comment on Adequacy and Effectiveness of Risk Management and Internal Controls

Risk Management is an essential part of the Group's business planning and monitoring process and is incorporated into its business cycle. The Group engages a professional firm, D'Ark Services Pte Ltd to conduct internal audit ("IA") reviews based on the ARC's approved plan. The Company has established an effective IA function that is adequately resourced and independent of the activities it audits. The IA team reviews the effectiveness of the Group's financial, operational, compliance and information technology controls.

The Audit and Risk Committee ("ARC") approves the hiring, removal, evaluation and compensation of the internal auditors. For FY2023 the internal audit function of the Company was outsourced to D'Ark Services Pte Ltd. The internal auditors report directly to the Chairman of the ARC and have full access to the documents, records, properties, and personnel of the Company and the Group.

The ARC is satisfied with the internal audit services provided by Ms Helen Sim, Engagement Director and her engagement team of D'Ark Services Pte Ltd ("D'Ark"). The internal auditors have adequate resources to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience.

Ms Helen Sim, the Engagement Director is a fellow Singapore Chartered Accountant (practising); a fellow member of the Association of Chartered Certified Accountants (United Kingdom) and is also a member of the Institute of the Internal Auditors of Singapore. She was a former member until 2023 before she retired as member of the Local Executive Committee of the Singapore ACCA Branch from FY2007 to FY2010 (as honorary secretary in FY2010 and honorary treasurer in FY2009) and a former committee member of the Public Accounting Practice Committee of the then ICPAS.

She is currently a member of the ACRA Complaints and Disciplinary Committee from 2016 to 2022 and is currently a member to the Singapore Medical Council and a member to the ISCA Public Accountants Practising Committee.

Ms Sim has worked in both local and international accounting firms and was a Practice Review Manager with the local regulatory authority prior to starting her practice, D'Ark Associates in May 2007. Helen was previously involved as a seminar trainer for the Continuing Professional education seminars organised by the ICPAS and ACCA, AcClarity International Pte Ltd and Wolters Kluwer in auditing and EP200 related topics.

She has the experience to manage and took charge of a portfolio of clients comprising listed Companies multinationals and local enterprises. Helen diversified portfolio ranging from internal audit assignments, and fraud related investigative work, reviewing clients' business risk management processes, internal control structure, identifying business and related risks.

In addition to managing a portfolio of clients, she has also has the experience of involving in the Technical Department of one of the international accounting firm, supported the Technical help desk and also in the setting up of the Intranet of that Firm. She was also involved in pioneering the implementation of the business process audit methodology and the development of the case studies for training and the drafting of the audit programme templates for the firm.

She is supported by a manager who is university graduate and with more than 10 years audit experience and a senior manager with more than 16 years of audit experience.

The ARC is satisfied that the Engagement Director and the engagement team of D'Ark have the relevant experience and are well qualified to undertake the internal audit function of the Company.

Corporate Governance Report

The Board is satisfied that the Company has worked closely with the internal and external auditors of the Group to implement the recommended measures and procedures and has strived to achieve high standards in risk management and internal controls.

Based on the framework of risk management and internal controls established and maintained by the Group, the work performed by the internal auditors, as well as the statutory audit review undertaken by the external auditors, the Board with the concurrence of the ARC, is of the opinion that the internal controls, including financial, operational, compliance and information technology controls and risk management systems that the Group has put in place are adequate and effective as at 31 December 2023 to address the risks that the Group considers relevant and material to its operations.

However, to meet the Group's business environment's changing needs, continuous improvements will be required as the Group grows its business. The Board has received assurance from the Managing Director, the Financial Controller and KMPs that:

- the financial records of the Group have been adequately maintained, and the financial statements for FY2023 give a true and fair view of the Group's operations and finances; and
- the Group's risk management and internal control systems are adequate and effective.

Assurance from the CEO, CFO and KMPs

For the financial year under review:–

- (i) Written assurance was received from the Managing Director, CEO and the Financial Controller ("FC") have assured the Board on the integrity of the Group's financial statements on 24 February 2023 that the financial records have been properly maintained and financial statements give a true and fair view of the Company's operations and finances; and
- (ii) Written assurance was received from the CEO and the KMPs that the Group's risk management and internal controls systems were adequate and effective in addressing the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations. Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, the Board, with the concurrence of the ARC, is of the opinion that the risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2023 to address the risks that the Group considers relevant and material to its operations. Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the management throughout the financial year under review up to the date of this report, provides reasonable, but not absolute, assurance against material financial misstatements or losses, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, and the identification and containment of business risks. With the concurrence of the ARC, the Board is satisfied that the internal audit is adequately resourced and has the appropriate standing within the Group. The internal controls are adequate in addressing financial, operational, compliance and information technology risks in the Company.

Given the latest guidance from the Exchange regarding Rule 720(1) of the SGX-ST Listing Manual, the Company has procured a signed undertaking from all its directors and executive officers based on the latest revised form of Appendix 7.7 of the SGX ST Listing Manual.

Corporate Governance Report

AUDIT AND RISK COMMITTEE

PRINCIPLE 10:

The Board has an Audit and Risk Committee (“ARC”) which discharges its duties objectively.

Provision 10.1

The duties of the ARC include:

- (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*
- (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.*

Roles, Responsibilities and Authorities of the Audit and Risk Committee (“ARC”)

The ARC comprises four members, including the Chairman of the ARC, three are Non-Executive Independent Directors, one is Non-Executive Non-Independent Director. The Chairman of the ARC is Mr Tan Kok Hiang. Dr Wu Chiaw Ching, Mr Low Peng Kit and Mr Li Suet Man are members. The ARC has adopted written terms of reference. The members of the ARC have many years of experience including direct and relevant experience in the areas of accounting and finance. The Board considers the current members of the ARC appropriately qualified to discharge their responsibilities. In FY2023, the ARC met twice. Details of the members’ attendance at ARC meetings in FY2023 are provided on page 79 of this Report.

The ARC has adopted specific written terms of reference. The key terms of reference of the ARC include:–

- a) to review with the external auditors:–
 - the audit plan, including the nature and scope of the audit before the audit commences
 - their evaluation of the system of internal accounting controls
 - their audit report
 - their management letter and Management’s response
- b) to ensure co-ordination where more than one audit firm is involved

Corporate Governance Report

- c) to review the half-year and annual financial statements before submission to the Board for approval, focusing in particular, on:–
 - i) changes in accounting policies and practices
 - ii) major risk areas
 - iii) significant adjustments resulting from the audit
 - iv) the going concern statement
 - v) compliance with accounting standards
 - vi) compliance with the stock exchange and statutory/regulatory requirements.
- d) to discuss problems and concerns, if any, arising from the interim and final audits, and any matters that the internal and external auditors may wish to discuss (in the absence of Management where necessary).
- e) to review the assistance given by Management to the auditors.
- f) to review the internal audit programme and ensure co-ordination between the internal and external auditors and Management and ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance.
- g) to review the scope and results of the internal audit procedures.
- h) to review the significant financial reporting issues, judgements to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance.
- i) to review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response.
- j) to report to the Board its findings from time to time on matters arising and requiring Committee's attention.
- k) to review the Interested Person Transactions.
- l) to undertake such other reviews and projects as may be requested by the Board.
- m) to undertake such other functions and duties as required by statute or the Listing Manual, and by such amendments made thereto from time to time.
- n) to make recommendations to the Board on the appointment, re-appointment, and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.
- o) to ensure arrangements are in place for staff to raise concerns in confidence, and an independent investigation of such matters and appropriate follow-up action.

The ARC has explicit authority to investigate any matters within its terms of reference, full access to and co-operation by the management and full discretion to invite any Director or executive officers to attend its meetings.

Corporate Governance Report

The internal audit function for the Group for the FY 2023 was outsourced to D' Ark Services Pte Ltd. The internal auditors report directly to the ARC and assist the ARC in monitoring and assessing the effectiveness of the Group's material internal controls, operational and compliance controls and risk management. The internal auditor also assists the Group's management in identifying operational and business risks and provides recommendations to address these risks. The ARC approves the internal audit plan and the results of the audit findings are submitted to the ARC for its review and deliberation in its meeting. During their statutory audit, the external auditors will consider the system of internal controls relevant to the Company's preparation of financial statements. The internal and external auditors conducted an annual review in accordance with their audit plans, on the effectiveness of the Company's material internal controls. Any material non-compliance or failures in internal controls and recommendations for improvements were reported to the ARC. The ARC, together with the Board has also reviewed the effectiveness of management's actions on the recommendations made by the internal and external auditors in this respect. The Board and the ARC are of the view that the internal audit is adequately resourced and has the appropriate standing within the Group.

The ARC meets with the external auditors and internal auditors, in each case without the presence of the management, at least twice to review the overall scope and results of external and internal audits, and the management gave their assistance to the external auditors. The ARC met with the external auditors without the presence of management on 24 February 2023 and 11 August 2023. The ARC has reasonable resources to enable it to discharge its function properly.

Audit and Risk Committee Confirmation

Independence of External Auditors and the Listing Rule 1207(6) (a) and (b)

The Audit and Risk Committee has reviewed the aggregate amount of fees paid to the external auditors. All audit and non-audit services provided by the auditors are shown in Notes to the Financial Statements – 31 December 2023, Note 19, page 54 of the Annual Report. For non-audit fees paid to the external auditors of the Company, based on the annual review conducted by the ARC on the volume of non-audit services provided by the external auditors to satisfy the ARC that the nature and extent of such services will not prejudice the independence of the external auditors, the ARC is satisfied with the external auditors' confirmation of their independence.

The ARC has recommended to the Board that BDO LLP be nominated for re-appointment as external auditors at the forthcoming AGM of the Company.

The Company is in compliance with Rule 712 and Rule 715 (1) of the SGX-ST Listing Manual on the appointment of the same auditing firm in Singapore to audit its account and its Singapore-incorporated subsidiaries and Rule 716(1) on the appointment of different auditing firms for its foreign-incorporated subsidiaries.

Whistleblowing Policy and Procedure

To encourage proper work ethic and facilitate eradicating of any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the ARC has implemented a Whistleblowing Policy. The policy provides a mechanism by which concerns about plausible improprieties in, including but not limited to, matters of financial reporting, dishonest practice, suspected fraud, bribery, and corruption, may be raised.

The Whistleblowing procedures for all employees to raise concerns in confidence about possible serious corporate improprieties in matters of financial reporting or other matters. The procedures contain submission, assessment, and investigation of incidents, retention of records and protection of whistleblowers. To ensure independent investigation of such matters and for appropriate follow-up action, all reports are to be sent to Mr Tan Kok Hiang, Non-Executive and Lead Independent Director and Chairman of the ARC and RC. Details of the whistleblowing procedures and arrangements have been made available to all employees. The copy of the mentioned procedures is also available on the Company's intranet. There were no reported incidents pertaining to whistleblowing for FY2023.

The Company's whistleblowing policy allows employees to raise concerns and also offers reassurance that as far as is reasonably practicable, employees will be protected from intimidation, retaliation, or adverse employment consequences for whistleblowing reports made in good faith.

Corporate Governance Report

The ARC addresses issues and/or concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARC reports to the Board any issues and/or concerns received, at the ensuing Board meeting. Should the ARC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

The Group takes concerns raised in respect of the integrity and honesty of its employees very seriously. The whistleblowing policy and whistleblowing communication channel have been disseminated to all staff via email and is also posted on the Company's intranet for staff reference. Staff is encouraged to report any behaviour or action that is reasonably suspicious or against any rules/regulations/accounting standards applicable to the Group (including the Group's internal policies). The whistleblowers may also approach the Corporate Secretary directly in confidence, and his/her identity will be protected from intimidation, retaliation, or adverse employment consequences as far as reasonably practicable.

The Company treats all information received confidentially and where requested, as far as reasonably practicable, protects all whistleblowers' identity and the interests. The Group views concerns expressed anonymously as potentially less credible, but the ARC and/or the Board (where appropriate) nonetheless reserves the right to consider such concerns at their discretion.

All newly recruited employees are briefed on the existence of the Whistleblowing Policy during the Group's induction programme.

The whistleblowing policy is reviewed by the ARC from time to time to assess the effectiveness of the processes in place and to ensure that the said policy is updated to take into account any related changes in legal and regulatory requirements. The last review was on 11 August 2023.

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.

ARC Composition and Role

The ARC comprises the following four Directors, three of whom are non-executive and independent:

Mr Tan Kok Hiang, Chairman	(Non-Executive Lead Independent Director)
Dr Wu Chiaw Ching	(Non-Executive Independent Director)
Mr Low Peng Kit	(Non-Executive Independent Director)
Mr Li Suet Man	(Non-Executive Non-Independent Director)

During FY2023 the ARC held two scheduled meetings, which all members attended.

The expertise of ARC Members

The ARC members bring with them invaluable professional expertise in the accounting and financial management domains.

The Chairman of the ARC, Mr Tan Kok Hiang, is experienced in capital markets functions, corporate finance, assets management, financial investment, and accounting and is knowledgeable in executive compensation. The other members of the ARC have many years of experience in business management, education, healthcare, and financial services. The Board is satisfied that the members of the ARC have recent and relevant accounting or related financial management expertise and experience to discharge the functions of the ARC.

Corporate Governance Report

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.

Cooling off Period for Partner or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARC.

Each member of the ARC abstained from voting on any transactions and make any recommendation and/or participate in discussing matters in which he is interested.

Review of interested person transactions

The ARC has reviewed interested person transactions of the Group for FY2023 and reported its findings to the Board. Please refer to page 72 of the annual report for further details on the interested person transactions of the Group for FY2023.

The ARC reviews all interested person transactions entered into by the Group. Directors who are interested in the Group's transactions recuse themselves from the deliberation and approval process in both the ARC and Board unless the Board is of the opinion that his or her presence and participation is necessary to enhance the efficacy of such discussion. On a biannually basis, the ARC also reviewed the Company's financial results announcements before their submission to the Board for approval.

The ARC has explicit authority to investigate whistleblowing complaints. All whistleblower complaints are reviewed by the ARC and/or the Board pursuant to the Company's Whistleblowing Policy to ensure an independent and thorough investigation and adequate follow-up.

The ARC had reviewed the external auditors' audit plan for FY2023 and agreed with the auditors' proposed significant areas of focus and assumptions that impact the financial statements. In its review of the financial statements of the Group for FY2023, the external auditors had discussed with Management the accounting principles that were applied and their judgment of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARC also reviewed and addressed, amongst other matters, the key audit matters as reported by the external auditors for FY2023. The key audit matters can be found on pages 20 to 22 of this Annual Report.

Management reported to and discussed with the ARC the changes to the accounting standards and accounting issues which directly impact the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

ARC to Keep Abreast of Changes to Accounting Standards

In addition to the activities undertaken to fulfil its responsibilities, the ARC is kept up to date by Management, external and internal auditors on changes to accounting standards, SGX-ST rules and other codes and regulations which can impact on the Group's business and financial statements.

The ARC oversees the Group's relationship with its external auditors. It reviews the selection of the external auditors and recommends to the Board the appointment, re-appointment and removal of the external auditors, the remuneration and terms of engagement of the external auditors. The annual re-appointment of the external auditors are subject to shareholders' approval at each AGM.

The ARC has reviewed the independence and objectivity of the external auditors through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors.

Corporate Governance Report

Provision 10.4

The primary reporting line of the internal audit function is to the ARC, 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 ARC, and has appropriate standing within the company.

Internal Auditors

The company has established an effective internal audit function that is adequately resourced and independent of the activities it audits.

The ARC approves the hiring, removal, evaluation, and compensation of the internal auditors. For FY2023 the Company's internal audit function was outsourced to D' Ark Services Pte Ltd. The internal auditor reports primarily to the Chairman of the ARC and has full access to the documents, records, properties, and personnel of the Company and the Group.

The Board recognises the importance of maintaining a system of internal control processes to safeguard Shareholders' investments and the Group's business and assets. The Board notes that no system of internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud, or other irregularities. The annual conduct of audits by the internal auditors assesses the effectiveness of the Group's internal control procedures. It provides reasonable assurance to the ARC and the management that the Group's risk management, controls, and governance processes are adequate and effective.

The ARC is satisfied that the internal audit function has adequate resources to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience.

The internal audit work carried out in FY2023 was guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down by the International Professional Practices Framework issued by the Institute of Internal Auditors.

On an annual basis, the ARC reviews the internal audit program of the Group to align it to the changing needs and risk profile of the Group's activities.

During the year, the Board of Directors and the Audit and Risk Committee have reviewed the Group's internal controls adequacy, including financial, operational, compliance, management information system controls, and risk management system.

The ARC reviews the Group's internal audit function's adequacy to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The ARC also reviews the IA's reports and remedial actions implemented by Management. Based on the reviews conducted, the Board of Directors, with the concurrence of Audit and Risk Committee, is of the opinion that the system of internal controls in place is adequate in meeting the current scope of the Group's business operations.

Provision 10.5

The ARC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

Meeting with External and Internal Auditors

During FY2023, the Group's internal and external auditors were invited to attend the ARC meetings and make presentations as appropriate. The ARC meets with the Group's internal and external auditors without the presence of Management twice on 24 February 2023 and 11 August 2023.

Corporate Governance Report

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

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.

All Shareholders receive the annual report and the notice of AGM (the "Notice of AGM"). The Notice of AGM is also published in the newspapers and posted via SGXNET.

All registered shareholders are invited to participate in the AGM and are given the right to vote on resolutions at general meetings. Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanatory notes to the proposed resolution. The proxy form is sent with the notice of AGM to all shareholders.

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.

Sufficient Information to Shareholders

The Company has provided sufficient and regular information to its shareholders. In this respect, the Board adopts a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance that may have a material financial impact on the price or value of its shares.

The Constitution of the Company allows members of the Company to appoint not more than two proxies to attend and vote on their behalf. As the authentication of shareholder's identity information and other related security issue remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

All Directors, in particular, the Chairperson of the Audit, Remuneration, Nominating Committees are in attendance at the Company's AGM to address shareholders' questions relating to the work of these Committees.

The management, Corporate Secretary, the external auditors, BDO LLP and legal advisors (if necessary) are also invited to attend the general meeting. The procedures of general meetings provide shareholders with the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the shareholders with the Director on their views on matters relating to the Company and its operations.

Shareholders are informed of general meetings through notices sent to them and published in the newspaper, and the Company's announcements via SGXNet. All resolutions tabled at general meetings are put to the vote by poll voting.

Shareholders are also informed of the rules and voting procedures governing such meetings.

To facilitate shareholders' effective participation at general meetings, the Company holds its general meetings at a location that is accessible to shareholders. Shareholders of the Company receive the notices of all shareholders' meetings. The annual report and relevant circulars are made available to shareholders on the Company's website at <http://www.lht.com.sg>.

The Company fully supports the Code's principle to encourage shareholders to participate in the question-and-answer session during the general meetings. The Company's Constitution allows the appointment of not more than two proxies by shareholders to attend the AGM and vote on his/her behalf. Shareholders who hold shares through nominees are allowed to attend the general meetings as proxies without being constrained by the two-proxy requirement.

Corporate Governance Report

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.

Conduct of General Meeting

At the general meeting, the Board ensures that separate resolutions are proposed for approval on each distinct agenda item at General Meetings to the extent possible, or if not, the appropriate reasons there for. Shareholders can vote either in person or through proxies.

The Company's Constitution allows all shareholders (who are not relevant intermediaries as set out in the Companies Act) to appoint up to two proxies to attend general meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the Central Provident Fund (CPF) agent bank nominees to appoint multiple proxies, and empower CPF and SRS investors to attend and vote at the Company's general meetings as their CPF and SRS agent banks' proxies.

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

Interaction with shareholders

The Directors attend all General Meetings of the Company to address issues raised by shareholders. The Company's external auditors are also present to address any relevant queries from shareholders on the conduct of the audit and the preparation and contents of the auditors' report. Appropriate key management, the Corporate Secretary and the Financial Controller are also present at the general meetings to respond, if necessary, to operational questions from shareholders.

Directors' attendance at the General Meetings can be found on page 79 of this report.

Provision 11.4

The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

Shareholders' Participation

The Constitution of the Company allows members of the Company to appoint not more than two proxies to attend and vote on their behalf. As the authentication of shareholder's identity information and other related security issue remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email, or fax.

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.

Minutes of General Meeting

The minutes of the general meetings are prepared by the Corporate Secretary, which include mainly comments or queries from shareholders and responses from the Board members and the Company's management. These minutes are available to shareholders upon their written request. The minutes of general meetings, are also available to shareholders at the Company's registered office of the Company at 27 Sungei Kadut Street 1, Singapore 729335 during normal business hours upon written request and are published on the Company's website www.lht.com.sg.

Corporate Governance Report

Provision 11.6 Dividend Policy

The company has a dividend policy and communicates it to shareholders.

Dividend Policy

The Group has a dividend policy in place that guides the form, frequency, and amount of dividends to be declared each year. The policy required the Board to take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate when submitting their dividend proposal.

The declarations and/or payment of future dividends are subject to the Board's continuing determination that such declaration and/or payment would be in the best interests of the Group and shareholders, and comply with all applicable laws and regulations.

The Company has proposed a final dividend (tax-exempt one-tier) of S\$0.05 and a final special dividend (tax-exempt one tier) S\$0.13 Singapore cents per ordinary share for the financial year ended 31 December 2023, payment of which is subject to shareholders' approval at the forthcoming AGM on 29th April 2024.

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.

Provisions 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.

Provisions 12.2

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.

Provisions 12.3

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.

Timely Information to Shareholders

The Company updates its shareholders and the investor community through the timely release of announcements to the SGX-ST via SGXNET. The Group's financial results are released within 45 days from the end of each half-year and within 60 days from the financial year-end. Annual Report is available to the shareholders at least 14 days before each AGM by normal post and on the Company's website.

Soliciting and Understanding Views of Shareholders

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate in the question-and-answer session during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views and understand the shareholders concerns.

All resolutions at AGMs are put to the vote by poll to allow greater transparency and equitable participation by shareholders. An independent scrutineer will also be appointed by the Company to ensure the procedures of the polling process are adhered to and to supervise the counting of votes during the Company's general meetings.

Corporate Governance Report

Investor Relations Policy

The Company has adopted an investor relations policy to formalise the principles and practices that the Company applies to provide current and prospective investors with the information necessary to make well-informed investment decisions.

The Company has a team of investor relations officers consists of the Managing Director, Financial Controller and Corporate Secretary who focus on facilitating the communications with all stakeholders, shareholders, regulators, analyst and press, etc to keep them informed of the corporate activities, including changes in the Company or its business which would be likely to affect the price or value of its shares materially.

The Company's Investor Relations Policy is published on the Company's website under the investor relations module. It sets out the mechanism through which shareholders may contact the Company when they have any queries. The Group's corporate governance culture and awareness promote fair and equitable treatment to all shareholders. All shareholders enjoy specific rights under the Companies Act and the Constitution of the Company and are required to be treated fairly and equitably.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent, and timely disclosure.

Shareholders can participate effectively and vote at Company's general meetings of the Company and will be informed of the rules, and voting procedures at the general meetings.

The Board is mindful of the obligation to provide timely and fair disclosure of material information following the Corporate Disclosure Policy of the SGX-ST.

The Board welcomes the Shareholders' views on matters affecting the Company, whether at Shareholders' meetings or on an ad hoc basis. At AGMs, shareholders are allowed to air their views and to ask the Directors and Management questions regarding the Group's operations.

Besides telephone calls from the shareholders, they can also send e-mail to the Company's Investor Relations at ir@lht.com.sg for any investor relations' issues. The Board and the Audit and Risk Committee are of the view that there are adequate communication channels for the Shareholders to contact the Company for queries or to contribute their views.

Regular Dialogue with Shareholders

General meetings have been and are still the principal forum for dialogue with shareholders. The Company also communicates with its shareholders regularly. All Shareholders receive the annual report and the notice of AGM/EGM (the "**Notice of AGM/EGM**"). The Notice of AGM/EGM is advertised in the newspapers and published via SGXNET.

All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by explaining the proposed resolution. The proxy form is sent with the notice of AGM/EGM to all shareholders.

All Directors, particularly, the Chairperson of the Audit, Remuneration, Nominating Committees are in attendance at the Company's AGM/EGM to address shareholders' questions relating to the work of these Committees.

The management, Corporate Secretary, external auditors, BDO LLP and legal advisors (if necessary) are also invited to attend the general meeting. The procedures of general meetings provide shareholders with the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the shareholders with the Director on their views on matters relating to the Company and its operations.

Corporate Governance Report

Under the Company's Constitution, a poll may be demanded by the Chairman of the general meeting or by at least two (2) members or any member present in person or by proxy representing not less than one-tenth of the total voting rights of all members having the rights to vote at the meeting. For greater transparency, the Company has conducted poll voting for all the resolutions passed at the last AGM and EGM. The Company will continue to put all resolutions to vote by way of the poll for any forthcoming general meetings. The detailed voting results, including the total number of votes cast for or against each resolution tabled and the respective percentages, will be announced to SGX-ST via SGXNet on the same day after the conclusion of the meetings.

As the authentication of shareholder identity information and other related security issues remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email, or fax.

Shareholder Right and Engagement

The Company's corporate website also contains the latest and past annual reports, half-year and full-year results and announcements.

Shareholders may send their queries and concerns regarding the Company to the Company's investor relations email at ir@lht.com.sg.

V. MANAGING STAKEHOLDERS RELATIONSHIP

ENGAGEMENT WITH STAKEHOLDERS

PRINCIPLE 13:

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.

Provisions 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 discloses its strategy and key areas of focus in its Annual Report concerning the management of stakeholder relationships during the reporting period. LHT's sustainability report has undertaken a process to determine the environmental, social, and governance (ESG) issues that are important to these stakeholders. These issues form the materiality matrix upon which targets, performance, and progress are reviewed and endorsed by the board annually.

Provisions 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.

Relationship with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the Company's long-term future. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, including staffs, shareholders customers, vendors, regulators and communities. The Company has mapped out the key management of the respective stakeholder relationships. Please refer to the Sustainability Report on pages 134 to 135 of this Annual Report for further details.

Corporate Governance Report

Provision 13.3

The company maintains a current corporate website to communicate and engage with stakeholders.

Communications with stakeholders

The Company's contact information is reflected on the website, www.lht.com.sg to enable stakeholders to contact the Company if required.

VI. OTHER CORPORATE GOVERNANCE MATTERS

Dealings in Securities

- Listing Manual Rule 1207 (19)

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST on the best practices in respect of dealing in securities, the Company has in place an internal policy in relation to dealings in the Company's securities by its officers. The Company has informed its Directors and Officers of the Group not to deal in the Company's shares when they are in possession of any unpublished material or price-sensitive information and during the period commencing at least one month before the announcement of the Company's financial results until after the announcement of such financial results. The Directors and Officers of the Group are expected to observe the insider trading laws at all times when dealing in securities, even when dealing in securities within the permitted trading period, and are strongly discouraged to deal in the Company's securities on short-term consideration.



LHT HOLDINGS LIMITED

SUSTAINABILITY REPORT 2023



Being part of the Sustainable Effort

Sustainability Report 2023



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Sustainability Report



“LHT believes that a strong commitment by our leadership is key to growing a sustainable business”

-Our commitment-

1. BOARD STATEMENT

Dear Stakeholders,

We are delighted to announce the release of our seventh annual sustainability report. As the Board of Directors (the “Board”) of LHT Holdings Limited (“LHT”), we firmly believe that building a successful and sustainable business extends beyond financial metrics. It entails conscientiously managing Environmental, Social and Governance (“ESG”) factors throughout all facets of our business operations.

As we steadfastly embrace the latest technological trends and propel our business towards further development, we recognize the imperative of remaining attuned to the environmental footprint we leave behind. In contemporary times, there is a growing consciousness about recycling waste, with widespread acknowledgment of the benefits of recycling common household materials such as plastics, metals, paper, and glass. However, there exists a prevailing lack of awareness regarding the significance of recycling wood waste.

Our ESG committee emphasise that creating sustainability for wood and wood products is no longer just an aspiration. Lawmakers and regulators are increasingly ensuring the legality of wood origins to instil accountability and promote sustainability. Amidst a global landscape of numerous commercial wood suppliers, LHT distinguishes itself. Our company specializes in the manufacturing and supply of wooden pallets, crates and cases for the packaging of industrial products. Additionally, we also engage in the trade of raw timber-related products, technical wood and wood waste collection and recycling into woodchips, etc.

Sustainability is an ever-evolving concept. We eagerly anticipate fostering robust reporting habits to augment our sustainability reporting and yield positive economic, environmental, and social returns for our stakeholders. Our commitment extends to ongoing engagement with key stakeholders, understanding their primary concerns, and advancing sustainability agendas for superior economic, environmental, and social impacts. We remain dedicated to close collaboration with our business partners and stakeholders to effectively monitor and manage material ESG topics.

Sustainability Report

1.1. Step by step toward zero waste

Persistent Pursuit of Innovation in Wooden Pallet Development

We attended Interpack 2023 at the Düsseldorf Trade Fair Centre, an exhibition focused on sustainability processing and packaging automation. Simultaneously, LHT had the honour of leading a team consisting of members from the Packaging Council Singapore (“PCS”) and lecturers from Ngee Ann Polytechnic to Interpack in Dusseldorf, Germany. This educational study trip was organized as part of the PCS sustainability program and included visits to various processing plants, as well as explorations of Packaging Valley and Circular Valley. The trip was a comprehensive effort to deepen our understanding of sustainable practices, concluding with valuable insights gained during our journey to Dusseldorf, Germany.

Furthermore, we are actively engaged in a collaborative effort with the Agency for Science, Technology, and Research (“A*STAR”) to drive the Industry 4.0 transformation for Sustainable Manufacturing.

Our commitment to sustainability is evident in our innovative practices:

- **Utilising Laminated Veneer Lumber (“LVL”) as a raw material:**

This approach, applied in the construction of our wooden pallets and cases, capitalizes on the material's high strength-to-weight ratio. This not only enhances the structural integrity of our products but also contributes to energy savings during transportation, consequently aiding in the reduction of fuel consumption.

- **Employing a high-pressure and high temperature steaming process:**

Since 2011, we have been utilising this process to transform wood waste materials into technical wood. This serves as an eco-friendly substitute for natural wood, aligning with our commitment to sustainable practices.

Our proactive engagement in global exhibitions, receipt of prestigious awards, and collaborations with research institutions like A*STAR underscore our dedication to sustainable manufacturing. We are committed to ongoing innovation and environmentally conscious practices as we continue to contribute positively to the industry and uphold our commitment to sustainability.



We are delighted to announce that LHT was proudly awarded with the World Packaging Award 2023 for our groundbreaking “Green ISO Pest Free Euro Pallet.” The award ceremony took place in Dusseldorf, Germany, in conjunction with the International Interpack show on Processing and Packaging.

Sustainability Report

Promoting Wood Waste Recycling Awareness

The Company actively participated in various events throughout the year, strategically aiming to raise awareness about recycling wood waste. These engagements underline our dedication to promoting sustainable practices, fostering awareness about recycling wood waste, and actively contributing to a greener and more responsible future.

MIFB 2023 Exhibition:

LHT showcased its commitment to sustainability at the Malaysia International Food & Beverage (“MIFB”) 2023 exhibition in Kuala Lumpur Convention Centre. The focus was on the “Green Pallet for Green Packaging” initiative. The event was graced by distinguished guests, including Deputy Minister of Agriculture and Food Security (Yang Berhormat Tuan Chan Foong Hin) and Director of Halal, Food and Beverages, and Agro-based MATRADE (Mr. Remmee Yaakub).



SMF-PCS and SPSA- Singapore Packaging Stars Award and Gala Dinner 2023:

LHT as the Gold sponsor of Singapore Manufacturing Federation-Packaging Council Singapore (“SMFPCS”), actively participated in the Singapore Packaging Star Award (“SPSA”) event at Raffles Town Club. Member of Parliament Pasir Ris-Punggol GRC (Ms. Yeo Wan Leng) graced the occasion. LHT’s ISO Pest-Free Pallet received the prestigious star award for the year 2022, reinforcing our commitment to excellence in sustainable packaging.

Cleantech II Exhibition and SIMTech Innovation and Technology Conference 2023:

LHT Chairperson, CEO, and Managing Director (Ms. May Yap) was invited as a speaker at the Cleantech II exhibition and SIMTech Innovation and Technology Conference 2023. The discussion centred around “Toward Green Pallet for Green Packaging,” emphasizing renewable energy powered by solar.



Learning Journey in Sustainability for LTA:

LHT organised a learning journey in sustainability for a team of 30 individuals from Land Transport Authority (“LTA”). The focus was on understanding the potential of unwanted wood packaging, horticulture waste, and other wood waste for upcycling into wood products. The initiative showcased our commitment to the circular economy in wood waste sustainability.

Effective Team Leadership

We are thrilled to announce that our esteemed leader, LHT's Chairperson, CEO, and Managing Director (Ms. May Yap) has been honoured with the distinguished award for being recognised as "The Most Influential and Powerful" leader in year 2023 by China Association of Cooperative Trade Enterprises (CACTE).

This prestigious accolade underscores the remarkable leadership qualities embodied by our Chairperson, CEO, and Managing Director (Ms. May Yap). Her visionary guidance and unwavering commitment have played a pivotal role in steering our organization towards success. The event held at the esteemed Diao Yu Tai in Beijing, China not only celebrates this individual achievement but also highlights the strength and resilience of the leadership driving our Group.

Business Development

During FY2023, the Group successfully concluded the acquisition of the property located at No. 6 Tuas South Street 10, Singapore 636941. This strategic move aligns with our vision to expand our business, aiming to enhance productivity levels and enable the community to make use of environmentally friendly green pallets.

In the upcoming year, we are unwavering in our commitment to sustainability and will persist in integrating eco-friendly practices across all facets of our operations. This dedication reflects our aspiration for a resilient and environmentally responsible future. We encourage you to delve into our complete Sustainability Report for comprehensive insights into our endeavours and accomplishments. Your feedback is invaluable to us, playing a pivotal role in shaping more impactful initiatives that contribute to the creation of a better world for all.

Maintaining Good Corporate Governance

Corporate governance stands as the foundation for establishing trust and transparency. We acknowledge its crucial role, not only in ensuring the success of our organization but also in safeguarding the interests of our stakeholders. It is with pride that we declare the Group's impeccable record, devoid of any incidents of corruption since the commencement of our reporting.

“ We are always conscious of our role in the conservation of natural resources. Recycling is one of many efforts that reflect our commitment towards mitigating climate change and deforestation. ”



Sustainability Report

2. OUR BUSINESS

LHT Holdings Limited (“LHT” or the “Company”), along with its subsidiaries (collectively referred to as the “Group”), stands as one of Singapore's largest and most esteemed homegrown manufacturing companies specializing in the production of high-quality and environmentally friendly wooden pallets, boxes, and crates. With a rich history dating back to 1977, the Group is headquartered in Singapore, with strategically spread business operations in Singapore, Malaysia, Vietnam, and China. Furthermore, the Group has been listed on the Mainboard of the Singapore Exchange Limited (“SGX”) since 26 July 1999.

Founded in 1977, LHT is dedicated to delivering top-notch packaging products that prioritise environmental sustainability. Our comprehensive services encompass everything from design and manufacturing to professional industrial packing, and rental services, providing our customers with a seamless one-stop solution and ensuring total peace of mind. The distinguishing features that make us stand out in the industry include:



Environmentally Friendly:

We specialize in manufacturing Innovative Processed Product Conversion (“IPPC”) wood pallets, which contribute to lower carbon emissions compared to standard wood pallets. By opting for our products, our clients can effectively reduce their carbon footprint.

As the foremost environmentally friendly pallet and crate manufacturer, we actively recycle waste wood to craft greener and more sustainable wooden pallets. This dedication aligns with our motto, “Green Pallet for Green Packaging,” underscoring our commitment to providing eco-friendly solutions in the pallet industry.



Technologically Advanced:

We are consistently engaged in the development of innovative products and services aimed at pushing the boundaries of our industry and fostering greater sustainability. Recognised as an essential business, we persistently refine our operations with the goal of providing our customers with the optimum experience, ensuring a smoother and more convenient packaging and delivery process.

In our commitment to continuous improvement, we collaborate with esteemed partners such as SIMTech and other technology experts. This collaborative effort instills confidence in us that our solutions will not only meet but exceed the expectations of our community in the long run.



Emerging Technology:

We have successfully transitioned our conventional industry into a forward-thinking, digitally driven enterprise through the implementation of our 4.0 factory and cutting-edge technology. Our commitment is to deliver superior products of exceptional quality to our trusted and loyal customer base. Through continual innovation, our emerging technology enables us to efficiently manufacture products that are more environmentally friendly.

The pivotal moment came in 2010 when our inaugural project involving the newly developed RFID Pallet Leasing & Tracking system proved to be a resounding success. This success propelled us on a trajectory toward further development and testing of emerging technologies, aiming to enhance our efficiency and produce environmentally conscious products of superior quality.

3. ABOUT THE REPORT

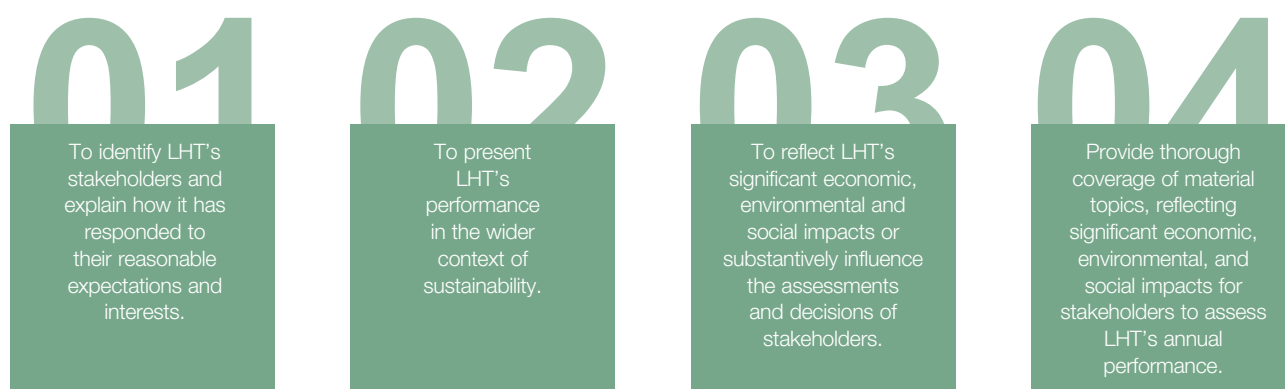
Scope of the Report

This report encompasses sustainability aspects related to LHT, with a focus on non-financial performance and the associated management approach disclosures. The reporting period spans from 1 January 2023 to 31 December 2023, with any exceptions explicitly mentioned. Historical data for 2021, 2022, and 2023 has been incorporated where available to facilitate comparison. The report is strategically crafted to address stakeholders' concerns about sustainability issues arising from the Group's primary business operations in Singapore covering the manufacturing of wooden pallets, boxes and crates, industrial packaging, heat treatment, pallet design & testing, pallet rental and wood waste disposal and recycling.

The determination of primary business operations considered in this report is based on the controls exercised by the Group, which includes its Singapore subsidiaries. For a comprehensive list of entities covered in this report, please refer to **Appendix A**.

Reporting Standards

The preparation of this report is in accordance with the Chapter 7: Continuing Obligations of SGX Rulebooks, specifically 711A and 711B ("SGX Listing Rules"), drawing guidance from Practice Note 7.6 Sustainability Reporting Guide. In addition to complying with the relevant listing rules, this report is meticulously crafted with reference to the Global Reporting Initiative ("GRI") Standards, recognised as a comprehensive and globally accepted framework for sustainability reporting. Our report aligns with the GRI's principles for determining report content and ensuring report quality, which involves a thorough consideration of the Group's activities, their associated impacts, and the significant expectations and interests of our stakeholders. The content was established by the following four GRI Standard reporting principles:



For the GRI content index, please refer to **Appendix D**.

Moreover, this report is prepared in accordance with the recommendations outlined by the Task Force on Climate-related Financial Disclosures ("TCFD"). In alignment with the recommendations in the Singapore Exchange Securities Trading Limited ("SGX-ST") Practice Note 7.6 Sustainability Reporting Guide, we have adopted a phased approach that concentrates on specific areas of climate-related financial disclosures in our reporting. This strategic approach allows us to effectively address key aspects of climate risk and opportunities within the context of our operations and business activities. For the TCFD recommendations content index, please refer to **Appendix E**.

Sustainability Report

Restatements

The Group has restated its previous Scope 2 emission disclosure to reflect the use of the latest conversion factors, ensuring a more updated and accurate representation of emissions.

Independent Verification

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

Sustainability Contact

The electronic version of this report can be accessed on the Company's website (www.lht.com.sg) under the section "Investor Relations".

We welcome your views and feedback on our sustainability practices and reporting. For any enquiry related to this report, please contact:

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Singapore 729335
Tel.: (65) 6269 7890
Fax: (65) 6367 4907
E-mail: sr@lht.com.sg



From RFID tags to new ways of recycling, local pallet manufacturer LHT, led by Ms May Yap (right), is taking the timber industry forward one innovation at a time. PHOTO: Business Time published 18 Jan 2022

4. KEY SUSTAINABILITY HIGHLIGHTS



Sustainability Report

Memberships

Memberships

- Singapore Green Building Council (“SGBC”)
- Waste Management & Recycling Association of Singapore (“WMRAS”)
- Singapore Timber Association
- Singapore Manufacturing Federation (“SMF”)
- Singapore Business Federation (“SBF”)

Awards

Association	Awards
2020	
Dun & Bradstreet (“D&B”)	Business Eminence Awards 2020
AI Acquisition International	Business Excellence Awards 2020 – Leader in Multi-Purpose Pallet Packaging Manufacturer 2020 – Asia
The Leaders Globe	The 10 Most Renowned Brands to watch in 2020
World Packaging Organisation (“WPO”)	WordStar 2020 Award for Packing Excellence – RFID Green Pallet for Green Packaging
2021	
Brands for Good	2021-2022 Honouree Award Winner In recognition of businesses for doing good and embodying social responsibility in business and operations
Malaysia International Business Awards 2021	Materials Award – LHT Gpac Technology (M) Sdn Bhd In recognition of outstanding initiatives of international firms in Malaysia
2022	
CSR Works International	Asia's Best Sustainability Awards – Small Medium Enterprise (“SME”) Category (Bronze)
Singapore Business Review	SBR National Business Awards 2022 – Manufacturing – Efficient Consumer Response (ECR) RFID Pallets Management System
D&B (Dun & Bradstreet)	D&B Business Eminence Awards 2022
Singapore Business Review	SBR Made In Singapore Awards 2022 – Packaging Category
2023	
World Packaging Organisation (WPO)	WorldStar Global Packaging Awards 2023 – International Organisation for Standardisation (“ISO”) Pest-free Pallet
CSR Works International 2022 Asia Sustainability Reporting Awards (ASRA)	Asia's Best Sustainability Awards 2022 – SME category – Finalist

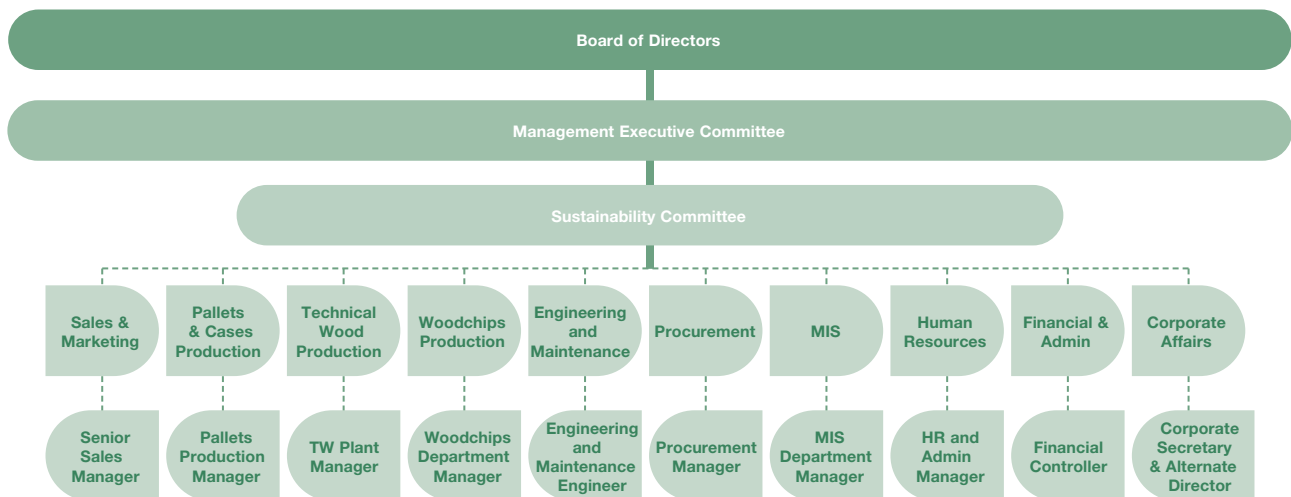
Sustainability Report

Sustainability Strategy

Sustainability Organisation Structure

In our pursuit of long-term growth, sustainability occupies a central position in our corporate strategy. The value we create for our stakeholders, encompassing our people, the environment, and society as a whole, profoundly influences our financial performance. To uphold this commitment to sustainability, the Board of Directors (the “Board”) oversees the ESG matters of the Group, and our dedicated Sustainability Committee (“SC”) plays a pivotal role in fostering a culture of sustainability within LHT.

The SC formulates the Group's sustainability strategies, policies, and initiatives, receiving support from various department heads who collaborate on managing and executing sustainability initiatives across the Group's operations. Beyond development, they are also responsible for the annual tracking and reporting of performance to both the SC and the Board, ensuring transparency and accountability in our sustainability endeavours.



Sustainability Organisation Structure

LHT is unwavering in its dedication to fostering a more sustainable workplace. Recognizing the crucial role of robust governance in ethical and sustainable business practices, LHT's Board incorporates significant Environmental, Social, and Governance (ESG) factors into the Group's overarching strategic goals and policies. Emphasizing effective management and monitoring, the Board ensures the successful integration of ESG considerations. In strict adherence to the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore, LHT maintains compliance, with any exceptions appropriately explained. Operating within the framework of local and international laws and regulations, the Company upholds the highest standards of integrity, transparency, and fair grievance procedures. A comprehensive Code of Conduct delineates the responsibilities of all employees and the supply chain, emphasising ethical business conduct.

To promote a culture of accountability and transparency, LHT has implemented a robust whistleblowing policy, encouraging employees to report any suspected or actual instances of illegal, unethical, or inappropriate events without fear of retribution. Regular reviews of these guidelines and policies underscore LHT's commitment to responsible business practices.





LHT has seamlessly integrated sustainable and responsible practices into its business model, enhancing ESG factors within its sustainable strategy. Its products and services adhere to prevailing environmental and safety standards, meeting customer expectations. Upholding fair labour standards across operations, LHT's success in this initiative contributes to the Company's ability to consistently deliver high-quality products and reliable services, ensuring customer satisfaction while upholding the highest standards of responsibility and sustainability.

Sustainability Report


Stakeholder Engagement

LHT recognizes stakeholders as crucial influencers with a significant interest in the Group's affairs. The key stakeholders, including employees, customers, suppliers, investors, government, and regulators, play a pivotal role in LHT's sustainability journey. The Company proactively involves stakeholders through various communication channels, with the aim of informing them about sustainability initiatives, understanding their expectations, and fostering relationships. This engagement has facilitated mutual understanding, strengthened ties, and enhanced LHT's ability to address economic and environmental concerns.

By prioritizing relationships with clients and the community, LHT anticipates a positive, long-term impact on economic success through strategic stakeholder engagement. This approach ensures shared values and sustainable operations, aligning with the Company's commitment to building enduring partnerships that contribute to both its success and the well-being of the broader community.

Stakeholders	Mode Engagement	Frequency	Value Creation
 <p>Employees</p>	<ul style="list-style-type: none"> Employee appraisals Informal one-to-one sessions Managers' and seniors' open-door policy 	<ul style="list-style-type: none"> Semi-annually Ad-hoc On-going 	<ul style="list-style-type: none"> LHT is committed to fostering continuous engagement with its employees through both formal and informal channels, seeking to genuinely understand their thoughts and concerns. Recognizing that employees are the driving force behind LHT's operations, this ongoing engagement is crucial to supporting operational efficiency and achieving overall business excellence.
 <p>Customers</p>	<ul style="list-style-type: none"> Hotline Email queries Customer visits Face-to-face meetings Telephone follow-ups Annual review and feedback sessions 	<ul style="list-style-type: none"> Ad-hoc Ad-hoc On-going Ad-hoc On-going Annual 	<ul style="list-style-type: none"> LHT is dedicated to building enduring relationships with its customers, investing in the delivery of the highest quality products and services. In addition to this commitment, the Company actively collects reviews and feedback to ensure a continuous improvement in its operations, aligning with the evolving expectations of its valued customers.
 <p>Suppliers and Service Providers</p>	<ul style="list-style-type: none"> Day-to-day communications Face-to-face meetings Annual review and feedback sessions Email queries Supplier audits Telephone follow-ups 	<ul style="list-style-type: none"> On-going Annually Annually Ad-hoc On-going On-going 	<ul style="list-style-type: none"> LHT strives to cultivate cooperative and enduring relationships with its value chain partners. This goal is accomplished by fostering close collaboration while ensuring strict adherence to regulations, safeguarding the integrity and continuity of these valuable partnerships.
 <p>Investors/ Shareholders</p>	<ul style="list-style-type: none"> Group Annual Report Annual General Meeting Extraordinary General Meeting Group Results Announcement Informal discussion 	<ul style="list-style-type: none"> Annually Annually Ad-hoc Semi-annually Ad-hoc 	<ul style="list-style-type: none"> LHT is committed to maximizing returns for investors and shareholders, coupled with a dedication to enhancing transparency. This commitment is realized through comprehensive financial and sustainability reporting, supplemented by timely and active communication to keep stakeholders well-informed.

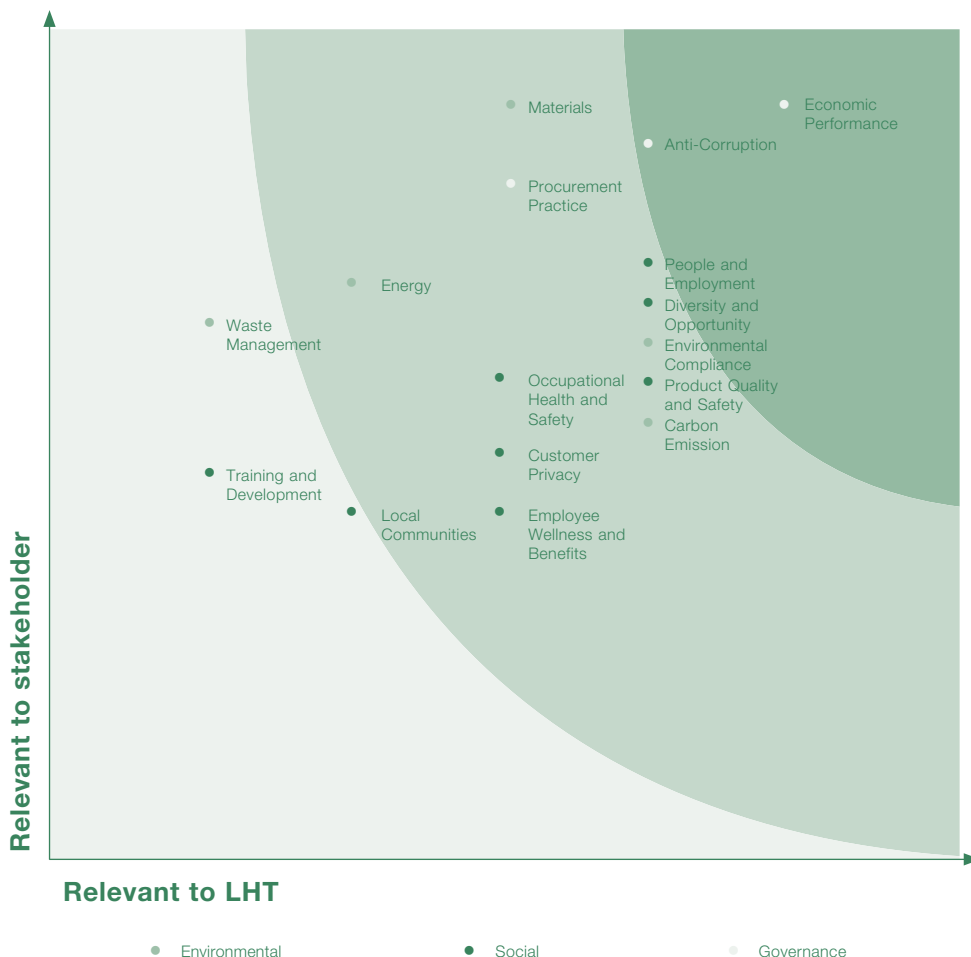
Sustainability Report

Stakeholders	Mode Engagement	Frequency	Value Creation
 <p>Government and Regulators</p>	<ul style="list-style-type: none"> • Face-to-face meetings • Regular inspections/visits by various agencies • Monthly/yearly reporting • Regular audits 	<ul style="list-style-type: none"> • Ad-hoc • Ad-hoc • On-going • Ad-hoc 	<ul style="list-style-type: none"> • LHT is committed to achieving full compliance and endeavours to elevate the standards of its sustainability practices through regular inspections, audits, and frequent reporting. This proactive approach ensures ongoing adherence to established guidelines and fosters continuous improvement in sustainability efforts.

Materiality Assessment

In the 2023, we conducted a materiality review exercise to identify the significant ESG (Environmental, Social, and Governance) factors pertinent to our businesses. This comprehensive assessment evaluates the impact of these factors on our operations and their significance to stakeholders. Additionally, we analyse the Company's activities to understand their influence on these identified ESG factors.

This approach involves conducting various meetings with management representatives from diverse business units within the organization. These meetings serve as a collaborative platform for assessing the significance of ESG factors, drawing on the insights and expertise of those closely involved in specific operational areas. We maintain that the material factors identified in our previous materiality review exercise continue to be relevant to us in 2023. Furthermore, we have incorporated certain additional material ESG factors to provide a more comprehensive perspective on our sustainability initiatives to our stakeholders.



Sustainability Report

How We Support UN SDGs

Supporting United Nations Sustainable Development Goals (UN SDGs)

To ensure the comprehensiveness and effectiveness of our sustainability efforts, we have embedded core commitments for each key area within our sustainability strategy. Guided by the United Nations Sustainable Development Goals, we have adopted a framework that aligns our objectives with broader global sustainability targets. This integration of commitments into our sustainability program is designed to create a robust and impactful strategy. By doing so, we aim to address the environmental, social, and economic challenges confronting both our organization and our stakeholders. This approach underscores our commitment to contributing to broader global sustainability initiatives and making a positive impact on the world around us.

Goals	How we support
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>LHT is dedicated to maintaining a steadfast commitment to health and safety practices, prioritizing the well-being of all individuals on our premises. This dedication encompasses both our employees and others, seeking to ensure their welfare and shield the Group from potential legal liabilities related to safety lapses. We strongly emphasize that complete adherence to health and safety measures is essential for managing the overall well-being of everyone in the workplace. For our commitment, please refer to the Occupational Health & Safety section.</p>
 <p>4 QUALITY EDUCATION</p>	<p>In 2023, LHT remained dedicated to its commitment to societal enrichment and engagement in various educational events. A notable initiative included a sustainability learning journey for a team from the Land Transport Authority (LTA), focusing on wood waste upcycling into products. LHT actively participated in events like the Malaysian International Food & Beverage Trade Fair (“MIFB”) 2023 Exhibition, showcasing the “Green Pallet for Green Packaging” initiative, the Cleantech II Exhibition and SIMTech Innovation and Technology Conference 2023, discussing renewable energy for packaging, and the SMF-PCS and SPSA- Singapore Packaging Stars Award 2023, where LHT's ISO Pest-Free Pallet received recognition. These engagements underscored LHT's commitment to the circular economy, sustainability, and excellence in eco-friendly packaging. For our commitment, please refer to Local Communities section.</p>
 <p>6 CLEAN WATER AND SANITATION</p>	<p>The Group places a high priority on tackling water scarcity and has actively implemented a range of strategies to curtail water consumption. These initiatives encompass the installation of water-efficient fittings throughout our facilities. Additionally, we are dedicated to fostering awareness about water scarcity among our employees, customers, and the communities we serve. Through these concerted efforts, we aim to contribute to sustainable water management practices and promote a broader understanding of the importance of water conservation. For our commitment, please refer to Water Consumption section.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Embracing our responsibility for the environmental impact of our energy use, we are wholeheartedly dedicated to embracing energy-efficient practices that contribute to lessening our ecological footprint. This commitment not only echoes our profound commitment to safeguarding the environment but also serves as a powerful step towards relieving the financial burdens associated with heightened fuel consumption costs. For our commitment, please refer to the Energy Efficiency section.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Our strong commitment to fostering fair employment practices and contributing to local economic development underscores our dedication to promoting decent work and economic growth. We consistently strive to make a positive impact on the communities and economies where we operate by investing in the development of our employees and engaging with local stakeholders. For our commitment, please refer to the Employee Engagement & Wellness and Socially Responsible Procurement sections.</p>

Goals	How we support
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>LHT's dedicated investments in Research and Development have led to a pioneering innovation in waste wood recycling. Committed to environmental protection, the company focuses on minimizing wood waste by optimizing resource management. The LHT Technical Wood, a remarkable outcome of this innovation, is produced through advanced automated processes that involve crushing and mechanical shaping of wood waste from various sources. This approach not only reduces environmental impact but also results in a diverse range of specially designed recycled wooden products. For our commitment, please refer to the Product Quality and Safety section.</p>
 <p>13 CLIMATE ACTION</p>	<p>We recognize the urgent need for climate action and are committed to reducing our greenhouse gas (GHG) emissions through a range of measures, including energy-efficient building design and sustainable operations practices. We regularly assess our GHG emissions and strive to continuously improve our environmental performance. Our efforts to reduce our carbon footprint reflect our commitment to addressing climate change and creating a more sustainable future for our business, our stakeholders, and the planet. For our commitment, please refer to the Greenhouse Gas Emissions Management section.</p>

5. SUSTAINABILITY APPROACHES

Sustainability Pillars

Our commitment to sustainability is grounded in three overarching pillars that define our ESG endeavours. By categorising material topics within these pillars, we ensure a transparent and structured dissemination of information to our stakeholders. Our ESG framework will continue to evolve and expand in the years to come as we progress on our sustainability journey. These pillars encompass our dedication to:

Protecting Our Earth:

- Demonstrating our commitment to reducing our environmental footprint, we actively participate in initiatives aimed at combating climate change. For instance, our efforts made in climate related risks and opportunities management, greenhouse gas emissions management, waste management, energy efficiency and water consumption. Please refer to **Section 7** for more details.

1

Empowering Communities:

- Demonstrating our commitment to fostering a holistic approach to corporate responsibility, emphasizing the empowerment of communities. For instance, our efforts made in social performance, occupational health & safety, people & employment, training and education, diversity & equal opportunity in the workforce, employee wellness & benefits, local communities, customer privacy and socially responsible procurement. Please refer to **Section 8** for more details.

2

Ethical Operations and Responsible Practices:

- Demonstrating our commitment to recognising the pivotal role that ethical decision-making and responsible business conduct play in shaping a sustainable future. For instance, our efforts made in economic performance, procurement practice, anti-corruption, operating business with integrity and ethically, whistleblowing. Please refer to **Section 9** for more details.

3

Sustainability Report

How we measure our performance






Our sustainability strategy is seamlessly integrated into relevant aspects of our business, with dedicated teams assigned to each focus area and coordination led by our departmental managers. To monitor progress, we employ two key approaches: measuring performance against established metrics and evaluating the advancement of programs through a series of commitments. This dual-track approach ensures a comprehensive assessment of our sustainability initiatives, allowing us to gauge both quantitative performance metrics and the qualitative fulfilment of our commitments.

Metrics and targets

We have defined key performance indicators (“KPIs”) for each area identified in our sustainability materiality matrix. Periodically, we plan to introduce new metrics and update targets to ensure ongoing alignment with our strategy.

Commitments

To ensure the effectiveness of our sustainability program, we have incorporated key commitments for each area outlined above. The progress made against each key commitment is indicated using the symbols shown in the table below:

Symbol	Meaning
	New commitment this year
	Not started
	In progress
	Complete
	Ongoing commitment: no end date

Regular tracking and reviews of our sustainability program are conducted with the Board of Directors at least once a year to ensure ongoing oversight and alignment with strategic objectives.



LHT had the honour of leading a team consisting of members from the Packaging Council Singapore (“PCS”) and lecturers from Ngee Ann Polytechnic to Interpack 2023 in Dusseldorf, Germany. Photo: LHT Official website






6. SUSTAINABILITY PERFORMANCE

Progress Against Targets

The table presented below provides a comprehensive overview of our progress in alignment with our ESG targets.

Key Performance	Objective	Target for 2023	Progress	2023 Performance	Target for 2024
Use of Laminated Veneer Lumber (LVL) as raw material	To reduce wastages and increase efficiency by using more LVL.	To use LVL as raw materials in at least 50% of raw materials purchased for pallets produced.		The Group has used total of 2,271 tonnes of LVL, which is more than 58% of the total raw material, as a sustainable alternative to using traditional wood sources.	Although the Company will strive to reduce wastages by encouraging the use of LVL, the target for next year will be reduced to 40% due to lower demand.
Collection of horticulture wood waste and industrial wood waste for recycling	To minimize wastages and pollution by collecting horticulture and industrial wood waste for recycling	To collect 12,000 tonnes of horticulture and industrial wood waste		The Group has collected 9,813 tonnes of horticulture and industrial wood waste for recycling. As the demand for woodchips has reduced, the collection of wood waste has also reduced in proportion accordingly.	The Group has revised the target to collection 8,400 tonnes of horticulture and industrial wood waste for recycling as we expect the demand for woodchips to reduce over time and the collection targets have accordingly been revised downwards.
Production of woodchips	To process horticulture and wood waste into woodchips for internal Technical Wood production as well as biomass fuel for power generation	To produce 12,000 tonnes of woodchips		The Group has only produced 8,946 tonnes of woodchip during the year due to the external demand for woodchips has reduced this year. Separately, with the tightening of emission standards in Singapore, it is becoming increasingly difficult for our older equipment, which utilises older technology, to keep up. Accordingly, our in-house Technical Wood production has temporarily ceased. This is to also evaluate feasibility studies on the relocation of the Technical Wood plant to Malaysia. Both these have resulted in the reduction in the production of woodchips this year.	The Group has revised the target to collection 8,400 tonnes of woodchips due to the external demand for woodchips has reduced this year. Separately, with the tightening of emission standards in Singapore, it is becoming increasingly difficult for our older equipment, which utilises older technology, to keep up. Accordingly, our in-house Technical Wood production has temporarily ceased. This is to also to evaluate feasibility studies on the relocation of the Technical Wood plant to Malaysia. Both these have resulted in the reduction in the production of woodchips this year.

Sustainability Report

Key Performance	Objective	Target for 2023	Progress	2023 Performance	Target for 2024
Reusing pallets as rental pallets	To minimise wood wastages and carbon footprint by recycling pallets for rent.	To rent out at least 70% of pallets available for rent.		The Group has rented out 88.7% of the total available pallets, to minimise wood wastages and carbon footprint by recycling pallets for rent.	The Company will continue to promote the reduction of carbon footprint via the reusing of pallets, and thus the target for next year will remain the same at 70%.
Hosting educational plant tours to promote environmental awareness	To increase awareness, to encourage and to promote to the public and educational institutions the benefits of recycling to increase the adoption of 3R – Reduce, Reuse and Recycle	To host 1 promotional and educational tour and plant visit, and also to host study missions and delegates from foreign countries, to highlight how progressive and responsible companies are able to meet corporate and social responsibilities by being forward-looking and creative, and also to inculcate such positive ideologies from young.		The Group has hosted 1 promotional and educational tours and plant visits to increase awareness, to encourage and to promote to the public and educational institutions the benefits of recycling to increase the adoption of 3R – Reduce, Reuse and Recycle.	Although Covid-19 restrictions have been lifted worldwide, we are not seeing the return of such plant or educational visits yet. As such, the target for 2024 will remain at 1 visit.
Training manhours for production employees	As a responsible Company who champions workplace health and safety, the Company holds monthly fire, health and safety meetings for safety-related discussions as well as on-the-job training for production employees in order to promote fire, health and safety at work, and to remind all production employees with respect to best health and fire safety practices at workplace.	To provide 300 manhours of fire safety, health and other continuous training, briefings and sharing sessions annually for its production employees.		A total of 558.8 hours of training, briefings and sharing sessions were provided to the employees on fire safety, workplace health and safety topics.	The Company will continue to hold safety training, briefings and sharing sessions in its monthly fire and safety meetings. The targeted briefing and training manhours will be maintained at 300 hours for next year.

Sustainability Report

Key Performance	Objective	Target for 2023	Progress	2023 Performance	Target for 2024
Workplace Injury rate	As a responsible Company who champions workplace health and safety, the Company tracks very closely the number of workplace injuries (defined as injuries sustained during work, for which requires an MC of 1 day or more) so that remedial actions can be taken to address and reduce such incidents.	Workplace injury rate not to exceed 2.0 for every 100,000 manhours worked.		The Group has achieved a 0.89 rate of injury cases for every 100,000 manhours worked during the year.	Due to the strong emphasis on safety at workplace, the target for workplace injury rate not to exceed 2.0 for every 100,000 manhours worked will be maintained.
Workplace fatalities rate	As a responsible Company who champions health and safety in the workplace for its employees, the Company tracks very closely the number of workplace fatal accidents (defined as injuries sustained during work, for which resulted in death) so that remedial actions can be taken to address and prevent such incidents in future.	Workplace Fatality rate not to exceed 0 for every 100,000 manhours worked.		The Group has maintained 0 fatality cases for every 100,000 manhours worked since the year we monitored this rate.	Due to the strong emphasis on safety at workplace, the target next year for Workplace Fatality rate will continue to be maintained at 0 for every 100,000 manhours worked.

Sustainability Report

7. PROTECTING OUR EARTH

Task Force on Climate-related Financial Disclosures

In our initial disclosure aligning with the TCFD recommendations, we conducted a comprehensive gap analysis to evaluate our information in accordance with the updated 2021 TCFD guidance. Our commitment to collaborative efforts with stakeholders remains unwavering as we endeavour to mitigate the impacts of climate change on both the environment and society.

Our primary goal is to proactively address climate-related risks to our business while maintaining a steadfast commitment to environmentally responsible operations. A dedicated section within this report is allocated to disclosing our efforts in managing the risks posed by climate change and highlighting the opportunities that emerge from our commitment to sustainability.

Our commitment to collaborative efforts with stakeholders remains resolute as we strive to alleviate the impacts of climate change on both the environment and society. Our paramount objective is to proactively confront climate-related risks to our business while upholding a steadfast commitment to environmentally responsible operations. A dedicated section within this report is devoted to disclosing our endeavours in managing the risks posed by climate change and the opportunities that arise from our commitment to sustainability.

Governance

In 2023, we implemented decisive measures to improve the efficiency of our climate governance framework, incorporating policies, role definitions, and capacity strengthening. Areas vulnerable to climate risks have been identified and mitigating actions outlined.

The Board recognises potential climate-related risks and opportunities as integral components of their routine operational activities. This collaborative effort underscores our commitment to proactive climate risk management and the seamless integration of sustainability considerations into our day-to-day business operations.

Strategy

Climate change presents significant risks to companies like ours, but we also recognize the strategic positioning opportunities that emerge when adopting a long-term perspective. In 2023, we conducted a comprehensive reassessment of climate-related risks and opportunities. This assessment involves a thorough evaluation considering both the likelihood and potential impact of climate risks and opportunities on our business.

Our ESG strategy continues to guide our management of environmental impacts, including climate change, which remains a critical focus for us. To facilitate effective planning, we define time horizons related to climate considerations as follows: short-term (0 to 3 years), medium-term (3 to 5 years), and long-term (5 to 30 years).

Sustainability Report

Climate-related risk and opportunities: Identifying climate-related risks.

Our identification of climate-related risks is aligned with the Group. In 2023, we persisted in enhancing our comprehension of key risks in Singapore, considering the short, medium, and long-term perspectives, along with exploring strategies to address them. The table below presents a summary of the identified risks, their implications for our organisation, and the strategies or actions we are implementing or planning to address them:



Risk Identified	Why this is Important	Implications for Us	Addressing Strategies/Actions
Evolving Regulations	<p>Immediate impacts of changes in environmental regulations or policies, including the disclosure requirements. Also, there is also increased enforcement of the of regulation of the obligations of operators who place timber and timber on the market.</p> <p>Category: Policy and Legal Significance: High Timeline: Short Term</p>	<ul style="list-style-type: none"> Increasing compliance costs are incurred to meet new regulatory requirements. 	<ul style="list-style-type: none"> Engaging managers, HR professionals, and senior management personnel in ESG-related affairs. Implementing a structured escalation process for addressing any ESG-related concerns. Engaging external internal audit function to review the company's internal sustainability reporting process, ensuring that adequate controls are in place to ensure compliance with regulatory requirements.
Energy Intensity	<p>Risks associated with escalating energy prices impacting operational expenses. Electricity prices will go up in 2024 as a result of higher carbon tax, a scheduled increase in the goods and services tax (GST) and rising energy costs.</p> <p>Category: Policy and Legal Significance: Medium Timeline: Short Term</p>	<ul style="list-style-type: none"> Increase operational costs due to surge in electricity price 	<ul style="list-style-type: none"> Sourcing and implementing alternative renewable energy sources, such as replacing traditional fuel-powered forklifts with electrically powered forklift in the daily operations. Installing a Green Heat Treatment system in the heat treatment room to diminish the reliance on non-renewable energy sources. Collaborating actively with the Agency for Science, Technology and Research (A*STAR) on the Industry 4.0 transformation for Sustainable Manufacturing.
Shift in Consumer Preferences	<p>As awareness about environmental issues grows, consumers are increasingly making choices based on sustainability. Wooden pallets may be seen as not environmental friendly.</p> <p>Category: Market Significance: Medium Timeline: Long Term</p>	<ul style="list-style-type: none"> Gradual increases in production costs as more climate-resilient materials become necessary for the long-term durability of packaging. 	<ul style="list-style-type: none"> Utilising Laminated Veneer Lumber as a raw material in the construction of wooden pallets and cases. This material boasts a high strength-to-weight ratio, contributing to energy savings during transportation and thereby aiding in the reduction of fuel consumption. Utilising a high-pressure and high temperature steaming process to transform wood waste material into technical wood, serving as a substitute for natural wood.

Sustainability Report

Risk Identified	Why this is Important	Implications for Us	Addressing Strategies/Actions
Deforestation Concerns	<p>If the Company sources wood for pallets from unsustainable forestry practices or contributes to deforestation, it can attract negative attention. Consumers and environmental activists may criticize the company for contributing to habitat destruction, loss of biodiversity, and climate change.</p> <p>Category: Reputation Significance: Low Timeline: Long Term</p>	<ul style="list-style-type: none"> Reduced revenue due to loss of customers as a result of reputational damage 	<ul style="list-style-type: none"> The company procures wood and relevant forest products mainly from reliable or certified suppliers, eg., those certified by the Forestry Stewardship Council (FSC). Sourcing horticulture and wood waste as primary materials for producing technical wood to enhance resilience and reduce dependence on natural wood. Sourcing from reliable suppliers in origin countries such as Vietnam, Malaysia, and China to mitigate the risk of unintentionally purchasing wood from illegal logging activities.
Supply Chain Disruptions	<p>Depletion of natural forest resources to meet the market demand.</p> <p>Category: Deforestation Significance: Low Timeline: Medium Term</p>	<ul style="list-style-type: none"> Reduced production output and revenue due to disruption to production 	<ul style="list-style-type: none"> Engaging suppliers from a wide range of countries, increasing the geographic diversity of the supply chain. For example, sourcing suppliers from Vietnam (VN) and China (CN). Broadening the sources from which materials are obtained, both in terms of geographic locations and types of suppliers to enhance its flexibility in sourcing, potentially finding more cost-effective and sustainable options.
Supply Chain Disruptions	<p>Immediate disruptions in the supply chain due to extreme weather affecting transportation routes. Serious flooding disaster reported in China, Vietnam and Malaysia caused temporary closures of key transportation routes used for raw material delivery.</p> <p><u>Damage to the Facility</u> Extreme weather events can result in damage to the company's assets, including factory buildings and production equipment.</p> <p><u>Safety of Employee</u> Extreme weather events have the potential to cause harm and pose risks to the well-being of our employees. Such events may lead to casualties, encompassing injuries or even fatalities among our workforces.</p> <p>Category: Extreme Weather Event Significance: Low Timeline: Short Term</p>	<ul style="list-style-type: none"> Reduced production output and revenue due to disruption to production Cost of repair and replacement of assets Rise in medical costs and insurance expenses 	<ul style="list-style-type: none"> Expanding the Company involves establishing additional locations, such as warehouses or distribution centres in various areas. This strategic move aims to mitigate the risk of supply chain disruptions caused by extreme weather events damaging the Company's properties. Maintaining larger inventories of raw materials, components, or finished products to serve as a buffer against supply chain disruptions, demand fluctuations, or unforeseen challenges, ensuring that the company can continue operations smoothly.

Sustainability Report

Climate-related risk and opportunities: Identifying climate-related opportunities.

Climate change is anticipated to generate demand for new environmentally friendly products, and we acknowledge the opportunities for us to invest in, develop, or redesign our products and services to align with climate action. Additionally, we recognize that changes to our operational policies could contribute to an overall reduction in our emissions profile. The table below illustrates examples of climate-related opportunities, detailing their time horizon and the significance of their impacts.



Opportunities Identified	Why this is Important	Implications for Us	Addressing Strategies/Actions
Government Supports	<p>Increase government's support on sustainability-related projects (e.g. Grants)</p> <p>Category: Policy and Legal Significance: Medium Timeline: Short Term</p>	<ul style="list-style-type: none"> Sustainability-related projects can benefit from government subsidies and grants, reducing the initial investment costs significantly. 	<ul style="list-style-type: none"> Collaborating with A*STAR and Nanyang Technological University (NTU) to apply for relevant grants.
Product Lifecycle Impact in term of insect-free, weight and durability	<p>Develop and promote sustainable pallet solutions, incorporating innovative materials and environmentally friendly design.</p> <p>Category: Products and Services Significance: Medium Timeline: Short Term</p>	<ul style="list-style-type: none"> Capture market share in the growing sustainable packaging sector, positioning as an industry leader in green pallet solutions. 	<ul style="list-style-type: none"> Utilising Laminated Veneer Lumber and sustainable wood, equivalent to Technical Wood as raw materials in the construction of Innovative Process Product Conversion (IPPC) pallets. This material features a high strength-to-weight ratio, resulting in energy savings during transportation and a consequent reduction in fuel consumption. Additionally, it enhances productivity by streamlining the wooden pellet manufacturing process resulting in efficiency gains. Investing in a Wood Plastic Composite (WPC) development project that combines wood waste and plastic waste to form or develop environmentally friendly products.
Resilient Waste-to-Energy Solutions	<p>Explore long-term waste-to-energy projects that can generate energy from waste materials.</p> <p>Category: Products and Services Significance: Medium Timeline: Short Term</p>	<ul style="list-style-type: none"> Diversified revenue streams, reduced waste disposal costs, and contribution to renewable energy goals. 	<ul style="list-style-type: none"> Utilising a high-pressure and high temperature steaming process to convert wood waste material into Technical Wood, serving to reduce dependencies for natural wood.

Sustainability Report

Opportunities Identified	Why this is Important	Implications for Us	Addressing Strategies/Actions
<p>Wood Waste Disposal Regulations</p>	<p>Long-term impacts as regulatory frameworks evolve and introduce more sustainable waste disposal requirements such as introduction of regulations promoting circular economy practices in waste disposal.</p> <p>Category: Policy and Legal Significance: Low Timeline: Long Term</p>	<ul style="list-style-type: none"> Rising compliance costs to meet new regulatory requirements 	<ul style="list-style-type: none"> Continuously maintaining the license with the National Environmental Agency as a licensed wood waste collection centre ensures the ongoing capability to transform wood waste into environmentally friendly products.
<p>Green Technology Adoption</p>	<p>Incorporate advanced green technologies in manufacturing processes to improve efficiency and reduce environmental impact.</p> <p>Renewable Energy Integration (Heat Treatment) Explore the integration of renewable energy sources into heat treatment processes to reduce the carbon footprint.</p> <p>Category: Resource Efficiency Significance: Medium Timeline: Medium Term</p>	<ul style="list-style-type: none"> Capital investments in technology development that have an impact on operational efficiency 	<ul style="list-style-type: none"> Installing a Green Heat Treatment system in the heat treatment room to diminish the reliance on non-renewable energy sources. Collaborating with the Agency for Science, Technology and Research (A*STAR) on Industry 4.0 transformation for Sustainable Manufacturing. Utilising Laminated Veneer Lumber and Technical Wood as raw materials in the construction of Innovative Process Product Conversion (IPPC) pallets. This material features a high strength-to-weight ratio, resulting in energy savings during transportation and a consequent reduction in fuel consumption. Additionally, it enhances productivity by streamlining the wooden pellet manufacturing process in efficiency gains. Investing in a Wood Plastic Composite (WPC) development project that combines wood waste and plastic waste to form or develop environmentally friendly products. Utilizing a high-pressure and high temperature steaming process to convert wood waste material into technical wood, serving as a substitute for natural wood.

Risk Management

Identifying and assessing climate-related risks

LHT's enterprise risk assessment process outlines the methods utilized in every phase of the climate risk management cycle, encompassing risk identification, assessment, mitigation, and monitoring. Each aspect of the cycle is further categorized by business function, including strategy, risk management, business continuity, and investment. This approach establishes a comprehensive framework for the overall management of climate risks, and specific metrics employed throughout this cycle can be found in the Metrics and Targets section.

In evaluating climate risks and opportunities, we rely on reputable sources such as the IPCC's Sixth Assessment Report ("AR6"), Chapter 5: Climate Change Projection for Singapore published by the Meteorological Service Singapore, Centre for Climate Research Singapore, and Climate Scenario Analysis in MAS's Industry-Wide Stress Test published by MAS on 6 December 2022. Our impact assessment encompasses financial, legal, reputation, safety, and operational aspects, rated on a scale from insignificant to severe, with the likelihood rated from rare to almost certain.

To assess the impacts of climate-related risks and opportunities, we analyse qualitative information, including:

- Our sustainability performance, such as Greenhouse Gas ("GHG") emissions, energy efficiency, and water usage.
- Revenue and assets susceptible to the transition to a low-carbon economy, including potential revenue loss and impairment of specific assets.
- Assets and business operations vulnerable to extreme weather events and temperature changes.
- The current and estimated cost of capital and operation required to manage identified risks.

Managing climate-related risks

Our actions to mitigate, transfer, accept, or control climate-related risks are guided by our Enterprise Risk Management ("ERM") framework. The Sustainability Committee holds the overarching responsibility for the management and control of climate-related risks. This committee is tasked with determining and approving environmental risk measures and triggers to ensure that environmental risk exposures align with our risk appetite and meet local and Group environmental objectives. Any deviations from this framework will be addressed through the appropriate governance processes, which may involve management-level deliberation, escalation to the highest governance body, and additional actions if necessary. This structured approach ensures effective oversight and management of climate-related risks within the established risk management framework.

Integration of climate-related risks into organisation's overall risk management

We develop comprehensive action plans for every identified climate-related risk and opportunity, addressing not only immediate challenges but also fostering resilience. Our sustainability targets are reinforced with continuous monitoring mechanisms, enabling consistent tracking of progress, measuring impact, and adapting strategies as circumstances evolve.

To proactively manage risks arising from climate change that may impact our day-to-day operations, we have seamlessly integrated climate risks into our Enterprise Risk Assessment Framework. This risk framework serves as a clear and actionable guide for our operations, facilitating effective risk mitigation strategies.

Our commitment extends to refining risk management practices by incorporating internationally recognized research for scenario analysis. This ensures ongoing effectiveness and relevance in assessing climate-related risks and opportunities, further strengthening our proactive approach to sustainable business operations.

Sustainability Report

Timber Ties to Tomorrow

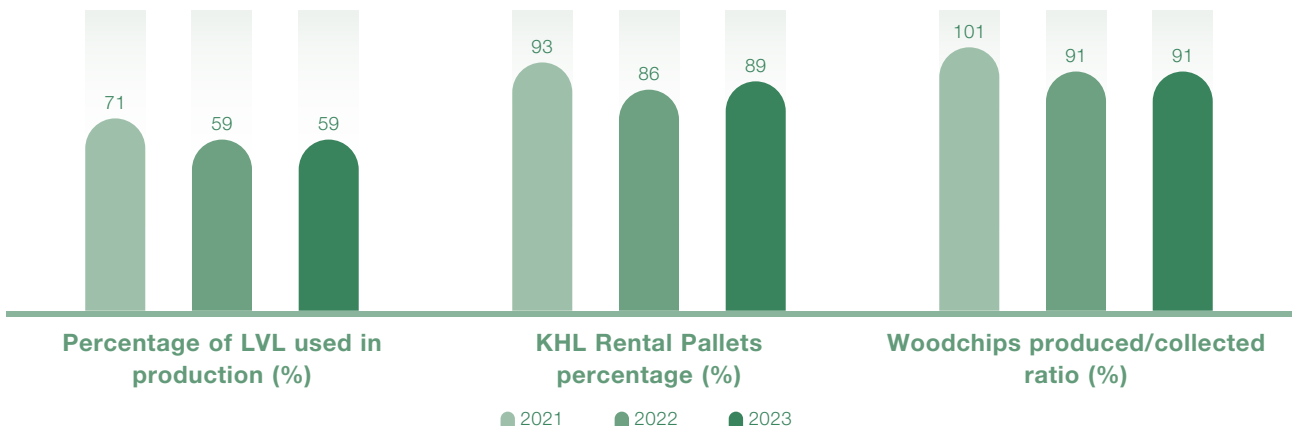
Use of Laminated Veneer Lumber (“LVL”) as Raw Material

LHT takes a proactive stance against the adverse impacts of deforestation on the environment and climate change, actively working to minimize these consequences within the scope of the Group's business activities. Recognizing Singapore's limited natural resources, LHT underscores the importance of recycling and reusing available materials. To this end, the Company is steadfastly committed to mitigating deforestation and land degradation by incorporating Laminated Veneer Lumber (LVL) as a primary raw material in the manufacturing of its wooden pallets and cases.



LVL, a high strength engineered timber, is created by bonding multiple thin wood veneers layer by layer using adhesives. It boasts an exceptional size-to-strength and weight-to-strength ratio, rendering it highly versatile for various applications. The adoption of LVL not only contributes to waste reduction and increased operational efficiencies but also presents a cost-effective and sustainable alternative to traditional wood sources like raw timber. Importantly, this shift to LVL does not compromise structural reliability and strength, ensuring that the products maintain the necessary robustness for their intended purposes. In essence, this strategic choice aligns with LHT's commitment to environmental responsibility and sustainable business practices while meeting the structural demands of its offerings.



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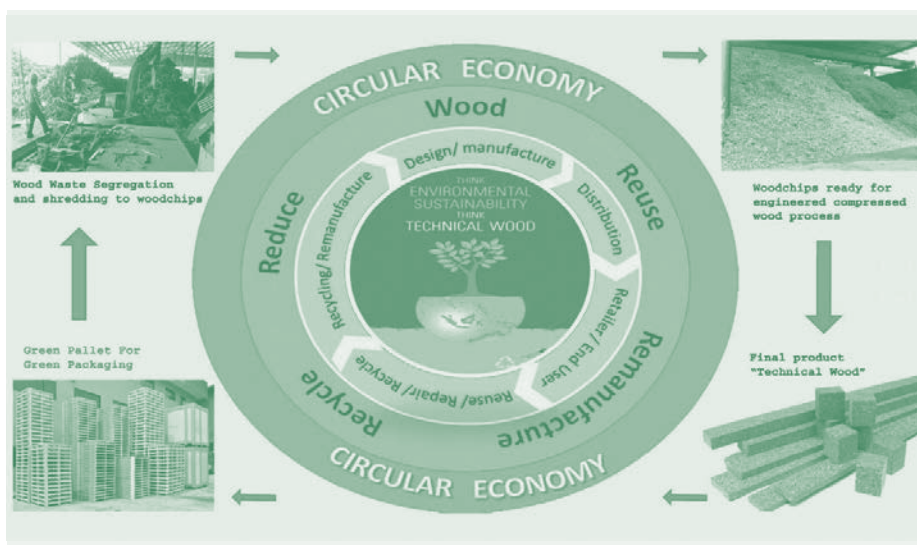
	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> To use LVL as raw materials in at least 20% of raw materials purchased for pallets produced. 	<ul style="list-style-type: none"> To use LVL as raw materials in at least 60% of raw materials purchased for pallets produced. 	<ul style="list-style-type: none"> To use LVL as raw materials in at least 50% of raw materials purchased for pallets produced. 	<ul style="list-style-type: none"> To use LVL as raw materials in at least 50% of raw materials purchased for pallets produced.
 Performance	<ul style="list-style-type: none"> Average of 71% of LVL over raw material purchased for pallets produced. 	<ul style="list-style-type: none"> Average of 59% of LVL over raw materials purchased for pallets produced. 	<ul style="list-style-type: none"> Average of 59% of LVL over raw materials purchased for pallets produced. 	<ul style="list-style-type: none"> To be announced

Green Pallets for Green Packaging

As the leading pallet manufacturer in Singapore, LHT is fully committed to tackling climate change by actively minimizing the environmental impact associated with our products and business operations. This commitment is exemplified through our dedication to producing pallets specifically engineered to generate lower carbon emissions in comparison to standard wood pallets.

Central to our approach is the adoption of a circular business model, serving as the driving force behind our continuous efforts to innovate and improve our products and services. In alignment with sustainability goals, LHT strategically incorporates renewable and recyclable materials as viable alternatives to traditional wood for creating wood-like products.

As a licensed wood waste collection centre under the National Environmental Agency, LHT takes a proactive stance in transforming wood waste into eco-friendly products. Other than quality wooden pallets and custom-made boxes and crates, we also have the capability to produce eco-friendly fire-rated doors and flooring strips. Our unwavering commitment extends to ensuring that every facet of our business operations actively contributes to reducing carbon emissions. This commitment is exemplified through the implementation of our Reduce, Reuse, and Recycle (“3R”) program, systematically applied throughout our entire business value chain. By adopting such practices, we aim not only to meet but exceed environmental standards, fostering a sustainable and responsible business model.



Sustainability Report

Greenhouse Gas Emissions Management

Metrics

Climate-related risks and opportunities, were assessed, employing a diverse set of metrics and targets. These encompass our dedication to establishing decarbonization targets related to both our operations and production. In Singapore, we have further specified metrics for our enterprise business, aligning them with our environmental risk management approach.

In adhering to best practices, we have adopted the Greenhouse Gas (“GHG”) Protocol, a comprehensive standard framework enabling companies to measure GHG emissions. This protocol is seamlessly integrated with GRI Standards, ensuring an effective and credible accounting approach for businesses to monitor and plan efficiently.

Since 2021, LHT has implemented various performance measurement indicators and targets to monitor progress in achieving our sustainability objectives. These indicators are quantifiable and meticulously tracked at the relevant governance committees. Recognizing the importance of environmental risk management, we have integrated it into our incentive structures, linking incentives to performance. This strategic approach aims to promote accountability and drive the desired conduct necessary to achieve our target outcomes. It underscores our commitment to aligning sustainability goals with tangible actions and fostering a culture of responsibility within the organization.

Scope 1

Our Scope 1 emissions are exclusively derived from the use of mobile combustion. In 2023, our total consumption amounted to 1,370.6 MWh of diesel, resulting in a cumulative emission of 370.1 tCO₂e.

Scope 2

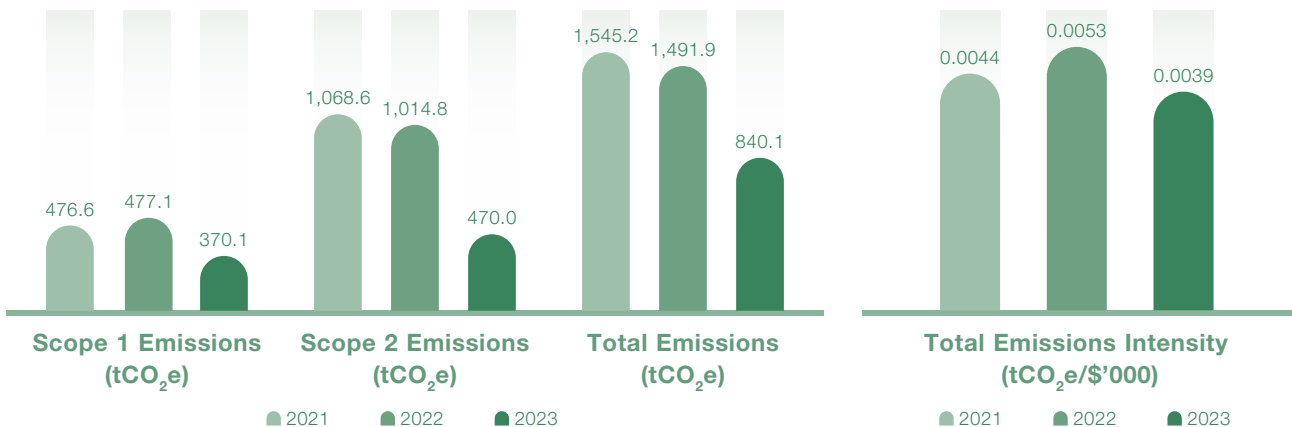
Our Scope 2 emissions arise from the electricity procured. In 2023, the total electricity purchased from the grid amounted to 1,127.0 MWh, resulting in a total emission of 470.0 tCO₂e.

Scope 3

Our Scope 3 emission covers the entire upstream and downstream supply chain from suppliers to customers, we are still in the process of study and identify meaningful data to collect, the availability and completeness of such data, and also the feasibility of collecting such data consistently from such external sources in a timely manner.

Total intensity

Consequently, our overall carbon emissions stand at 840.1 tCO₂e, reflecting a carbon emission intensity of 0.0039 tCO₂e per pallet produced (“tCO₂e/pallet”). Our overall carbon emissions and carbon emissions intensity reduced by 26.4% from 0.0053 tCO₂e/pallet to 0.0039 tCO₂e/pallet in 2023.





Sustainability Report

Target

We remain steadfast in our commitment to sustainability and reducing our environmental footprint. In order to achieve our 2023 targets by reducing 1% our carbon footprint compared to the previous year, we implemented the following best practices:

- Implementing regular maintenance routines to ensure optimal engine condition and maximize diesel usage efficiency.
- Promoting sustainable practices among employees, such as encouraging recycling and the use of environmentally friendly products.

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> • No target was set previously in 2021 	<ul style="list-style-type: none"> • No target was set previously in 2022 	<ul style="list-style-type: none"> • No target was set previously in 2023 	<ul style="list-style-type: none"> • To reduce 1% in total emission intensity measured against the base year 2023.
 Performance	<ul style="list-style-type: none"> • Total emission intensity at 0.0044 tCO₂e/pallet. 	<ul style="list-style-type: none"> • Total emission intensity at 0.0053 tCO₂e/pallet. 	<ul style="list-style-type: none"> • Total emission intensity at 0.0039 tCO₂e/pallet. 	<ul style="list-style-type: none"> • To be announced



We are pleased to announce that LHT has been awarded the Dun & Bradstreet Business Eminence Awards 2022 Singapore. Photo: LHT Official Website

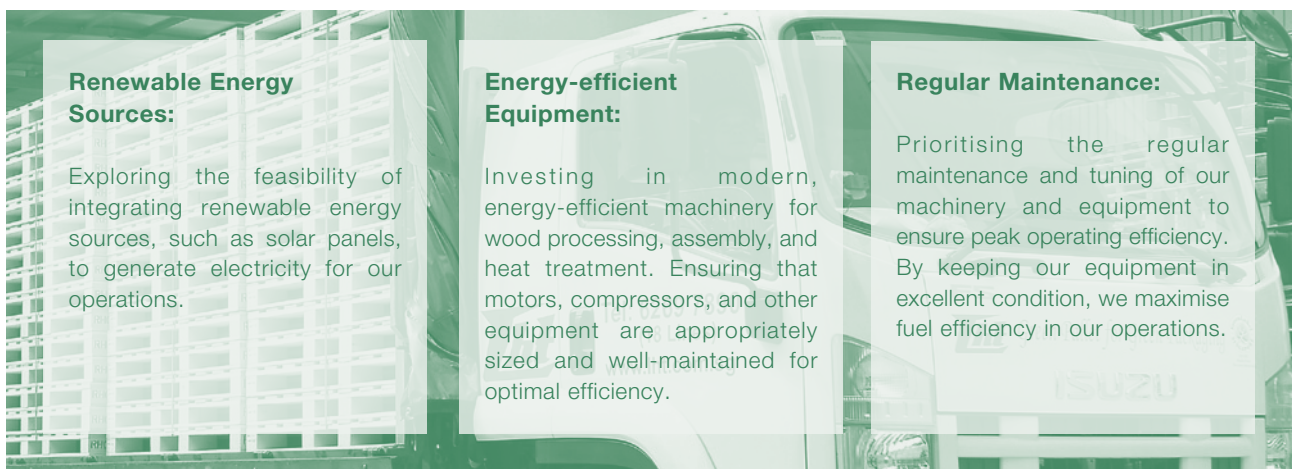
Sustainability Report

Energy Efficiency

Fuel consumption (Scope 1) constitutes 55%, while electricity consumption (Scope 2) accounts for 45% of our total energy usage. As a locally rooted manufacturer in Singapore, specializing in the production of high-quality, eco-friendly wooden pallets, boxes, and crates, our operations consume a significant amount of electricity.

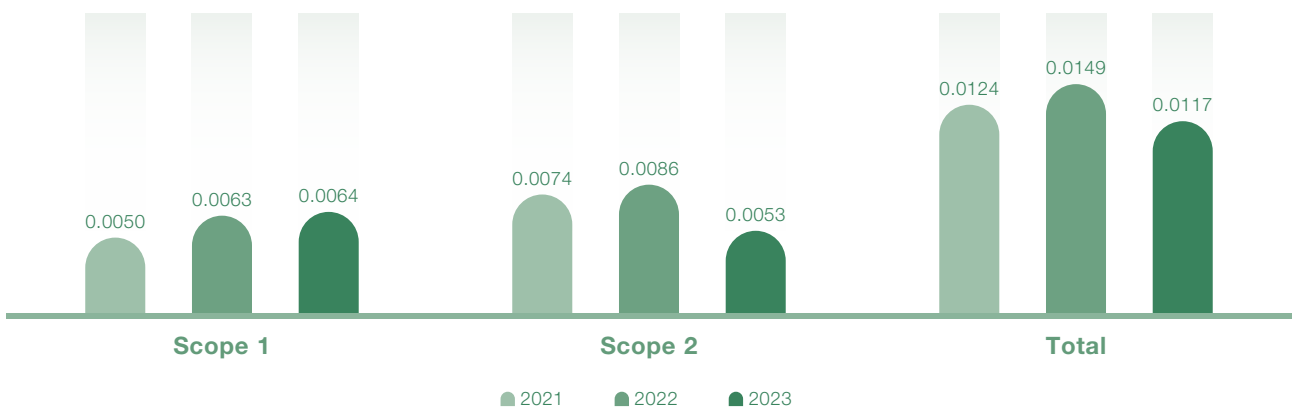
Acknowledging the environmental impact of our energy consumption, we are unwaveringly committed to implementing energy-efficient practices to curtail our footprint. This not only aligns with our dedication to environmental preservation but also serves to alleviate the financial burden associated with high fuel consumption costs.

Our energy-efficient initiatives encompass a range of strategies, including:





In 2023, our total energy consumption amounted to 2,497.6 megawatt-hours (MWh), corresponding to an intensity of 0.0117 MWh per pallet produced (MWh/pallet). Notably, our total energy consumption intensity witnessed a commendable reduction, decreasing by 21.5% from 0.0149 MWh/pallet to 0.0117 MWh/pallet compared to previous years. This reduction can be attributed to our meticulous utilization of renewable energy resources, reflecting our steadfast commitment to sustainable and responsible business practices.

Energy Consumption Intensity (MWh/pallet)





At LHT, diesel plays a crucial role as the primary fuel for our operational needs, driving forklifts and excavators, powering specific machinery and propelling our fleet of delivery lorries and trucks. Our unwavering commitment to environmental responsibility propels us to minimize diesel consumption whenever actively and conscientiously and wherever possible. The intrinsic value we place on maintaining a clean and green environment is reflected in our ongoing efforts to implement sustainable practices. Through meticulous management of diesel usage, we aspire to make a meaningful contribution to the preservation of our environment and the advancement of eco-friendly operations.

Sustainability Report

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> No target was set previously in 2021 	<ul style="list-style-type: none"> No target was set previously in 2022 	<ul style="list-style-type: none"> To consume less than 176,000 litres 	<ul style="list-style-type: none"> To consume less than 176,000 litres
 Performance	<ul style="list-style-type: none"> 176,479 litres of diesel were consumed 	<ul style="list-style-type: none"> 176,662 litres of diesel were consumed 	<ul style="list-style-type: none"> 137,061 litres of diesel were consumed 	<ul style="list-style-type: none"> To be announced

Similarly, electricity is a lifeline for various aspects of our operations at LHT, powering machinery, illuminating workspaces, and supporting essential processes. In line with our dedication to environmental stewardship, we are wholeheartedly devoted to optimizing electricity consumption whenever possible. Through diligent management of our electrical usage, we actively participate in the preservation of our environment and champion sustainable business practices.

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> No target was set previously in 2021 	<ul style="list-style-type: none"> No target was set previously in 2022 	<ul style="list-style-type: none"> To consume less than 2,600,000 kilowatts 	<ul style="list-style-type: none"> To consume less than 1,600,000 kilowatts
 Performance	<ul style="list-style-type: none"> 2,612,661 kilowatts of electricity were consumed 	<ul style="list-style-type: none"> 2,433,531 kilowatts of electricity were consumed 	<ul style="list-style-type: none"> 1,126,999 kilowatts of electricity were consumed 	<ul style="list-style-type: none"> To be announced

In 2023, we are delighted to announce the achievement of our targets set in 2022, marking a significant accomplishment. With this accomplishment as inspiration, we remain steadfast in our commitment to continuous improvement, aspiring to surpass our achievements in the coming years.



LHT has been nominated for Brands For Good 2022. Photo: LHT Official Website

Sustainability Report

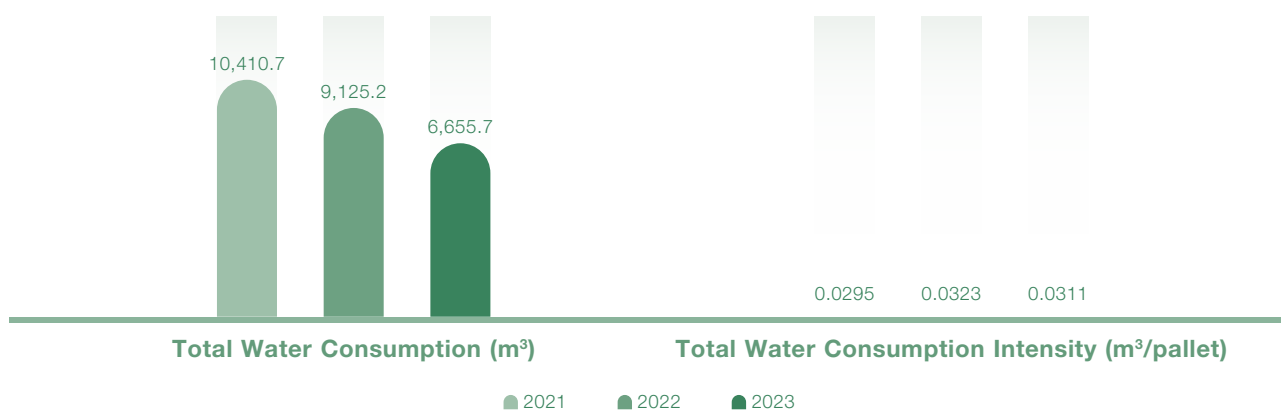
Water Consumption

The Group recognizes the importance of addressing water scarcity and has implemented various measures to reduce water consumption. These include installing water-efficient fittings and raising awareness about water scarcity among employees, customers, and communities.

In 2023, the Group's total water consumption was 6,655.7 cubic meters ("m³"), with a water consumption intensity of 0.0311 cubic meters per pallet ("m³/pallet") produced. This represents a decrease of 3.7% in water consumption intensity compared to the previous year's value from 0.0323 m³/pallet to 0.0311 m³/pallet. This is largely due to meticulous project planning aimed at optimizing resource utilization and consistent provision of employee training on sustainable practices.

The Group remains committed to monitoring water usage at its properties and raising awareness about water issues among stakeholders. By actively managing water consumption, the Group aims to further reduce its environmental impact and promote responsible water usage.

Water Consumption (m³) and Water Consumption Intensity (m³/pallet)



Waste Management

Managing Horticultural waste, industrial wood waste and woodchips



We conscientiously gather horticultural wood waste from post-forest clearings for urban development and the careful pruning of roadside trees and shrubs. Simultaneously, our sourcing of industrial wood waste extends to partnering companies, where discarded packaging materials like pallets and crates find a new purpose after goods unloading—whether through responsible dumping, eco-friendly incineration, or sustainable recycling methods.

In the context of Singapore's limited land space and air quality, we are mindful of the consequences of incinerating wood waste — fuel consumption and significant carbon dioxide emissions, contributing to air pollution and a growing carbon footprint. The stark reality of 201 hectares of tree cover lost in 2021 due to urbanization, translating to 97.2 kilotons of carbon dioxide emissions, fuels our determination to make a difference.

In our relentless pursuit of harmony with nature, LHT steps up to the challenge. We transform horticultural and industrial wood waste into valuable resources, producing wood chips and Technical Wood for our innovative pallets and also for biomass fuel for sustainable power. This not only mitigates pollution but also eradicates any hazardous waste, aligning with our unwavering commitment to protect our environment and preserve the delicate balance of ecosystems. Together, let us forge a path where waste transforms into opportunity, and every action becomes a beacon of inspiration for a greener, more sustainable future.

Collection and recycling of the horticulture and industrial wood waste

In 2023, LHT gathered a total of 9,813 tonnes of wood waste. Regrettably, we fell short of our target due to a decline in the demand for woodchips, leading to a proportional reduction in the collection of wood waste. Responding to these market dynamics, we have recalibrated our goals for the year 2024. Our revised target is set at collecting 8,400 tonnes, encompassing both horticultural wood waste and industrial wood waste, aligning with the current conditions of market demand.

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> To collect 7,000 tonnes of horticulture and industrial wood waste 	<ul style="list-style-type: none"> To collect 12,000 tonnes of horticulture and industrial wood waste 	<ul style="list-style-type: none"> To collect 12,000 tonnes of horticulture and industrial wood waste 	<ul style="list-style-type: none"> To collect 8,400 tonnes of horticulture and industrial wood waste
 Performance	<ul style="list-style-type: none"> Collected a total of 12,690.8 tonnes of horticulture and industrial wood waste 	<ul style="list-style-type: none"> Collected a total of 13,166.3 tonnes of horticulture and wood waste 	<ul style="list-style-type: none"> Collected a total of 9,813.1 tonnes of horticulture and wood waste. This was due to the decline in the demand for woodchips, leading to a proportional reduction in the collection of wood waste 	<ul style="list-style-type: none"> To be announced



Production of Woodchips

LHT specializes in transforming horticultural and wood waste into valuable resources, producing woodchips for our internal Technical Wood(r) manufacturing and also for use as biomass fuel for power generation.

In 2023, our woodchip production reached 8,946 tonnes. Unfortunately, we did not meet our target, primarily influenced by a general reduction in external demand for woodchips. Additionally, the tightening emission standards in Singapore pose challenges, particularly for our older production equipment.

Acknowledging the impact of reduced demand this year, we are adjusting our targets for the upcoming year accordingly. This strategic realignment reflects our commitment to adapt to market conditions and maintain our standards in the face of evolving regulatory requirements.



Sustainability Report

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> To produce 7,000 tonnes of woodchips 	<ul style="list-style-type: none"> To produce 12,000 tonnes of woodchips 	<ul style="list-style-type: none"> To produce 12,000 tonnes of woodchips 	<ul style="list-style-type: none"> To produce 8,400 tonnes of woodchips
 Performance	<ul style="list-style-type: none"> Produced total of 12,773.9 tonnes of woodchips 	<ul style="list-style-type: none"> Produced total of 12,019.9 tonnes of woodchips 	<ul style="list-style-type: none"> Produced total of 8,946.4 tonnes of woodchips due to general reduction in external demand for woodchips. Additionally, the tightening emission standards in Singapore pose challenges, particularly for our older production methods 	<ul style="list-style-type: none"> To be announced

Reusing pallets as rental pallets

LHT boasts a division dedicated to the rental of pallets, actively participating in the recycling process to prevent pallets from being used for single-use purposes and subsequently discarded. This initiative aligns with our commitment to minimizing resource consumption, reducing waste, and mitigating the environmental impact associated with such practices.

Remarkably, in 2023, an impressive average of 89% of our available pallets found purpose through rentals, surpassing our targeted goal of 70%. Looking back at 2022, LHT aspires to sustain this achievement by maintaining the same target percentage of 70%, thus continuing our positive contribution to sustainable practices and environmental conservation.

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> To rent out at least 70% of pallets available for rent 	<ul style="list-style-type: none"> To rent out at least 70% of pallets available for rent 	<ul style="list-style-type: none"> To rent out at least 70% of pallets available for rent 	<ul style="list-style-type: none"> To rent out at least 70% of pallets available for rent
 Performance	<ul style="list-style-type: none"> 93% of available pallets are rented out 	<ul style="list-style-type: none"> 86% of available pallets are rented out 	<ul style="list-style-type: none"> 89% of available pallets re rented out 	<ul style="list-style-type: none"> To be announced

Protecting the Environment Through Strict Compliance

Since 2001, the Group has been unwavering in its commitment to conducting responsible business operations and minimizing environmental impact, adhering to ISO14000 standards. Regular monitoring and reviews ensure that the Group's policies and business practices remain aligned with ISO9001 and Bizsafe certifications.



In a dedicated effort to reduce resource usage and promote environmental protection, the Group actively engages in the recycling of used wooden industrial packaging materials for woodchip production. LHT's Environment, Health, and Safety ("EHS") policy further exemplifies its dedication to ethical and responsible green business operations, fostering a sustainable workplace culture.

Sustainability Report

To uphold these principles, the Group establishes EHS performance metrics for all departments, with annual reviews based on market and climate demands. Input from key stakeholders plays a pivotal role in shaping best-in-class sustainable business practices. LHT's ISO14001 and Fire, Health, and Safety Committees are integral in ensuring safety, environmental compliance, and sustainability improvements strategically permeate throughout the organization.

The Committees demonstrate a commitment to innovation, regularly initiating and proposing new ideas, leading enhancements, and monitoring various aspects of LHT's safety and sustainability programs. As the business landscape evolves, LHT remains dedicated to refining its approach to align with the global focus on sustainability.

In 2023, LHT received 1 minor fine from the National Environment Agency ("NEA") for air impurity emission non-compliance. Moving forward, LHT is resolute in its commitment to maintaining zero significant fines, emphasizing continuous monitoring and strict adherence to rules and regulations in the years to come.

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> To achieve zero fines for non-compliance with environmental rules and regulations, as well as anti-competitive behaviour and health and safety rules and regulations 	<ul style="list-style-type: none"> To achieve zero fines for non-compliance with environmental rules and regulations, as well as anti-competitive behaviour and health and safety rules and regulations 	<ul style="list-style-type: none"> To achieve zero fines for non-compliance with environmental rules and regulations, as well as anti-competitive behaviour and health and safety rules and regulations 	<ul style="list-style-type: none"> To achieve zero fines for non-compliance with environmental rules and regulations, as well as anti-competitive behaviour and health and safety rules and regulations
 Performance	<ul style="list-style-type: none"> No significant fines related to non-compliance 	<ul style="list-style-type: none"> 2 minor fines related to non-compliance 	<ul style="list-style-type: none"> 1 minor fine related to non-compliance 	<ul style="list-style-type: none"> To be announced



Sustainability Report

8. EMPOWERING COMMUNITIES

Social Performance

As of the end of 2023, LHT continues to affirm that its employees serve as the cornerstone of its business operations. Despite a slightly reduced workforce of 88 employees in Singapore, the smaller size of the team enables a heightened focus on each individual, allowing for a more comprehensive approach to taking care of their well-being.

LHT remains steadfast in its commitment to providing a business environment that is respectful, rewarding, and, above all, safe for all employees. The Company values diversity and equal opportunities, actively safeguarding its employees from any form of discrimination. This commitment spans the entire employment journey, from recruitment to remuneration processes, ensuring fairness and equity throughout.

Safeguarding the health and safety of its people remains a top priority for LHT. As a responsible Company, LHT conducts its business operations with a high standard of safety and health protection for all employees. The Company continues to closely track the number of work-related injuries, demonstrating its commitment to prompt remedial actions to address and reduce any accidents. Through these measures, LHT remains dedicated to creating a workplace that prioritizes the well-being and safety of its employees.

Learning & Development

To support employees to pick relevant skills to run work adaptation processes smoothly and eventually increase productivity, the Group conducts various training courses. These courses are tailored based on the needs and requirements of each employee.

Recognition

The Group recognises and values its employees for their commitment and contribution towards the Group's success. All employees are offered competitive remuneration based on merit and performance. LHT prides itself on its long-serving workforce. As of 31 December 2023, 72 employees in Singapore have already been awarded Long Service Awards.

Safe Workplace

LHT's ISO committees constantly evaluate and improve its quality management systems to raise operational efficiency. Apart from ensuring that safety and health measures are reinforced by the implementation of Occupational Health and Safety ("OHS") policy, these reviews would also enhance employee productivity and competitiveness.

Impartiality

LHT stays committed to ensuring impartiality and equality for all employees. The Group is fully compliant with its comprehensive HR policy to provide all employees with equal opportunities regardless of race, gender, religion, or nationality.

Sustainability Report

Occupational Health & Safety

Safeguarding employees' health and safety

At LHT, our unwavering commitment is to consistently uphold health and safety practices, ensuring the well-being of all individuals within our premises. This commitment extends to both our employees and others, aiming to safeguard their welfare and protect the Group from potential legal liabilities associated with lapses in safety measures. We firmly believe that total compliance with health and safety is integral to managing the well-being of everyone in the workplace. Recognizing the interrelation between safety and health, we understand that a healthy workforce and environment contribute to a safe and productive work environment.

LHT continues to set and diligently maintain goals, striving not to exceed an injury rate of 2.00 for every 100,000 hours of manhours worked. To achieve this, we closely monitor all occupational health and safety issues, actively engaging with employees to address concerns and suggestions. Regular safety training and checks are conducted, empowering our workforce to identify and mitigate potential hazards. We are pleased to report that, as of the previous reporting year, LHT has successfully maintained zero occupational fatalities.

Our commitment to workplace safety remains steadfast, with a continued focus on minimizing injuries and incidents in the years to come. LHT is dedicated to the ongoing review and enhancement of its policies, with a particular emphasis on Occupational Health and Safety, to further reduce and minimize injuries in the workplace.

LHT places strong emphasis on the importance of fire safety and prevention in the wood industry, recognizing its critical role in ensuring an uninterrupted flow of products and services for our valued customers.

	2021	2022	2023	2024
 Target <ul style="list-style-type: none"> To not exceed the injury rate of 2.0 for every 100,000 manhours worked To not exceed the injury rate of 2.0 for every 100,000 manhours worked To not exceed the injury rate of 2.0 for every 100,000 manhours worked To not exceed the injury rate of 2.0 for every 100,000 manhours worked 	<ul style="list-style-type: none"> To not exceed the injury rate of 2.0 for every 100,000 manhours worked 	<ul style="list-style-type: none"> To not exceed the injury rate of 2.0 for every 100,000 manhours worked 	<ul style="list-style-type: none"> To not exceed the injury rate of 2.0 for every 100,000 manhours worked 	<ul style="list-style-type: none"> To not exceed the injury rate of 2.0 for every 100,000 manhours worked
 Performance <ul style="list-style-type: none"> Injury rate of 1.60 for every 100,000 manhours worked Injury rate of 1.16 for every 100,000 manhours worked Injury rate of 0.89 for every 100,000 manhours worked To be announced 	<ul style="list-style-type: none"> Injury rate of 1.60 for every 100,000 manhours worked 	<ul style="list-style-type: none"> Injury rate of 1.16 for every 100,000 manhours worked 	<ul style="list-style-type: none"> Injury rate of 0.89 for every 100,000 manhours worked 	<ul style="list-style-type: none"> To be announced

People & Employment

Employees are LHT's asset

LHT recognizes that its people are invaluable assets, contributing to the successful implementation of corporate strategy through hard work and extraordinary performance. We take immense pride in considering our employees as key contributors to LHT's ongoing success and strive to be a Company where talented and motivated individuals consistently deliver exceptional work.

At LHT, we are committed to positioning ourselves as a holistic employer, focusing on the comprehensive development of our employees' careers. We understand the importance of ensuring our people are physically and emotionally at their best, fostering profound motivation and drive within each individual.

Furthermore, LHT has embraced a fair and equitable hiring process, ensuring that individuals are selected for positions based on their expertise, irrespective of race, gender, age, or nationality. Recognizing the importance of attracting top talent, management continually reviews HR policies and remuneration schemes to ensure that our employees are compensated in line with prevailing market rates.

Sustainability Report

As we gradually emerge from the challenges posed by the Covid-19 pandemic, the Company is mindful of the need to retain valued employees. In this regard, LHT remains committed to appreciating the dedication and resilience of our workforce, actively working to retain our valued employees through difficult times. This commitment underscores our dedication to fostering a supportive and rewarding work environment.

Routine Briefings, Training and Inspections

To maintain a high level of vigilance among our employee's concerning health and safety risks, we have daily toolbox meetings and monthly fire, health and safety meetings. These sessions encompass safety briefings, information sharing and discussions on our internal safety policies, and standard operating procedures (SOP). Additionally, we our employees also attend routine and refresher safety courses, covering critical areas such as workplace safety, fire safety, and occupational first aid. This comprehensive approach aims to highlight potential health and safety issues, cultivating a heightened safety awareness among our workforce.

Moreover, we conduct routine health and safety checks and inspections, including fire safety drills and assessments at our premises. These fire drills and inspections serve as a proactive measure to reinforce our unwavering commitment to maintaining a safe working environment.

The following table provides an overview of our health and safety performance in 2023 and the past two years:

	2021	2022	2023
Total hours worked by employees	250,206	259,138	224,101
Number of work-related fatalities	0	0	0
Work-related fatalities rate (per 100,000 manhours worked)	0	0	0
Work-related fatalities rate (per 1,000,000 manhours worked)	0	0	0
Number of high-consequences work-related injury cases	0	0	0
High-consequences work-related injury rate (per 100,000 manhours worked)	0	0	0
High-consequences work-related injury rate (per 1,000,000 manhours worked)	0	0	0
Number of work-related injury cases	4	3	2
Work-related injury rate (per 100,000 manhours worked)	1.60	1.16	0.89
Work-related injury rate (per 1,000,000 manhours worked)	15.99	11.58	8.90
Lost days due to work-related injuries	27	20	5
Lost days due to work-related injuries rate (per 100,000 manhours worked)	10.79	7.72	2.23
Lost days due to work-related injuries rate (per 1,000,000 manhours worked)	107.91	77.18	22.31

In 2023, we unfortunately experienced two work-related injury incidents. In response to these incidents, we conducted comprehensive reviews, implemented additional safety measures and emphasized to all workers the paramount importance of staying vigilant in the workplace. We are pleased to report a significant improvement in our lost days due to work-related injuries. In 2023, we reduced our lost days to 5 days, compared to 20 days in 2022. This reduction reflects our steadfast dedication to promoting and creating a safer work environment to minimise the impact of such incidents on our workforce.

Moving forward, we remain committed to ongoing efforts in safety enhancements and continuous improvement, ensuring the well-being of our employees and fostering a workplace culture that prioritizes safety at all times.

Training and Education

Empowering workforce through career enhancement and skill development

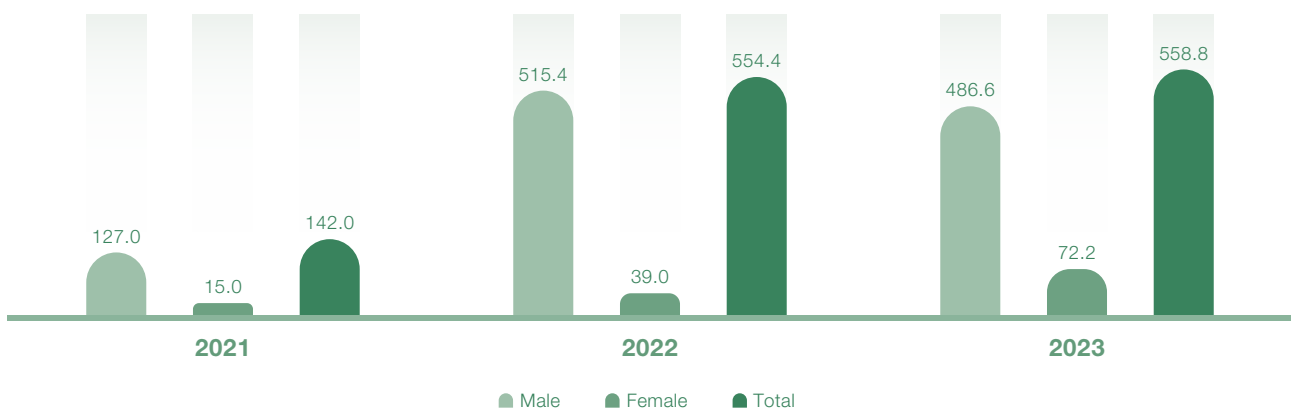
LHT places a strong emphasis on the personal development of its employees and is unwaveringly committed to nurturing individuals who embody our values and culture. We understand that investing in talent development and training is vital for enhancing various aspects, including work-related skills, personal growth, and leadership skills, ultimately boosting productivity.

Our commitment to training extends beyond individual development to fulfilling the expectations and requirements of our ISO accreditation and compliance with various regulatory bodies. Recognising this, we regularly review the training needs of employees and formulate training plans for workplace excellence. These plans encompass areas such as health and safety, governance, and work-related skills. Through these initiatives, we aim to build a world-class team with high-level capabilities, positioning ourselves as a choice and responsible employer.

As a responsible employer prioritizing workplace health and safety, LHT conducts monthly fire, health, and safety meetings for safety-related discussions and on-the-job training. In addition to safety-related training and briefings, we provide on-the-job training programs, including refresher forklift training for our production employees.

At LHT, we remain committed to assessing and providing necessary knowledge transfer and educational training programs at all levels, from management to engineers, technicians, and production teams. This ensures that our employees are well-prepared for any changes, be it technological advancements or shifts in the industry landscape. This commitment reflects our dedication to continuous improvement and the ongoing development of our valued workforce.

Training Hours Provided by Gender



Training Hours Provided by Employment Categories



Sustainability Report

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> To provide 100 training manhours on fire safety, workplace health and safety topics 	<ul style="list-style-type: none"> To provide 100 training manhours on fire safety, workplace health and safety topics 	<ul style="list-style-type: none"> To provide 300 training manhours on fire safety, workplace health and safety topics 	<ul style="list-style-type: none"> To provide 300 training manhours on fire safety, workplace health and safety topics
 Performance	<ul style="list-style-type: none"> 142 training manhours on fire safety, workplace health and safety topics 	<ul style="list-style-type: none"> 554 training manhours on fire safety, workplace health and safety topics 	<ul style="list-style-type: none"> 559 training manhours on fire safety, workplace health and safety topics 	<ul style="list-style-type: none"> To be announced

Diversity & Equal Opportunities in the Workforce

We cultivate a multi-diversified work environment to inculcate social harmony

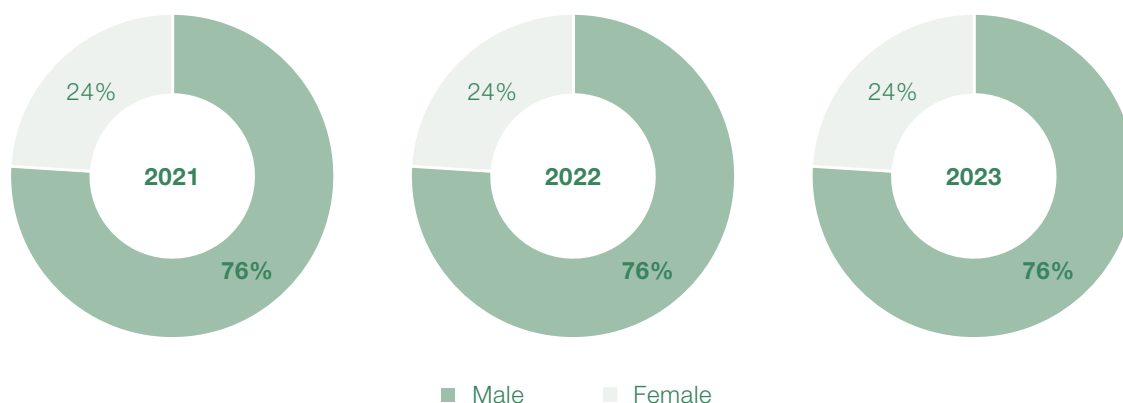
At LHT, our commitment is to eliminate discrimination and consistently promote equal opportunities, fostering a fair working environment for all our employees. This dedication to diversity is evident at all levels of employment, creating a workplace that values an equal balance of both genders and establishes a comprehensive and integrative work environment.

We firmly believe that a diverse workforce, encompassing different backgrounds, skills, knowledge, and abilities, is key to expanding LHT's business into broader market segments. We aim to create a work environment that not only attracts but also retains and engages a diverse group of employees, contributing to organizational resilience and widening our talent base.

In LHT, we recognize that a diverse workforce promotes and leverages the uniqueness of individuals and teams, enhancing overall working experiences. We take pride in striking the right balance between talented young professionals and senior management with diverse industry experience.

The infographic below provides a breakdown of our employees' diversity over the past three years, reflecting our commitment to transparency and continuous improvement in fostering a diverse and inclusive workplace:

Total Employees by Gender

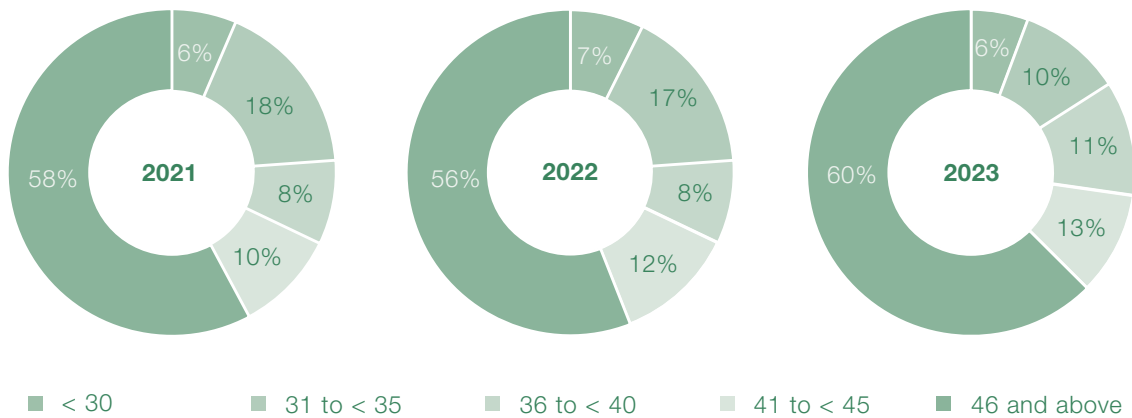


Sustainability Report

The Group acknowledges the significance of age diversity within our workforce. In 2023, we are proud to report that 60% of our employees are aged above 46 years old. These individuals contribute a wealth of experience and expertise to our organization, playing a vital role in delivering high-quality services.

The following graphs provide a summary of the Group's performance in fostering equal opportunities, diversity, and anti-discrimination workplace culture for our employees:

Total Employees by Age Group



In terms of gender diversity within our workforce, we acknowledge that there is room for further improvement. The current ratios are influenced by the nature of our industry and specific functions, such as having fewer females on our production floor and warehouses.

As previously mentioned, LHT is committed to ongoing efforts to enhance diversity, including expanding hiring for other ethnicities in the coming years to foster a more inclusive workforce. Our ultimate goal is to ensure that fair work practices and remuneration are evaluated based on each employee's work performance. As an organization, we have a zero-tolerance policy for any form of discrimination.

We recognize the importance of creating an inclusive and diverse workplace that values the unique contributions of every individual. Our commitment extends to fostering an environment where all employees, regardless of gender or ethnicity, have equal opportunities for growth, development, and fair treatment. We remain dedicated to continuous improvement in these areas to create a workplace culture that reflects our values of fairness, respect, and equal opportunities for all.

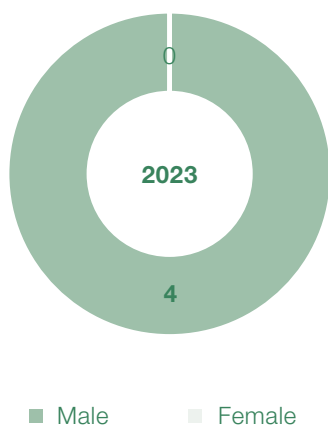
Sustainability Report

Attraction and Retention

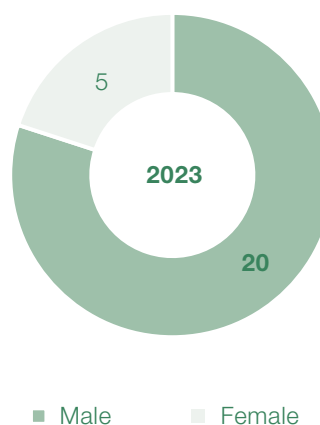
In our hiring approach, we prioritize candidates' qualifications and professional experience, emphasizing a fair and inclusive recruitment process that strictly adheres to the principles of non-discrimination. Our commitment extends across various dimensions, including race, gender, and age. However, during 2023, we welcomed a total of 4 new male employees.

In the same year, 25 employees resigned. While we feel a sense of sadness with their departure from our group, we remain optimistic about sustaining meaningful relationships with former employees as they embark on new opportunities. Our commitment goes beyond their departure; we seek to comprehend the factors influencing their decisions and are dedicated to improving the working environment based on the valuable feedback we receive from them. Among the resigning employees, 20% were female. The following graphs and table depict our new hires and turnover during the year:

New Hired Employees by Gender



Resigned Employees by Gender



Employee Wellness & Benefits

A well-cared employee is paramount to a happy and stable work environment

At LHT, we place a strong emphasis on providing a comprehensive suite of benefits that are not only competitive but also exceed industry standards. These benefits include, but are not limited to, medical and dental subsidies, childcare leave, meal allowances, transport allowances, and various other incentive schemes for eligible employees.

Recognizing that every employee and their families are highly valued members of our organization, we have made deliberate decisions to ensure their well-being. In addition to the standard benefits, for eligible employees, we offer additional perks such as marriage, maternity, and paternity leave for those embarking on new journeys with their significant others or welcoming a new member into their family nucleus. Compassionate leave and other benefits are also part of our commitment to supporting our employees during various life events.

LHT firmly believes that by incorporating and investing in the health and wellness of our valued employees, we position ourselves at the forefront of our industry. Our approach serves as an example of how an organization should treat its employees, mirroring the care and consideration we would like for ourselves. We view these benefits not just as perks but as integral elements in creating a positive and supportive workplace culture.

Sustainability Report

Local Communities

Engaging our local communities through our Reduce, Reuse and Recycle (“3R”) programme

LHT remains steadfast in its commitment to enriching and giving back to society through various engagements and educational events. In 2023, the Company organized a learning journey in sustainability for a team from the Land Transport Authority (“LTA”). The focus was on comprehending the potential of unwanted wood packaging, horticulture waste, and other wood waste for upcycling into wood products. This initiative showcased LHT’s dedication to the circular economy in wood waste sustainability.

Actively encouraging both employees and the community to adopt environmentally friendly habits, LHT emphasizes practices such as recycling, waste reduction, and energy efficiency. The company collaborates with government agencies, corporations, and educational institutions to promote the “Reduce, Reuse, and Recycle” (“3R”) principles.

Throughout the year, LHT actively participated in various events aimed at raising awareness about recycling wood waste:

MIFB 2023 Exhibition:

LHT showcased its sustainability commitment at the Malaysia International Food & Beverage (MIFB) 2023 exhibition in Kuala Lumpur Convention Centre. The focus was on the “Green Pallet for Green Packaging” initiative, attracting distinguished guests, including Deputy Minister of Agriculture and Food Security (Yang Berhormat Tuan Chan Foong Hin) and Director of Halal, Food and Beverages, and Agro-based MATRADE (Mr. Remmee Yaakub).



Cleantech II Exhibition and SIMTech Innovation and Technology Conference 2023:

LHT Chairperson, CEO, and Managing Director (Ms. May Yap) was invited as speaker at the Cleantech II exhibition and SIMTech Innovation and Technology Conference 2023. The discussion centered around “Toward Green Pallet for Green Packaging,” emphasizing renewable energy powered by solar.

SMF-PCS and Singapore Packaging Stars Award and Gala Dinner 2023:

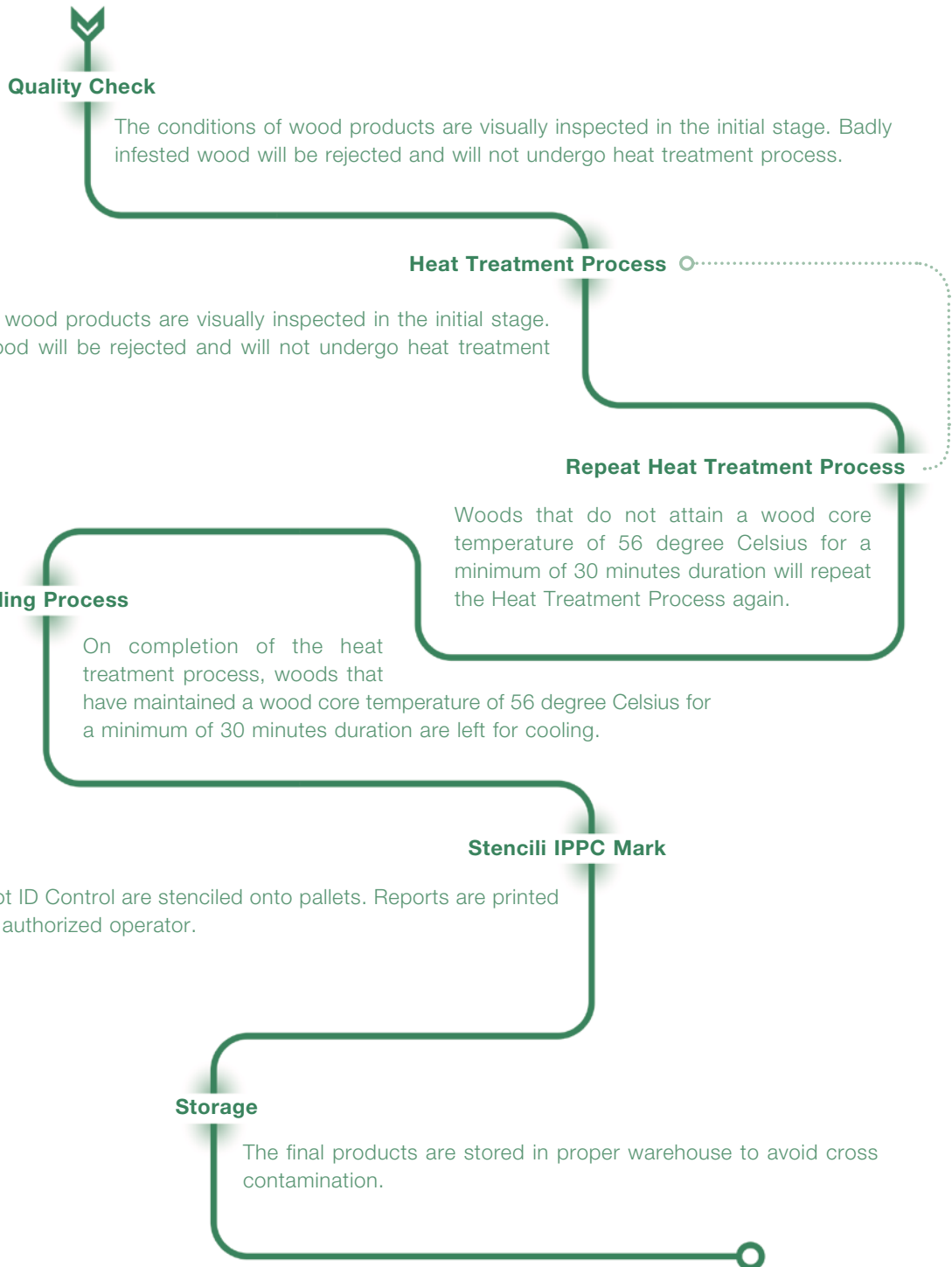
As the Gold sponsor of Singapore Manufacturing Federation-Packaging Council Singapore (SMF-PCS), LHT actively participated in the Singapore Packaging Star Award event at Raffles Town Club. Member of Parliament Pasir Ris-Punggol GRC (Ms. Yeo Wan Leng) graced the occasion. LHT’s ISO Pest-Free Pallet received the prestigious star award for the year 2022, reinforcing the company’s commitment to excellence in sustainable packaging.



Sustainability Report

Heat Treatment – Conforming to ISPM 15 Standard

Adhering to the standards outlined by the International Plant Protection Convention (IPPC), specifically the ISPM 15 standard, LHT has taken proactive measures to ensure compliance. Our facilities are fully equipped with advanced heat treatment facilities designed to effectively control pests in wood materials.



ECR Pallet Rental Scheme

In 2009, LHT entered a collaborative partnership with A*Star's Research Institute Singapore of Manufacturing (SIMTech) to pioneer a groundbreaking sharing economy model. The result was the development and implementation of the Pallet Leasing and Tracking System. This innovative system allows clients to access a shared pool of pallets efficiently managed and maintained by LHT. This strategic move within the niche pallet industry has proven to be mutually beneficial, delivering economic advantages to both LHT and its clients.

A significant technological advancement was also introduced by incorporating Radio Frequency Identification (RFID) into LHT's ECR pallet rental scheme. Each pallet is equipped with RFID tags, enhancing resource management and logistical efficiency. The integration of RFID technology empowers LHT's logistics department to globally track pallets using a systematic approach, optimizing processes within their facilities.

This forward-thinking approach eliminates the need for clients to make substantial upfront investments in pallet purchases for their business operations. Instead, they can opt for cost-effective monthly rentals tailored to their operational requirements. This flexibility enables clients to scale their pallet usage up or down according to evolving needs, avoiding the capital tie-up associated with large upfront pallet purchases. This adaptive approach not only streamlines operational costs but also allows clients to optimize expenses in alignment with seasonal consumption patterns.



Customer Privacy

Safekeeping of information is vital to ensure customer assurance and trust

At LHT, the paramount importance of safeguarding data and customer information is fully acknowledged. Our commitment to this principle is reflected in the robust implementation of our Data Protection and Security Policy. This policy ensures that our infrastructure and protocols are meticulously designed to minimize the potential for information breaches, encompassing not only customer data but also the privacy of our employees.

Operating on a Business-to-Business ("B2B") model, our clientele primarily consists of businesses and organizations. This distinction underscores the significance of maintaining the highest standards of data protection.

We are pleased to report that in the year 2023, LHT received zero cases of substantiated concerns related to breaches of customer privacy. This achievement stands as a testament to our unwavering dedication to maintaining the utmost confidentiality and security of the information entrusted to us by our valued customers and stakeholders.

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> No target was set previously in 2021 	<ul style="list-style-type: none"> No target was set previously in 2022 	<ul style="list-style-type: none"> To maintain zero cases of substantiated concerns related to breaches of customer privacy 	<ul style="list-style-type: none"> To maintain zero cases of substantiated concerns related to breaches of customer privacy
 Performance	<ul style="list-style-type: none"> Zero cases of substantiated concerns related to breaches of customer privacy 	<ul style="list-style-type: none"> Zero cases of substantiated concerns related to breaches of customer privacy 	<ul style="list-style-type: none"> Zero cases of substantiated concerns related to breaches of customer privacy 	<ul style="list-style-type: none"> To be announced

Sustainability Report

Ensuring Personal Data and Privacy Protection



Furthermore, LHT places a high priority on personal data privacy and takes deliberate measures to protect all personal data through its Personal Data Protection Policy. This policy serves as a comprehensive guide for employees, fostering continuous awareness and facilitating compliance with personal data protection laws and regulations.

To stay current with evolving regulatory requirements from the Personal Data Protection Commission (“PDPC”), LHT undergoes periodic reviews and updates of its policies. Aligning with the implementation of the Personal Data Protection Act (“PDPA”), LHT ensures that its employees are aware of the requirements, standards, and industry practices by providing essential training in accordance with guidelines issued by the PDPC.

Throughout the year, LHT conducted various personal data protection training sessions tailored to different job functions. This included the implementation of an e-learning course, culminating in a test at the end of the session. These initiatives are emblematic of LHT's commitment to promoting a culture of awareness and compliance with personal data protection principles among its employees.

In 2023, LHT is proud to report that there have been zero cases of substantiated complaints concerning breaches or losses of personal data. This outcome reflects the effectiveness of our existing measures and commitment to upholding the highest standards of data protection.

Looking ahead to 2024, LHT remains dedicated to further enhancing its governance processes to fortify the safeguards for personal data. Through continuous improvement and proactive measures, we aim to reinforce our commitment to maintaining the trust and confidence of our stakeholders in the handling and protection of their personal information.

	2021	2022	2023	2024
 Target <ul style="list-style-type: none"> 0 cases of major breaches 	<ul style="list-style-type: none"> 0 cases of major breaches 	<ul style="list-style-type: none"> 0 cases of major breaches 	<ul style="list-style-type: none"> 0 cases of major breaches 	<ul style="list-style-type: none"> 0 cases of major breaches
 Performance <ul style="list-style-type: none"> 0 cases of major breaches 	<ul style="list-style-type: none"> 0 cases of major breaches 	<ul style="list-style-type: none"> 0 cases of major breaches 	<ul style="list-style-type: none"> 0 cases of major breaches 	<ul style="list-style-type: none"> To be announced

Socially Responsible Procurement

LHT is committed to fostering sustainable procurement practices, aligning with our belief in making financially prudent decisions for a sustainable future. Our dedication to advocating a business model that embraces sustainability is reflected in our ongoing efforts to acquire the latest technology in packaging, whenever financially and operationally feasible. As stakeholders increasingly prioritize environmental and social protection, compliance, and ethical supply chain management have become integral aspects of LHT's operations.

Our supply chains are primarily based overseas, with significant purchases originating from China, Vietnam, and Malaysia. In sourcing such key materials, LHT remains focused on sustainability practices embedded within our corporate culture.

Sustainability is a core value at the heart of LHT's corporate culture, and we integrate these values into self-regulating practices that extend to robust supply chain management. The emphasis on compliance and ethical supply chain management is paramount as we navigate partnerships with suppliers, service providers, and customers. LHT is committed to ensuring that all aspects of our supply chain operations align with our overarching sustainability management goals and ISO practices.

9. ETHICAL OPERATIONAL AND RESPONSIBLE PRACTICES

Economic Performance

LHT envisions becoming the preeminent and largest manufacturer of high-quality wooden pallets, boxes, cases, and crates within its industry. To achieve this ambitious goal, LHT is focused on expanding its customer base and maintaining economic sustainability.

In pursuit of global expansion, LHT has actively sought opportunities to broaden its reach. The demand for our products and services is driven by customers who recognize the exceptional value and environmental friendliness of our offerings. The commitment to delivering world-class, high-quality packaging solutions, coupled with outstanding service, remains paramount. LHT strives to surpass customer expectations by providing top-notch products and dependable delivery services.

The Group is dedicated to upholding good corporate governance and practices, confident that such adherence will lead to sustained growth and enhanced shareholder value over the long term. For a detailed overview of our financial performance, please refer to the relevant sections in LHT's Annual Report 2023:

- Operating and Financial Review (pages 11 to 13)
- Financial Summary (pages 14 to 15)
- Financial Statements (pages 17 to 71)

Procurement Practice

LHT places a strong emphasis on sustainable procurement practices, recognizing the importance of making financially sound decisions that contribute to a sustainable future. The Company is committed to advocating for a business model that embraces sustainability and actively seeks the latest technology in packaging, whenever financially and operationally feasible. In line with the growing focus on environmental and social protection among stakeholders, LHT places great importance on compliance and ethical supply chain management, aligning its operations with overall sustainability management and ISO practices.

Sustainability is ingrained in LHT's corporate culture, and these values are integrated into extensive self-regulating practices, harmonizing with robust supply chain management. The Company recognizes the increasing stakeholder attention on environmental and social protection, emphasizing the need for compliance and ethical supply chain management. LHT's supply chain encompasses partnerships with suppliers, service providers, and customers, and the Company is dedicated to ensuring that all operations within the supply chain align with its overarching sustainability management principles.



Anti-corruption

LHT has implemented an anti-bribery and anti-corruption policy, reinforcing the commitment to conducting business legally, ethically, and with integrity. This policy explicitly requires all employees of LHT to adhere to the Prevention of Corruption Act, Chapter 241 of Singapore. The scope of the policy is comprehensive, encompassing individuals at all levels and grades, whether permanent, fixed-term, or temporary.

LHT takes a systematic approach to risk management, aiming to identify, measure, prioritize, and respond to risks that may pose challenges to its objectives, initiatives, and daily operating activities. As part of this approach, the Company conducts risk assessment exercises to identify and evaluate key risks within the Group. The evaluation of risk exposure considers factors such as likelihood and impact, providing a comprehensive understanding of the risks identified.

Sustainability Report

This proactive risk management strategy aligns with LHT's commitment to maintaining ethical business practices and ensuring compliance with anti-bribery and anti-corruption standards.

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> To maintain 0 corruption or bribery cases in 2021 	<ul style="list-style-type: none"> To maintain 0 corruption or bribery cases in 2022 	<ul style="list-style-type: none"> To maintain 0 corruption or bribery cases in 2023 	<ul style="list-style-type: none"> To maintain 0 corruption or bribery cases in 2024
 Performance	<ul style="list-style-type: none"> Maintained 0 corruption or bribery cases in 2021 	<ul style="list-style-type: none"> Maintained 0 corruption or bribery cases in 2022 	<ul style="list-style-type: none"> Maintained 0 corruption or bribery cases in 2023 	<ul style="list-style-type: none"> To be announced

Operating Business with Integrity



LHT has established a range of corporate policies designed to support the Board and management, fostering ethical conduct and integrity in the Company's business activities. These policies serve as a framework to guide employees, stakeholders, and decision-makers in aligning with the values and principles set forth by LHT. The implementation of these policies reflects the Company's commitment to maintaining high standards of corporate governance and ethical business practices.

Operating Business Ethically

LHT places a strong emphasis on integrity and accountability, considering them as fundamental values in its business operations and among its workforces. The Company acknowledges corruption as a significant risk that can impact both its business and reputation. In response, LHT maintains a zero-tolerance policy towards all forms of corruption, including fraud and bribery.

To reinforce its commitment to anti-corruption measures, LHT ensures that all employees are well-informed about the risks and consequences associated with corruption through its business ethics guidelines and Code of Conduct. These guidelines are communicated to all stakeholders involved with the Company.

LHT's Whistleblowing Policy plays a crucial role in managing suspicions of corruption. This policy outlines the procedures for reporting any concerns, which are then escalated to the Chairman's attention and thoroughly investigated. The Company actively practices socially responsible business operations, aligning its practices with the interests of various stakeholders. This approach reflects LHT's dedication to maintaining ethical standards and fostering a responsible corporate culture.

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> To maintain 0 incidents of fraud and bribery 	<ul style="list-style-type: none"> To maintain 0 incidents of fraud and bribery 	<ul style="list-style-type: none"> To maintain 0 incidents of fraud and bribery 	<ul style="list-style-type: none"> To maintain 0 incidents of fraud and bribery
 Performance	<ul style="list-style-type: none"> Maintained 0 incidents of fraud and bribery 	<ul style="list-style-type: none"> Maintained 0 incidents of fraud and bribery 	<ul style="list-style-type: none"> Maintained 0 incidents of fraud and bribery 	<ul style="list-style-type: none"> To be announced

Whistleblowing

LHT has implemented a comprehensive whistleblowing policy aimed at facilitating the efficient assessment and investigation of reported incidents related to bribery, fraud, or any malpractice activities. This policy is an integral part of the Company's anti-corruption framework and overall policies designed to monitor and detect corporate improprieties, particularly in financial reporting and other relevant matters.

The whistleblowing procedures provide all employees with a mechanism to raise concerns confidentially and anonymously. Employees are encouraged to submit detailed reports in writing, outlining any potential corporate improprieties they have observed. The procedures cover the entire process, from the submission of reports to the assessment, investigation of incidents, retention of records, and protection of whistleblowers.

To ensure independent investigations, all reports are directed to the Non-executive and Lead Independent Director, and Chairman of the Audit and Risk Committee (Mr. Tan Kok Hiang). Employees can submit their reports either to the Whistleblowing Committee or directly to the Chairman of the Audit and Risk Committee via email or in writing, sealed in an envelope and marked as "Confidential."



The detailed procedures are accessible on the Company's Intranet for reference. This whistleblowing mechanism reinforces LHT's commitment to transparency, accountability, and ethical business practices.

The Group welcomes whistleblowing emails to be sent to our dedicated independent team at the provided contact:

- WhistleBlowing@lht.com.sg (to Whistleblowing Committee)
- ChairmanAC@lht.com.sg (to Chairman of Audit and Risk Committee)
- Address: LHT Holdings Ltd, 27 Sungei Kadut Street 1, Singapore 729335

All employees are acquainted with the Whistleblowing Policy as an integral part of their induction program.

The Committee is committed to treating all received information with the highest level of confidentiality, safeguarding the complete privacy and anonymity of the Whistleblower, unless compelled by judicial or other legal processes/authorities. As of 2023, we are delighted to share that no whistleblowing incident were reported.

	2021	2022	2023	2024
 Target	<ul style="list-style-type: none"> • To maintain 0 whistleblowing incidents 	<ul style="list-style-type: none"> • To maintain 0 whistleblowing incidents 	<ul style="list-style-type: none"> • To maintain 0 whistleblowing incidents 	<ul style="list-style-type: none"> • To maintain 0 whistleblowing incidents
 Performance	<ul style="list-style-type: none"> • Maintained 0 whistleblowing incidents 	<ul style="list-style-type: none"> • Maintained 0 whistleblowing incidents 	<ul style="list-style-type: none"> • Maintained 0 whistleblowing incidents 	<ul style="list-style-type: none"> • To be announced

Sustainability Report

Product Quality and Safety

LHT's Innovation: Technical Wood

Years of dedicated investments in Research and Development have yielded a groundbreaking innovation in waste wood recycling at LHT. As fervent advocates of environmental protection, our focus is on minimizing wood waste by enhancing resource management and optimizing the recycling and utilization of waste wood.

The LHT Technical Wood stands out as a brilliant outcome of our waste wood recycling innovation. Wood waste sourced from various channels is collected by LHT and then processed through highly automated plant and machinery into Technical Wood which can then be applied to a diverse range of specially designed recycled wooden products.

Technical Wood, a product proudly crafted by LHT, stands out in the industry due to its exceptional qualities:

1. **Consistent Texture and Colour:** The product maintains a uniform texture and colour, providing a visually appealing and consistent finish.
2. **Chemical and Pest Resistance:** Technical Wood exhibits resilience against chemicals and pests, offering longevity and protection against deterioration.
3. **Fire Retardancy:** With inherent fire-retardant properties, Technical Wood ensures enhanced safety in various applications.
4. **Low Moisture Content:** The product features low moisture content, contributing to increased stability and minimizing the risk of warping or damage.
5. **Environment-Friendly:** LHT Technical Wood is environmentally-friendly, aligning with sustainable and green practices.
6. **High Density:** The inherent strength of Technical Wood is derived from its high density, ensuring durability and robustness.
7. **Less Thickness Swelling:** Technical Wood exhibits minimal thickness swelling, enhancing its stability and performance.
8. **Water and Fire Resistant:** The material is resistant to both water and fire, ensuring versatility and safety in various applications.
9. **Low Moisture Content:** With low moisture content, Technical Wood maintains stability and reduces the risk of warping or damage.
10. **Chemical and Pest Resistant:** The product is resistant to chemicals and pests, offering longevity and protection against deterioration.
11. **Strong Nail Holding Strength:** Technical Wood provides a strong grip for nails, ensuring secure and lasting installations.
12. **Range of Sizes Possible:** The versatility of Technical Wood allows for the production of a wide range of sizes, catering to diverse needs.
13. **Consistent Quality:** LHT maintains consistent quality standards, ensuring that every piece of Technical Wood meets high-performance criteria.
14. **Reliable Supply:** A reliable supply chain is established, ensuring consistent availability and reducing production uncertainties.

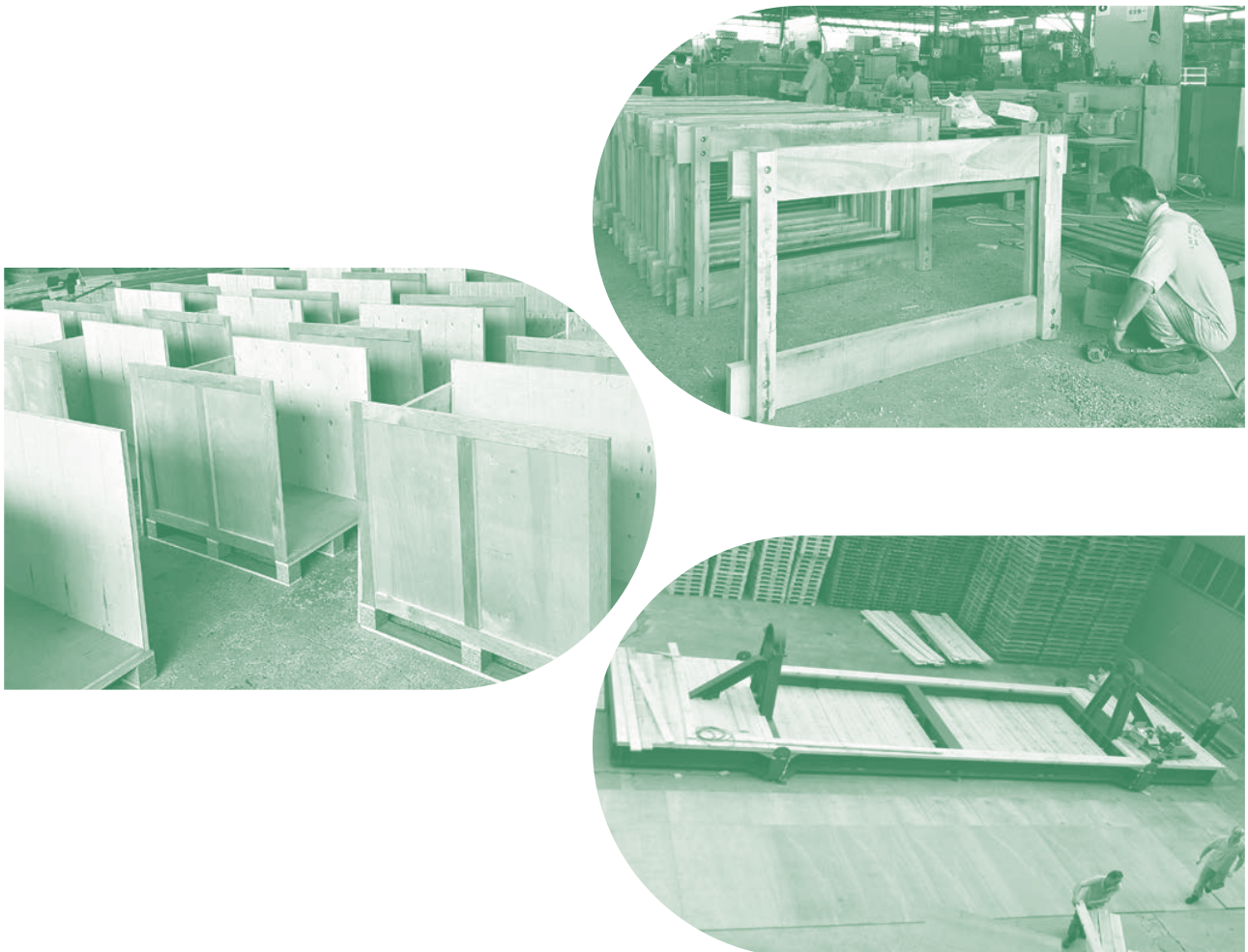
Sustainability Report

The unique combination of these strengths and key performances below sets LHT Technical Wood apart, establishing it as a standout solution in the industry.

Key Performances:

- **Material Composition:** Crafted from original tropical hardwood fibers, and subjected to high-pressure and high-temperature steaming processes, Technical Wood shares characteristics with natural solid wood. Its composition also includes Melamine Urea Formaldehyde ("MUF"), providing resistance against pests and fungi.
- **Enhanced Fire and Water Resistance:** The inclusion of MUF enhances the wood's performance, making it both fire and water-resistant.
- **Low Moisture Content:** The product's low moisture content contributes to enhanced stability and reduced thickness swelling.
- **Stable Quality Production:** LHT ensures consistent quality by producing Technical Wood based on specified measurements, density, and other specifications. This commitment not only maintains stable quality but also minimizes wastage and production costs.

We ensure that each product is crafted with precision and adheres to the highest standards of quality. This innovation reflects our commitment to sustainable practices and creating valuable products from recycled materials.



Sustainability Report

APPENDIX A: LIST OF ENTITIES COVERED IN THIS SUSTAINABILITY REPORT

Name	Principal activities	Location
LHT Holdings Ltd	Manufacturing and trading of wooden pallets, boxes, crates and timber-related products	Singapore
Kim Hiap Lee Company (Pte.) Limited	Timber merchants, sawmillers and pallet rental	Singapore
LHT Marketing Pte Ltd	Timber merchants and commission agents	Singapore
LHT Ecotech Resources Pte Ltd	Wood waste recycling and recovering	Singapore

APPENDIX B: SUSTAINABILITY SCORECARD

Environmental

Performance indicators	Units	2021	2022	2023
Energy consumption				
Fuel consumption	'000 litre	176.5	176.7	137.1
Electricity consumption	MWh	2,612.7	2,433.5	1,127.0
Water consumption	m ³	10,410.7	9,125.2	6,655.7
Energy consumption intensity				
Fuel consumption intensity	MWh/pallet	0.00050	0.00063	0.00064
Electricity consumption intensity	MWh/pallet	0.0074	0.0086	0.0053
Water consumption intensity	m ³ /pallet	0.0295	0.0323	0.0311
Carbon footprint				
Scope 1 emission	tCO ₂ e	476.6	477.1	370.1
Scope 2 emission	tCO ₂ e	1,068.6 ¹	1,014.8 ¹	470.0
Total emission	tCO ₂ e	1,545.2	1,491.9 ¹	840.1
Carbon footprint intensity				
Scope 1 emission intensity	tCO ₂ e/pallet	0.0014	0.0017	0.0017
Scope 2 emission intensity	tCO ₂ e/pallet	0.0030	0.0036	0.0022
Total emission intensity	tCO ₂ e/pallet	0.0044	0.0053	0.0039

¹ Restated

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Social

Performance indicators	Units	2021	2022	2023
Percentage of LVL for production				
LVL Board	Tonnes	7,611.3	4,567.6	2,721.2
Pinewood	Tonnes	1,879.3	2,503.0	1,586.7
Plywood	Tonnes	820.0	533.5	339.4
Others	Tonnes	407.7	158.4	0.0
Total Purchased	Tonnes	10,718.3	7,762.5	4,647.3
Wood waste collected and woodchips produced				
Waste wood collected	Tonnes	12,690.8	13,166.3	9,813.1
Total Woodchips produced	Tonnes	12,773.9	12,019.9	8,946.4
Rental Pallets				
Pallets rented out	Pieces	2,543,432	2,317,688	2,014,262
Pallets available quantity	Pieces	2,727,037	2,703,637	2,270,285
Visitor plant tours				
Plant tour count	Tour	0	0	1
Gender diversity				
Male	Person (%)	83 (76%)	83 (76%)	67 (76%)
Female	Person (%)	26 (24%)	26 (24%)	21 (24%)
Total employees	Person (%)	109 (100%)	109 (100%)	88 (100%)
Age group diversity				
< 30	Person (%)	7 (6%)	8 (7%)	5 (6%)
31 to < 35	Person (%)	19 (18%)	18 (17%)	9 (10%)
36 to < 40	Person (%)	9 (8%)	9 (8%)	10 (11%)
41 to < 45	Person (%)	11 (10%)	13 (12%)	11 (13%)
46 and above	Person (%)	63 (58%)	61 (56%)	53 (60%)
Nationality diversity				
Singaporean	Person (%)	59 (54%)	57 (52%)	50 (57%)
Malaysian	Person (%)	32 (29%)	31 (29%)	25 (28%)
China	Person (%)	17 (16%)	20 (18%)	13 (15%)
India	Person (%)	1 (1%)	1 (1%)	0 (0%)
Ability diversity				
Able	Person (%)	109 (100%)	109 (100%)	88 (100%)
Disabled	Person (%)	0 (0%)	0 (0%)	0 (0%)

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Performance indicators	Units	2021	2022	2023
Employee categories				
Executives	Person (%)	5 (4%)	5 (5%)	5 (6%)
Management	Person (%)	17 (16%)	20 (18%)	19 (22%)
Staff	Person (%)	23 (21%)	23 (21%)	16 (18%)
Workers	Person (%)	64 (59%)	61 (56%)	48 (54%)
Executives and Management – Gender diversity				
Male	Person (%)	16 (73%)	19 (76%)	18 (75%)
Female	Person (%)	6 (27%)	6 (24%)	6 (25%)
New hires by Gender				
Male	Person (%)	9 (69%)	16 (80%)	4 (100%)
Female	Person (%)	4 (31%)	4 (20%)	0 (0%)
Total new hires	Person (%)	13 (100%)	20 (100%)	4 (100%)
New hires by Age group				
< 30	Person (%)	3 (23%)	6 (30%)	1 (25%)
31 to < 35	Person (%)	1 (8%)	1 (5%)	0 (0%)
36 to < 40	Person (%)	0 (0%)	6 (30%)	0 (0%)
41 to < 45	Person (%)	6 (46%)	3 (15%)	2 (50%)
46 and above	Person (%)	3 (23%)	4 (20%)	1 (25%)
Resignations by Gender				
Male	Person (%)	23 (79%)	16 (80%)	20 (80%)
Female	Person (%)	6 (21%)	4 (20%)	5 (20%)
Total resignations	Person (%)	29 (100%)	20 (100%)	25 (100%)
Resignations by Age group				
< 30	Person (%)	6 (21%)	3 (15%)	3 (12%)
31 to < 35	Person (%)	6 (21%)	3 (15%)	3 (12%)
36 to < 40	Person (%)	1 (3%)	4 (20%)	5 (20%)
41 to < 45	Person (%)	6 (21%)	2 (10%)	5 (20%)
46 and above	Person (%)	10 (34%)	8 (40%)	9 (36%)
Training				
Total training hours	Hours	142.00	554.40	558.81

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Performance indicators	Units	2021	2022	2023
Workplace Safety				
Total manhours worked	manhours	250,206	259,138	224,101
Total work-related injury cases	cases	4	3	2
Work-related injury rate per every 100,000 manhours worked	cases/100,000 manhours worked	1.60	1.16	0.89
Work-related injury rate per every 1,000,000 manhours worked	cases/1,000,000 manhours worked	15.99	11.58	8.92
Total lost days resulting from Injury cases	days	27	20	5
Lost day rate per every 100,000 manhours worked	cases/100,000 manhours worked	10.79	7.72	2.23
Lost day rate per every 1,000,000 manhours worked	cases/1,000,000 hours worked	107.91	77.18	22.31
Total high-consequence work-related injury	cases	0	0	0
Fatal injury cases per every 100,000 manhours worked	cases/100,000 manhours worked	0	0	0
Fatal injury cases per every 1,000,000 manhours worked	cases/1,000,000 hours worked	0	0	0

Governance

Performance indicators	Units	2021	2022	2023
No of cases of non-compliance	cases	0	2	1

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APPENDIX C: METHODOLOGIES AND DATA BOUNDARIES

This section details key definitions, methodologies and data boundaries applied to LHT Group's Sustainability Report, as we endeavor to elevate transparency and facilitate comparability of our data disclosed. These definitions and methodologies are adapted with reference to the GRI Standards Glossary 2021, Reporting Recommendations and Guidance set out in the respective GRI disclosures and various authoritative intergovernmental instruments.

In this Sustainability Report, "Group" refers to LHT's operations in Singapore only as these are more significant.

Environment

Climate-related Physical Risks

Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (e.g., sea level rise).

Climate-related Transitional Risks

Climate-related risks can also be associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations.

Climate-related Opportunities

Climate-related opportunities refer to the potential positive impacts related to climate change on an organisation. Efforts to mitigate and adapt to climate change can produce opportunities for organisations, such as through resource efficiency and cost savings, the adoption and utilisation of low-emission energy sources, the development of new products and services, and building resilience along the supply chain.

Carbon Emissions

In the scope of this reporting, scope 1 emissions are emission are generated from the consumption of fuels for our operation. The fuel consumption by other business segments is considered immaterial given the nature of their operations. The emission factor used for calculating carbon emission is obtained from The United Kingdom Department for Environmental, Food & Rural Affairs ("UK Defra"). Carbon emissions are expressed in tonnes of carbon dioxide equivalent ("tCO₂e").

The scope of this reporting, scope 2 emissions are emissions that result from the generation of purchased or acquired electricity. The Grid Emission Factor ("GEF") used for calculating carbon emissions is obtained from the Energy Market Authority ("EMA"). Carbon emissions are expressed in tCO₂e.

Carbon Emissions Intensity

This is the ratio of carbon emissions relative to the net leasable areas in square metres for residential properties. Carbon emissions intensity is expressed in tCO₂e per pallet produced ("tCO₂e/pallet").

Energy Consumption

Energy consumed results from fuels consumed by the Group. Energy consumed is expressed in megawatt-hours ("MWh").

Energy Intensity

This is the ratio of carbon emissions relative to the pallet production. Energy intensity is expressed in MWh per pallet produced ("MWh/pallet").

Water Consumption

This is the volume of water consumed by the Group. Given the nature of LHT's business and in Singapore's context, where water comes from a single third-party source supplied by the Public Utilities Board ("PUB") and discharge is not required to be monitored, the total amount of water withdrawn is assumed to be the amount consumed as is reflected in utility bills received by the Group. The volume of water consumed is expressed in cubic meters ("m³").

Water Intensity

This is the ratio of carbon emissions relative to the pallet production. Water consumption intensity is expressed in m³ per pallet produced ("m³/pallet").

Social

Employee

Employees are defined as individuals who are in an employment relationship with the Group.

Non-employee Workers

Non-employee workers are defined as workers who are not employees but whose work and/or workplace is controlled by the organisation; Or workers who are not employees and whose work and workplace are not controlled by the organisation, but by the organisation's operations, products or services are directly linked to significant occupational health and safety impacts on those workers by its business relationships.

New Hires and Turnover (rates)

New hires are defined as new employees who have joined the Group during the financial year.

Turnover is defined as all employees who have left the Group voluntarily, or due to dismissal, retirement or death in service during the financial year.

New hires/turnover rate is the total number of new hires/employee turnovers in the financial year, relative to the total number of employees recorded at financial year-end.

The new hires/turnover rate by age group is the total number of new hires/employee turnovers for each age group in the financial year, relative to the total number of employees in the respective age groups recorded at financial year-end.

New hires/turnover rate by gender is the total number of female/(male) new hires/employee turnovers for each gender in the financial year, relative to the total number of female/(male) employees recorded as at financial year-end.

Training hours

Average training hours per employee is the total number of training hours incurred during the year provided to employees, relative to the total number of employees recorded as at year-end.

Average training hours per female/(male) employee is the total number of training hours provided to female/(male) employees, relative to the total number of female/(male) employees recorded as of year-end.

Average training hours per employee category is the total number of training hours provided to each category of employees, relative to the total number of employees in the category recorded as of year-end.

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Work-related incident

Work-related injury incidents are non-fatal or fatal injuries or ill health arising out of, or in the course of, work.

Ill health indicates damage to health and includes diseases, illnesses and disorders.

Recordable Work-related Injury and Rate

The rate of recordable work-related injuries for employees/non-employee workers is the total number of employees'/non-employee workers' work-related injuries per hundred thousand and per million manhours worked, relative to the total manhours worked by all employees/non-employee workers recorded as of year-end.

Recordable Work-related Ill Health and Rate

The rate of recordable work-related ill health for employees/non-employee workers is the total number of employees'/non-employee workers' work-related ill health per hundred thousand and per million manhours worked, relative to the total manhours worked by all employees/non-employee workers recorded as at year-end.

Fatalities and Rate

The rate of fatalities as a result of work-related injury by employees and non-employee workers is the number of employees'/non-employee workers' fatalities as a result of work-related injury per hundred thousand and per million manhours worked, relative to the total manhours worked by all employees/non-employee workers recorded as at year-end.

The rate of fatalities as a result of work-related ill health by employees and non-employee workers is the number of employees'/non-employee workers' fatalities as a result of work-related ill health per hundred thousand and per million manhours worked, relative to the total manhours worked by all employees/non-employee workers recorded as at year-end.

High-consequence Work-related Injury and Rate

High-consequence work-related injury is a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

The rate of high-consequence work-related injuries (excluding fatalities) by employees or non-employee workers is the number of high-consequence work-related injuries (excluding fatalities) from employees/non-employee workers per hundred thousand and per million manhours worked, relative to the total manhours worked by all employees/non-employee workers recorded as at year-end.

Governance

Customer Satisfaction Scoring

Customer satisfaction survey questionnaires are sent out annually to our clients.

APPENDIX D: GRI CONTENT INDEX

GRI Standards Content Index

The GRI Content Index references the LHT's Sustainability Report 2023 ("SR") and the Annual Report 2023 ("AR").

Disclosure number	Disclosure title	Reference and remarks	
GRI 1: Reporting in accordance with the GRI Standards			
Requirement 1	Apply the reporting principles	SR About the Report	
Requirement 2	Report the disclosures in GRI 2: General Disclosures 2021	SR Appendix D: GRI Content Index	
Requirement 3	Determine material topics	SR Appendix D: GRI Content Index	
Requirement 4	Report the disclosures in GRI 3: Material Topics 2021	SR Appendix D: GRI Content Index	
Requirement 5	Report disclosures from the GRI Topic Standards for each material topic	SR Appendix D: GRI Content Index	
Requirement 6	Provide reasons for the omission of disclosures and requirements that the organisation cannot comply with	SR Appendix D: GRI Content Index	
Requirement 7	Publish a GRI content index	SR Appendix D: GRI Content Index	
Requirement 8	Provide a statement of use	SR About the Report	
Requirement 9	Notify GRI	The SR will be registered with GRI upon publication.	
GRI 2: General disclosures			
The organisation and its reporting practices	2-1	Organisation details	SR Our Business
	2-2	Entities included in the organisation's sustainability reporting	SR Appendix A: List of entities covered in this Sustainability Report
	2-3	Reporting period, frequency and contact point	SR About the Report
	2-4	Restatements of information	SR About the Report
	2-5	External assurance	SR About the Report
Activities and workers	2-6	Activities, value chain and other business relationships	SR About the Report
	2-7	Employee	SR Empowering Communities
	2-8	Workers who are not an employee	Not Applicable

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Disclosure number	Disclosure title	Reference and remarks	
Governance	2-9	Governance structure and composition	AR Corporate Governance
	2-10	Nomination and selection of the highest governance body	AR Corporate Governance
	2-11	Chair of the highest governance body	AR Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	AR Corporate Governance
	2-13	Delegation of responsibility for managing impacts	AR Corporate Governance
	2-14	Role of the highest governance body in sustainability reporting	AR Corporate Governance
	2-15	Conflicts of interest	AR Corporate Governance
	2-16	Communication of critical concerns	SR Key Sustainability Highlights
	2-17	The collective knowledge of the highest governance body	AR Corporate Governance
	2-18	Evaluation of the performance of the highest governance body	AR Corporate Governance
	2-19	Remuneration policies	AR Corporate Governance
	2-20	The process to determine the remuneration	AR Corporate Governance
	2-21	Annual total compensation ratio	AR Corporate Governance
Strategy, policies and practices	2-22	Statement on sustainable development strategy	SR Key Sustainability Approaches
	2-23	Policy commitments	SR Key Sustainability Highlights
	2-24	Embedding policy commitments	SR Key Sustainability Highlights
	2-25	Processes to remediate negative impacts	SR Sustainability Performance
	2-26	Mechanisms for seeking advice and raising concerns	SR Key Sustainability Highlights
	2-27	Compliance with laws and regulations	SR Ethical Operational and Responsible Practices
	2-28	Membership associations	SR Key Sustainability Highlights

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Disclosure number	Disclosure title	Reference and remarks	
Stakeholder engagement	2-29	Approach to stakeholder engagement	SR Key Sustainability Highlights
	2-30	Collective bargaining agreements	SR Key Sustainability Highlights
GRI 3: Disclosures on material topics			
Material topics	3-1	The process of determining material topics	SR Key Sustainability Highlights
	3-2	List of material topics	SR Key Sustainability Highlights
	3-3	Management of material topics	SR Key Sustainability Highlights
GRI 200: Economic disclosures (applicable sections only)			
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	SR Ethical Operational and Responsible Practices
GRI 300: Environment disclosures (applicable sections only)			
Energy	302-1	Energy consumption within the organisation	SR Protecting Our Earth
	302-3	Energy intensity	SR Protecting Our Earth
Water and Effluents	303-1	Interactions with water as a shared resource	SR Protecting Our Earth
	303-5	Water consumption	SR Protecting Our Earth
Emissions	305-1	Direct (Scope 1) GHG emissions	SR Protecting Our Earth
	305-2	Energy indirect (Scope 2) GHG emissions	SR Protecting Our Earth
	305-3	Other indirect (Scope 3) GHG emissions	The Group is currently in the process of studying the feasibility in terms of completeness, accuracy and costs of collating more extensive data on Scope 3 carbon emissions as these are associated with activities outside the Group's direct operational control like supply chain and other indirect sources
GRI 400: Social disclosures (applicable sections only)			
Employment	401-1	New employee hires and employee turnover	SR Empowering Communities

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Disclosure number	Disclosure title	Reference and remarks	
Occupational health and safety	403-1	Occupational health and safety management system	SR Empowering Communities
	403-2	Hazard identification, risk assessment, and incident investigation	SR Empowering Communities
	403-3	Occupational health services	SR Empowering Communities
	403-4	Worker participation, consultation, and communication on occupational health and safety	SR Empowering Communities
	403-5	Worker training on occupational health and safety	SR Empowering Communities
	403-6	Promotion of worker health	SR Empowering Communities
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR Empowering Communities
	403-8	Workers covered by occupational health and safety management system	SR Empowering Communities
	403-9	Work-related injuries	SR Empowering Communities
	403-10	Work-related ill health	No work-related ill health
Training and education	404-1	Average hours of training per year per employee	SR Empowering Communities
	404-2	Programs for upgrading employee skills and transition assistance programs	SR Empowering Communities
	404-3	Percentage of employees receiving regular performance and career development reviews	SR Empowering Communities
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR Empowering Communities
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	SR Empowering Communities
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	No child labour employed by the Group
Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No forced or compulsory labour employed by the Group
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SR Ethical Operations and Responsible Practices
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints received

APPENDIX E: TCFD RECOMMENDATIONS CONTENT INDEX

TCFD Recommendations Content Index

The TCFD Recommendation Content Index indicates our current implementation status for climate reporting.

TCFD Thematic Areas	Recommended Disclosures	Reference and Remarks
Governance		
Disclose the organisation's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risks and opportunities	Section 7 Protecting Our Earth
	Describe management's role in assessing and managing climate-related risks and opportunities	Section 7 Protecting Our Earth
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Section 7 Protecting Our Earth
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	Section 7 Protecting Our Earth
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The Group currently does not employ scenario analysis in identifying climate risks and opportunities.
Risk Management		
Disclose how the organisation identifies, assesses, and manages climate-related risks	Describe the organisation's processes for identifying and assessing climate-related risks	Section 7 Protecting Our Earth
	Describe the organisation's processes for managing climate-related risks	Section 7 Protecting Our Earth
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Section 7 Protecting Our Earth
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Section 7 Protecting Our Earth
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks	Section 7 Protecting Our Earth
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Section 7 Protecting Our Earth

Statistics of Shareholdings

As at 11 March 2024

SHAREHOLDERS' INFORMATION AS AT 11 MARCH 2024

Issued and fully paid-up capital	:	\$24,620,615
No. of shares	:	53,244,997 shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Treasury Shares and Subsidiary Holdings	:	Nil

SUBSTANTIAL SHAREHOLDERS AS AT 11 MARCH 2024

as recorded in the Register of Substantial Shareholders

Name of Substantial Shareholders	Number of Shares		Deemed Interest	%
	Direct Interest	%		
Tan Kim Sing	9,671,205	18.16	16,250 ^(a)	0.03
Yap Mui Kee	8,860,932	16.64	–	–
Teo Beng Choo	5,097,625	9.57	–	–
Synectix Pte Ltd	12,098,147 ^(b)	22.72	–	–
Li Suet Man	–	–	12,098,147 ^(b)	22.72
Li Ear	1,723,490 ^(c)	3.24	12,098,147 ^(b)	22.72

Notes:

- (a) 16,250 shares held by the spouse of Mr. Tan Kim Sing, Mdm Ng Siew Yeng.
 (b) 7,098,147 shares of Synectix Pte Ltd are held by DBS Nominees Pte Ltd. Li Suet Man and Li Ear are each deemed interested in the 12,098,147 shares of Synectix Pte Ltd.
 (c) 757,900 shares of Li Ear are held by DBS Nominees Pte Ltd.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	80	2.01	3,958	0.01
100 – 1,000	2,857	71.71	911,581	1.71
1,001 – 10,000	883	22.16	2,674,139	5.02
10,001 – 1,000,000	158	3.97	10,525,113	19.77
1,000,001 and above	6	0.15	39,130,206	73.49
	3,984	100.00	53,244,997	100.00

Statistics of Shareholdings

As at 11 March 2024

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Tan Kim Sing	9,671,205	18.16
2.	DBS Nominees Pte Ltd	9,270,747	17.41
3.	Yap Mui Kee	8,860,932	16.64
4.	Teo Beng Choo	5,097,625	9.57
5.	Synectix Pte Ltd	5,000,000	9.39
6.	Raffles Nominees (Pte) Limited	1,229,697	2.31
7.	Jonathan Chadwick	1,000,000	1.88
8.	Li Ear	965,590	1.81
9.	Billy Neo Kian Wee (Billy Liang Jianwei)	856,000	1.61
10.	Morph Investments Ltd	645,000	1.21
11.	Lim Kwee Poh	416,500	0.78
12.	Phillip Securities Pte Ltd	400,060	0.75
13.	Teo Ting Yue	350,000	0.66
14.	Seah Chong Teck	293,250	0.55
15.	Ng Boon Guat	250,000	0.47
16.	Leong Hwei Min	250,000	0.47
17.	Lai Weng Kay	218,000	0.41
18.	Chan Jin Ming	180,000	0.34
19.	Hon Quek Yang	145,750	0.28
20.	Kwah Beng Hua	143,600	0.27
	Total	45,243,956	84.97

Free Float

Based on information available to the Company as at 11 March 2024, approximately 27.38% of the issued ordinary shares of the Company were held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of LHT Holdings Limited (“the Company”) will be held at 27 Sungei Kadut Street 1, Singapore 729335 on Monday, 29 April 2024 at 3.30 p.m. (“AGM”) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Ms Yap Mui Kee who is retiring pursuant to Regulation 103 of the Company’s Constitution. **[See Explanatory Note (i)] (Resolution 2)**
3. To re-elect Mr Tan Kim Sing who is retiring pursuant to Regulation 103 of the Company’s Constitution. **[See Explanatory Note (ii)] (Resolution 3)**
4. To note the retirement of the following Directors who are retiring pursuant to Regulation 104 of the Company’s Constitution and will not be seeking re-election as Directors of the Company:–

Mr Tan Kok Hiang **[See Explanatory Note (iii)]**
Mr Low Peng Kit **[See Explanatory Note (iv)]**
Dr Wu Chiaw Ching **[See Explanatory Note (v)]**
5. To appoint Mr Lock Wai Han as the Non-Executive Independent Director of the Company. **[See Explanatory Note (vi)] (Resolution 4)**
6. To appoint Ms Theng Siew Lian Lisa as the Non-Executive Independent Director of the Company. **[See Explanatory Note (vii)] (Resolution 5)**
7. To appoint Mr Lim Kee Way Irwin as the Non-Executive Independent Director of the Company. **[See Explanatory Note (viii)] (Resolution 6)**
8. To appoint Ms Tan Peck Joo as the Non-Executive Independent Director of the Company. **[See Explanatory Note (ix)] (Resolution 7)**
9. To appoint Mr Low Choon Zhu, Marco as the Non-Executive Independent Director of the Company. **[See Explanatory Note (x)] (Resolution 8)**
10. To declare a first and final one-tier tax exempt dividend of S\$0.05 per ordinary share for the financial year ended 31 December 2023 (2022: S\$0.05). **(Resolution 9)**
11. To declare a final and special one-tier tax exempt dividend of S\$0.13 per ordinary share for the financial year ended 31 December 2023 (2022: Nil) **(Resolution 10)**
12. To approve the payment of Directors’ fees of S\$241,000 for the year ended 31 December 2023 (2022: S\$196,000) **(Resolution 11)**
13. To re-appoint Messrs BDO LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 12)**
14. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

15. Authority to allot and issue shares

“That pursuant to Section 161 of the Companies Act 1967 (the “Act”), the Constitution and the listing rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the directors of the Company to:

- (a) (i) allot and issue shares in the capital of the Company (the “Shares”) (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements, or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of 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 may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force):
 - (i) issue additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the directors while this Resolution was in force; and
 - (ii) issue Shares in pursuance of any Instruments made or granted by the directors while this Resolution was in force or such additional Instruments in (b)(i) above,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares issued other than on a *pro rata* basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below); and
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:–
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Notice of Annual General Meeting

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (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 the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST 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 general meeting) the authority conferred by this Resolution shall continue in force 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, whichever is the earlier.”

[See Explanatory Note (xi)]

(Resolution 13)

By Order of the Board

Sally Yap Mei Yen
Company Secretary

Singapore, 5 April 2024

EXPLANATORY NOTES:

- (i) **Resolution 2** – Ms Yap Mui Kee has been the Chairperson, Managing Director and Chief Executive Officer of the Company since 2017. She is considered an Executive and Non-Independent Director. Detailed information of Ms Yap Mui Kee can be found under the “Board of Directors” and “Disclosure of Information on Directors Seeking Re-election” sections of the Company’s Annual Report.
- (ii) **Resolution 3** – Mr Tan Kim Sing is the Executive Director of the Company. He is considered an Executive and Non-Independent Director. Detailed information of Mr Tan Kim Sing can be found under the “Board of Directors” and “Disclosure of Information on Directors Seeking Re-election” sections of the Company’s Annual Report.
- (iii) Mr Tan Kok Hiang will not be seeking re-election and will retire as Director of the Company on 29 April 2024 at the close of the AGM. Upon the retirement of Mr Tan Kok Hiang as a Director of the Company, he will cease to be a Non-Executive Lead Independent Director of the Company and will relinquish his position as Chairman of the Audit and Risk Committee, and Remuneration Committee and as a member of the Nominating Committee.
- (iv) Mr Low Peng Kit will not be seeking re-election and will retire as Director of the Company on 29 April 2024 at the close of the AGM. Upon the retirement of Mr Low Peng Kit as a Director of the Company, he will cease to be a Non-Executive Independent Director of the Company and will relinquish his position as Chairman of the Nominating Committee and as a member of the Audit and Risk Committee, and Remuneration Committee.
- (v) Dr Wu Chiaw Ching will not be seeking re-election and will retire as Director of the Company on 29 April 2024 at the close of the AGM. Upon the retirement of Dr Wu Chiaw Ching as a Director of the Company, he will cease to be a Non-Executive Independent Director of the Company and will relinquish his position as a member of the Audit and Risk Committee, Remuneration Committee and Nominating Committee.
- (vi) **Resolution 4** – Mr Lock Wai Han will, upon the appointment as a Director of the Company, be the Non-Executive Independent Director of the Company. Mr Lock Wai Han will be the Independent Director. There are no relationships (including immediate family relationships) between Mr Lock Wai Han and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Detailed information of Mr Lock Wai Han can be found under the separate Appendix of the Notice of AGM.

Notice of Annual General Meeting

- (vii) **Resolution 5** – Ms Theng Siew Lian Lisa will, upon the appointment as a Director of the Company, be the Non-Executive Independent Director of the Company. Ms Theng Siew Lian Lisa will be the Independent Director. There are no relationships (including immediate family relationships) between Ms Theng Siew Lian Lisa and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect her independence. Detailed information of Ms Theng Siew Lian Lisa can be found under the separate Appendix of the Notice of AGM.
- (viii) **Resolution 6** – Mr Lim Kee Way Irwin will, upon the appointment as a Director of the Company, be the Non-Executive Independent Director of the Company. Mr Lim Kee Way Irwin will be the Independent Director. There are no relationships (including immediate family relationships) between Mr Lim Kee Way Irwin and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Detailed information of Mr Lim Kee Way Irwin can be found under the separate Appendix of the Notice of AGM.
- (ix) **Resolution 7** – Ms Tan Peck Joo will, upon the appointment as a Director of the Company, be the Non-Executive Independent Director of the Company. Ms Tan Peck Joo will be the Independent Director. There are no relationships (including immediate family relationships) between Ms Tan Peck Joo and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect her independence. Detailed information of Ms Tan Peck Joo can be found under the separate Appendix of the Notice of AGM.
- (x) **Resolution 8** – Mr Low Choon Zhu, Marco will, upon the appointment as a Director of the Company, be the Non-Executive Independent Director of the Company. Mr Low Choon Zhu, Marco is the son of Mr Low Peng Kit, the Non-Executive Independent Director, who will be retired on 29 April 2024 at the close of the AGM. Save for the aforesaid, there are no relationships (including immediate family relationships) between Mr Low Choon Zhu, Marco and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Detailed information of Mr Low Choon Zhu, Marco can be found under the separate Appendix of the Notice of AGM.
- (xi) **Resolution 13** – if passed, will empower the Directors from the date of the above Meeting until the date of the next annual general meeting, to issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this Resolution would not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company at the time of the passing of this Resolution. For issue of shares and convertible securities (other than on a *pro rata* basis to all shareholders), the aggregate number of shares and convertible securities to be issued shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company.

NOTES:

Format of Meeting

1. The AGM will be held, in a wholly physical format, at 27 Sungei Kadut Street 1, Singapore 729335 on Monday, 29 April 2024 at 3.30 p.m.. There will be no option for shareholders to participate virtually.
2. This Notice of AGM, Appendix of the Notice of AGM, the accompanying proxy form and the request form will be sent to members by electronic means via publication on the Company's website at <https://www.lht.com.sg> and the SGX website at <https://www.sgx.com/securities/company-announcements>. Printed copies of this Notice of AGM, Appendix of the Notice of AGM, the accompanying proxy form and the request form will also be sent to members via post.

Appointment of Proxy(ies)

3. A Member (other than a Relevant Intermediary*) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company. A Shareholder may choose to appoint the Chairman of the AGM as his/her proxy.

Notice of Annual General Meeting

4. A member who is a Relevant Intermediary entitled to attend and vote at the AGM is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.
5. An investor who buys shares using Central Provident Fund Investment Scheme (“CPF Investor”) and/or Supplementary Retirement Scheme (“SRS Investor”) (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2024, being seven (7) working days prior to the date of this AGM.

* “Relevant Intermediary” means:

- (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;
 - (b) a person holding a capital markets services license 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 (“CPF”), if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
6. If a proxy is to be appointed, the instrument appointing a proxy must be deposited at the Registered Office of the Company at 27 Sungei Kadut Street 1, Singapore 729335 not less than seventy-two (72) hours before the time appointed for holding the AGM.

Submission of Questions

7. Members may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM, in the following manner by 3:30 p.m. on 22 April 2024:

(i) By email to ir@lht.com.sg; or

(ii) By post to 27 Sungei Kadut Street 1, Singapore 729335, attention: Company Secretary.

When submitting questions by post or via email, Shareholders should also provide the following details: (i) the Shareholder’s full name; (ii) the Shareholder’s address; and (iii) the manner in which the Shareholder holds shares in the Company (e.g., via CDP or CPF/SRS), for verification purposes.

8. Alternatively, a member may also ask questions during the AGM.
9. The Company will endeavour to address all substantial and relevant questions (as may be determined by the Company in its sole discretion) submitted prior to the AGM, at the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions will be individually addressed. The Company will publish the responses to such questions together with the minutes of the AGM on SGXNet and the Company’s website within one (1) month after the date of the AGM.

Notice of Annual General Meeting

Access to Documents

10. The following documents are made available to members on 5 April 2024 together with this Notice of AGM via SGXNet and on the Company's corporate website:

- (a) the FY2023 Annual Report; and
- (b) the Proxy Form in relation to the AGM.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of LHT Holdings Limited (the "Company") will be closed on 21 May 2024, for the preparation of dividend warrants for the first and final one-tier tax exempt dividend of S\$0.05 per ordinary share and a final and special one-tier tax exempt dividend of S\$0.13 per ordinary share (the "Dividend") for the financial year ended 31 December 2023.

Duly completed and registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896 up to 5.00 p.m. on 20 May 2024 will be registered to determine members' entitlements to the said dividend.

Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares at 5.00 p.m. on 20 May 2024 will be entitled to the proposed Dividend.

The proposed Dividend, if approved by the members at the Annual General Meeting to be held on 29 April 2024, will be paid on 30 May 2024.

By Order of the Board

Sally Yap Mei Yen
Company Secretary

Singapore, 5 April 2024

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, 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 proxy(ies) and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), 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.

Disclosure of Information on Directors Seeking Re-Election

Ms Yap Mui Kee and Mr Tan Kim Sing are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 April 2024 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MS YAP MUI KEE	MR TAN KIM SING
Date of Appointment	2 January 1988	29 August 1980
Date of last re-appointment	29 April 2021	29 April 2022
Age	62	75
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the past contribution and suitability of Ms Yap Mui Kee for re-appointment as Director of the Company. The Board have reviewed and concluded that Ms Yap Mui Kee possess the experience, expertise, knowledge and skills to continue contribute towards the existing businesses of the Group.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the past contribution and suitability of Mr Tan Kim Sing for re-appointment as Director of the Company. The Board have reviewed and concluded that Mr Tan Kim Sing possess the experience, expertise, knowledge and skills to continue contribute towards the existing businesses of the Group.
Whether appointment is executive, and if so, the area of responsibility	Executive Ms Yap Mui Kee is the Chairperson, Managing Director and CEO of the Company and is responsible for the overall leadership of the Board, including translating the Board’s decision into Executive action and is accountable to the Board on the outcome	Executive Mr Tan Kim Sing is responsible for the Company’s production operations and the direct purchase of raw materials
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Chairperson, Managing Director and CEO	Executive Director
Professional qualifications	<ol style="list-style-type: none"> Diploma in Sales and Marketing from the Marketing Institute of Singapore Certificate in Operation Management Innovation (OMNI) Programme by A*star Member of the Singapore Institute of Directors 	Diploma in Business Administration from the Productivity and Standards Board in Singapore

Disclosure of Information on Directors Seeking Re-Election

	MS YAP MUI KEE	MR TAN KIM SING
Working experience and occupation(s) during the past 10 years	<ol style="list-style-type: none"> 1. January 1988 to present – Executive Director of LHT Holdings Limited 2. 26 February 2016 was appointed as Acting Managing Director 3. 10 February 2017 to present – Chairperson, Managing Director and CEO 4. 1988 to present – Executive Director of Kim Hiap Lee Co. (Pte) Ltd 5. 1998 to present – Executive Director of LHT Marketing Pte Ltd 6. 2008 to present – Executive Director of LHT Ecotech Resources Pte Ltd 7. 2004 to present – Executive Director of Lian Hup Packaging Industries Sdn Bhd 8. 2015 to present – Executive Director of Siri Belukar Packaging Sdn Bhd 9. 2013 to present – Executive Director of LHT Gpac Technology (M) Sdn Bhd 10. 2012 to present – Executive Director and legal representative of LHT Ecotech Resources (Tianjin) Company Limited 11. 2017 to present – Chairperson of LHT ECR Packaging (Vietnam) Company Limited 	<ol style="list-style-type: none"> 1. 29 August 1980 to present: Executive Director of LHT Holdings Limited 2. 1988 to present – Executive Director of Kim Hiap Lee Co. (Pte) Ltd 3. 2008 to present – Executive Director of LHT Ecotech Resources Pte Ltd 4. 1997 to present – Executive Director of Lian Hup Packaging Industries Sdn Bhd 5. 1990 to present – Executive Director of Siri Belukar Packaging Sdn Bhd 6. 2013 to present – Executive Director of LHT Gpac Technology (M) Sdn Bhd 7. 2012 to present – Executive Director of LHT Ecotech Resources (Tianjin) Company Limited 8. 2017 to present – Director of LHT ECR Packaging (Vietnam) Company Limited
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest: 8,860,932 Shares	Direct Interest: 9,671,205 Shares Deemed interest: 16,250 shares held by Mdm Ng Siew Yeng, the spouse of Mr Tan Kim Sing
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	Sister of Sally Yap Mei Yen, Alternate Director	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	None	None
Present	None	None

Disclosure of Information on Directors Seeking Re-Election

	MS YAP MUI KEE	MR TAN KIM SING
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>		
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
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
c) Whether there is any unsatisfied judgement against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

Disclosure of Information on Directors Seeking Re-Election

	MS YAP MUI KEE	MR TAN KIM SING
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
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 or dishonesty on his part?	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
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
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

Disclosure of Information on Directors Seeking Re-Election

	MS YAP MUI KEE	MR TAN KIM SING
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>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</p> <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 in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No
<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?</p>	No	No

LHT HOLDINGS LIMITED

Company Registration No. 198003094E
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

- The Annual General Meeting will be held, in a wholly physical format, at 27 Sungei Kadut Street 1, Singapore 729335 on Monday, 29 April 2024 at 3.30 p.m. ("AGM"). There will be no option for shareholders to participate virtually.
- This Notice of AGM, Appendix of the Notice of AGM, the accompanying proxy form and the request form will be sent to members by electronic means via publication on the Company's website at <https://www.lht.com.sg> and the SGX website at <https://www.sgx.com/securities/company-announcements>. Printed copies of this Notice of AGM, Appendix of the Notice of AGM, the accompanying proxy form and the request form will also be sent to members via post.
- A relevant intermediary may appoint more than two (2) proxies to attend the AGM and vote (please see Note 3 for the definition of "relevant intermediary").
- For investors who have used their CPF or SRS monies to buy shares in the Company, this Annual Report is forwarded to them at the request of their CPF or SRS Approved Nominees and is sent solely for information only.
- This Proxy Form is not valid for use by CPF or SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2024, being seven (7) working days prior to the date of this AGM.

I/We, _____ NRIC/Passport/Co. Registration No. _____

of _____ (Address)

being a member/members of LHT HOLDINGS LIMITED (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings (%)
Address		

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings (%)
Address		

or failing him/her, the Chairman of the AGM as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday, 29 April 2024 at 27 Sungei Kadut Street 1, Singapore 729335 at 3.30 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the AGM and/or at any adjournment thereof.

No.	Resolutions relating to:	For	Against	Abstain
1	Adoption of Directors' Statement, Auditors' Report and Audited Financial Statements for the financial year ended 31 December 2023			
2	Re-election of Ms Yap Mui Kee as a Director of the Company			
3	Re-election of Mr Tan Kim Sing as a Director of the Company			
4	Appointment of Mr Lock Wai Han as a Director of the Company			
5	Appointment of Ms Theng Siew Lian Lisa as a Director of the Company			
6	Appointment of Mr Lim Kee Way Irwin as a Director of the Company			
7	Appointment of Ms Tan Peck Joo as a Director of the Company			
8	Appointment of Mr Low Choon Zhu, Marco as a Director of the Company			
9	Approval of first and final one-tier tax exempt dividend of S\$0.05 per ordinary share			
10	Approval of first and special one-tier tax exempt dividend of S\$0.13 per ordinary share			
11	Approval of Directors' fees amounting to S\$241,000			
12	Re-appointment of Messrs BDO LLP as Auditors			
13	Authority to allot and issue new shares			

Notes: If you wish to exercise all your vote "For", "Against" or "Abstain", please indicate with a within the box provided. Alternatively, please indicate the number of votes "For", "Against" or "Abstain" for each resolution.

Dated this _____ day of _____ 2024

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

Signature of Shareholder(s)/and,
Common Seal of Corporate Member

Affix
Postage
Stamp

The Company Secretary
LHT HOLDINGS LIMITED
27 Sungei Kadut Street 1
Singapore 729335

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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 no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company. A Shareholder may choose to appoint the Chairman of the AGM as his/her proxy.
3. A member who is a Relevant Intermediary entitled to attend and vote at the AGM is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.
* "Relevant Intermediary" means:
 - (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;
 - (b) a person holding a capital markets services license 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 ("CPF"), if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 27 Sungei Kadut Street 1, Singapore 729335 not less than seventy-two (72) hours before the time appointed for the AGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid. The dispensation of the use of common seal pursuant to the Companies Act 1967 of Singapore is applicable at this AGM.
7. A corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

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General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, 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 or submitted if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 April 2024.







LHT HOLDINGS LIMITED

(COMPANY REGISTRATION NUMBER: 198003094E)

27 Sungei Kadut Street 1, Singapore 729335

 (65) 6269 7890

 (65) 6367 4907

 <http://www.lht.com.sg>

<http://www.technicalwood.com.sg>

<http://www.ecrpallet.com>

<http://www.ippcpallet.com>

<http://www.greenflo.com>

<http://www.gpac.com.sg>

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 enquiry@lht.com.sg