

**Unaudited Full Year Financial Statements And Dividend Announcement For The Year Ended 31 December 2019**

- 1(a) An income statement and statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Notes	Group		
		31/12/2019 S\$'000	31/12/2018 S\$'000	Change (%) increase / (decrease)
Revenue	Para 9.01	38,120	42,836	(11.0%)
Cost of sales		(27,518)	(30,554)	(9.9%)
Gross profit	Para 9.02	10,602	12,282	(13.7%)
Other income	(i) & Para 9.03	4,162	3,303	26.0%
Distribution expenses	Para 9.04	(1,630)	(1,773)	(8.1%)
Administrative expenses	(ii) & Para 9.05	(9,258)	(9,592)	(3.5%)
Other expenses	(iii) & Para 9.06	(723)	(290)	149.3%
Finance costs	(iv) & Para 9.07	(330)	(24)	1275.0%
Profit before income tax	(v) & Para 9.08	2,823	3,906	(27.7%)
Income tax expenses	(vi)	(614)	(483)	27.1%
Profit after income tax		2,209	3,423	(35.5%)
Attributable to: Owners of the parent		2,209	3,423	(35.5%)

Consolidated Statement of Comprehensive Income

	Group 31/12/2019 S\$'000	Group 31/12/2018 S\$' 000	Change (%)
Total profit for the year	2,209	3,423	(35.5%)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(41)	(69)	(40.6%)
Total comprehensive income for the financial year	2,168	3,354	(35.4%)

Total comprehensive income attributable to:

Owners of the parent

2,1683,354



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Notes to the consolidated income statement

Notes		Note	Group	
			31/12/2019 S\$'000	31/12/2018 S\$'000
(i)	Other Income			
	Government grants		278	166
	Allowance for doubtful trade receivables written back		4	68
	Gain on disposal of property, plant and equipment	(a)	271	501
	Heat treatment and utilities income		321	169
	Interest income		201	96
	Rental and services income		1,612	1,696
	Waste collection income		241	270
	Other income		1,234	337
	Total		4,162	3,303
(ii)	Administrative expenses			
	Advertisement expenses / Marketing and promotion expenses		(57)	(143)
	Depreciation of property, plant and equipment		(1,303)	(1,443)
	Amortisation of right-of-use assets	Paras 5, 6	(923)	-
	Insurance expenses		(372)	(373)
	Legal and professional fee		(162)	(158)
	Property tax		(358)	(361)
	Rental expenses on premises		(103)	(874)
	Subletting fee		(52)	(47)
	Upkeep and maintenance expenses		(183)	(108)
	Allowance for obsolete stock		(126)	(12)
(iii)	Other expenses			
	Plant and equipment written-off		(401)	(22)
	Bad debts written off		(74)	(8)
	Foreign exchange loss		(248)	(260)
	Total		(723)	(290)
(iv)	Finance costs			
	Interest expense in respect of:			
	- lease liabilities	Paras 5, 6	(330)	(24)
	Total		(330)	(24)



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(v)	Profit before income tax is stated after (charging) / crediting		Group 31/12/2019 S\$'000	Group 31/12/2018 S\$'000
	Audit fees paid to auditors		(140)	(141)
	Non-audit fees paid to auditors		(30)	(57)
	Depreciation of property, plant and equipment – cost of sales		(1,106)	(1,592)
	Amortisation of right-of-use assets – cost of sales	Para 5, 6	(799)	-
	Directors' fees		(214)	(211)
	Employee benefit expenses:			
	-Defined contribution plans		(554)	(622)
	-Salaries, wages and other costs		(8,250)	(9,293)
(vi)	Income tax (expenses)/refund			
	Based on result for the financial year: -			
	-Current income tax		(689)	(677)
	-Deferred tax		77	(46)
	(Under)/over provision in respect of prior years: -			
	-Current tax		16	110
	-Deferred tax		(18)	130
	Total		(614)	(483)

Note:

(a) The Group had disposed of property, plant and equipment with proceeds as shown below:

	31/12/2019 S\$'000	31/12/2018 S\$'000
Rental pallets	474	666
Forklift	-	-
Plant and machinery	100	-
Other equipment	5	-
Total	579	666



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1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as the end of the immediately preceding financial year.

Statements of Financial Position

	Notes	Group		Company	
		As at 31/12/2019	As at 31/12/2018	As at 31/12/2019	As at 31/12/2018
		S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets	Para 9.09				
Property, plant and equipment		9,849	12,315	3,698	4,391
Right-of-use assets	Para 5, 6	4,067	-	3,599	-
Investments					
-Subsidiary companies		-	-	10,300	10,300
		13,916	12,315	17,597	14,691
Current Assets	Para 9.10				
Inventories		7,345	10,315	5,569	6,554
Trade receivables		7,463	7,908	5,830	5,552
Amounts due from subsidiary companies		-	-	1,903	1,752
Other receivables		1,106	936	530	372
Fixed deposits		11,332	11,160	11,171	11,000
Cash and bank balances		20,672	18,256	9,064	10,399
		47,918	48,575	34,067	35,629
Less:					
Current Liabilities	Para 9.11				
Trade payables and accruals		2,395	4,019	1,395	2,736
Amount due to subsidiary companies		-	-	1,041	1,113
Other payables		1,824	3,114	1,316	1,130
Lease liabilities ⁽¹⁾	Para 5, 6	1,397	209	1,112	69
Income tax payables		419	511	128	108
		6,035	7,853	4,992	5,156
Net Current Assets	Para 9.13	41,883	40,722	29,075	30,473
Less:					
Non-Current Liabilities	Para 9.12				
Lease liabilities ⁽¹⁾	Para 5, 6	2,551	300	2,452	199
Deferred tax liabilities		711	771	137	245
		3,262	1,071	2,589	444
Net Assets		52,537	51,966	44,083	44,720
Equity	Para 1 d(i)				
Share capital		24,621	24,621	24,621	24,621
Currency translation reserve		49	90	-	-
Retained earnings		27,867	27,255	19,462	20,099
		52,537	51,966	44,083	44,720

⁽¹⁾ Previously presented as finance lease liabilities


1(b)(ii) Aggregate amount of Group's borrowings and debt securities.
Amount repayable in one year or less, or on demand

	<u>As at 31/12/2019</u>		<u>As at 31/12/2018</u>	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Lease liabilities (2018: Finance lease liabilities)	133	1,264	209	-

Amount repayable after one year

	<u>As at 31/12/2019</u>		<u>As at 31/12/2018</u>	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Lease liabilities (2018: Finance lease liabilities)	167	2,384	300	-

Details of any collateral

The borrowings of the Group constitute of secured borrowings, i.e. hire purchases that are secured by charges on motor vehicles, plant and machinery and legal mortgage of certain properties and unsecured borrowings that pertain to lease liabilities with respect to factory rental and forklift rentals recognised in accordance with the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 on Leases, which the Group has adopted on 1 January 2019, using the modified retrospective approach. Please refer to Notes 5 and 6 for more details.

Hire purchase with a carrying amount of \$0.13 million (2018: \$0.21 million) are repayable within one year and bear the interest at rates ranging from 2.68% to 3.00% (2018: 2.68% to 5.43%) per annum

Hire purchase with a carrying amount of \$0.17 million (2018: \$0.30 million) are repayable after one year and bear the interest at rates ranging from 2.68% to 3.00% (2018: 3.26% to 5.43%) per annum.

Lease liabilities with a carrying amount of \$1.26 million (2018: nil) are repayable within one year and bear the interest at rates ranging from 6.05% to 7.00% (2018: nil) per annum.

Lease liabilities with a carrying amount of \$2.38 million (2018: nil) are repayable after one year and bear the interest at rates ranging from 6.05% to 7.00% (2018: nil) per annum.

The bank overdraft facility granted by a bank to one of the subsidiaries, Siri Belukar Packaging Sdn Bhd, was secured by fixed charge over the subsidiary's leasehold property at Lot PTB 1237, Jalan Tun Mutahir 1, Industries Area Fasa 2, Bandar Tenggara, 81440 Johor.

The unutilised hire purchases facility line granted by a bank to one of its subsidiaries, LHT Ecotech Resources Pte. Ltd., was secured by a corporate guarantee of the Company.

Fixed deposits of the Group amounting to \$160,000 (2018: \$160,000) are pledged to banks as security for credit facilities granted to the Group.



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1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	31/12/2019 S\$'000	31/12/2018 S\$'000
Operating activities:		
Profit before income tax	2,823	3,906
Adjustments for:		
Allowance made for trade receivables	-	15
Allowance for obsolete stock	126	12
Bad debts written off	74	8
Loss allowance reversed for trade receivables	(4)	(68)
Property, plant and equipment written off	401	22
Interest expense	330	24
Interest income	(201)	(96)
Depreciation of property, plant and equipment	2,409	3,035
Amortisation of right-of-use assets	1,722	-
Gain on disposal of property, plant and equipment	(271)	(501)
Operating cash flow before movements in working capital	7,409	6,357
Changes in working capital:		
Inventories	2,844	(3,440)
Trade and other receivables	205	1,107
Trade and other payables	(2,913)	872
Cash generated from operations	7,545	4,896
Income taxes paid	(696)	(540)
Net cash generated from operating activities	6,849	4,356
Investing activities:		
Purchase of property, plant and equipment	(1,359)	(1,855)
Placements of fixed deposits	(171)	(11,000)
Deposit for land acquisition	(71)	-
Proceeds from disposal of property, plant and equipment	579	666
Interest received	171	89
Net cash used in investing activities	(851)	(12,100)
Financing activities:		
Dividend paid	(1,597)	(2,662)
Repayment of term loans	-	(148)
Proceeds from lease liabilities (2018: Proceeds from finance leases)	-	157
Repayment of lease liabilities (2018: Repayment of obligation of finance leases)	(1,969)	(196)
Interest received	30	7
Interest paid on lease liabilities (2018: Interest paid on finance leases)	(21)	(24)
Net cash used in financing activities	(3,557)	(2,866)
Net increase/(decrease) in cash and cash equivalents	2,441	(10,610)
Cash and cash equivalents at beginning of financial year	18,256	28,883
Net effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	(25)	(17)
Cash and cash equivalents at end of financial year	20,672	18,256



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- 1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Equity attributable to owners of the parent				
	Share capital	Asset revaluation reserve	Currency translation reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group					
Balance at 1 January 2018	24,621	-	90	27,255	51,966
Profit for the year	-	-	-	2,209	2,209
Other comprehensive income:					
Exchange differences on translating foreign subsidiaries	-	-	(41)	-	(41)
Total comprehensive income for the year	-	-	(41)	2,209	2,168
Dividends	-	-	-	(1,597)	(1,597)
Balance at 31 December 2019	24,621	-	49	27,867	52,537
Balance at 1 January 2018	24,621	-	159	26,494	51,274
Profit for the year	-	-	-	3,423	3,423
Other comprehensive income:					
Exchange differences on translating foreign subsidiaries	-	-	(69)	-	(69)
Total comprehensive income for the year	-	-	(69)	3,423	3,354
Dividends	-	-	-	(2,662)	(2,662)
Balance at 31 December 2018	24,621	-	90	27,255	51,966
Company					
Balance at 1 January 2019	24,621	-	-	20,099	44,720
Profit for the year, representing total comprehensive income for the year	-	-	-	960	960
Dividends	-	-	-	(1,597)	(1,597)
Balance at 31 December 2019	24,621	-	-	19,462	44,083
Balance at 1 January 2018	24,621	-	-	21,379	46,000
Profit for the year, representing total comprehensive income for the year	-	-	-	1,382	1,382
Dividend	-	-	-	(2,662)	(2,662)
Balance at 31 December 2018	24,621	-	-	20,099	44,720



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no change in the Company's issued and paid-up capital nor any conversion and any outstanding convertibles, treasury shares and subsidiary holdings for the financial year ended 31 December 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares as at the end of the current financial year was 53,244,997 (2018: 53,244,997).

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.**

As at 31 December 2019, the Company did not hold any of its issued shares as treasury shares. (2018: Nil).

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial year reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.



4. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4(a) Updates on efforts taken to resolve each outstanding audit issue;

The latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

This is not required for any audit issue that is a material uncertainty relating to going concern.

5. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group's financial statements of the financial year ended 31 December 2019 is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council ("ASC").

Other than the adoption of new SFRS(I) as mentioned in Note 6 below, there was no change in accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2019.

6. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in SFRS(I) 16. The Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of SFRS17 Leases.

Operating leases are recognised as a right-of-use asset and with an corresponding amount equal to the lease liabilities at the date of transition adjusted by the amount of any prepaid or accrued lease payments. The lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In applying SFRS(I) 16 for the first time, the Group has used certain practical expedients permitted by the standard.

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7. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	FY 2019	FY 2018
Net Profit attributable to owners of the parents (S\$'000)	2,209	3,423
Weighted average number of shares in issue (in '000s)	53,245	53,245
Earnings per share (cents)		
(i) On basic	4.15	6.43
(ii) On a fully diluted basis	4.15	6.43

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.

**8. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net Asset (S\$'000)	52,537	51,966	44,083	44,720
Weighted average number of shares in issue (in '000s)	53,245	53,245	53,245	53,245
Net asset value per Ordinary Share (cents) based on issued share capital at the end of financial year	98.67	97.60	82.79	83.99



9. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

9.01 Revenue:

The Group's revenue for the financial year ended 31 December 2019 (FY2019) decreased by 11% or \$4.72 million to \$38.12 million as compared to \$42.84 million for the financial year ended 31 December 2018 (FY2018).

Revenue from pallets and packaging business decreased by 3.9% or \$1.27 million from \$32.49 million to \$31.22 million. The decrease in this segment was due to lower demand from the local exporters in FY2019.

Revenue from trading of timber related products decreased by 58.2% or \$2.31 million from \$3.97 million to \$1.66 million due to decrease in demand from local agents for the export market.

Revenue from Technical Wood® and related products decreased by 41.6% or \$0.74 million from \$1.78 million to \$1.04 million mainly due to an decrease in sale of woodchips.

Pallet rental and others maintained decreased by 8.5% or \$0.39 million from \$4.59 million to \$4.20 million mainly due to decrease in demand in the logistics market in Singapore.

9.02 Gross Profit and Gross Profit Margin:

Gross profit decreased by 13.7% or \$1.68 million from \$12.28 million in FY2018 to \$10.60 million in FY2019. The lower gross profit resulted from lower revenue and lower gross margin as the gross margin has decreased to 27.8% in FY2019 as compared to 28.7% in FY2018 due to keen market competition.

9.03 Other Income:

Other income increased by 26.0% or \$0.86 million to \$4.16 million in FY2019 as compared to \$3.30 million in FY2018. This year's Other Income was higher mainly due to the receipt of an insurance pay-out of \$0.85 million arising from a fire incident in FY2016.

9.04 Distribution Expenses:

Distribution expenses decreased by 8.1% or \$0.14 million to \$1.63 million in FY2019 from \$1.77m in FY2018, in line with decreases in revenue.

9.05 Administrative Expenses:

Administrative expenses decreased by 3.5% or \$0.33 million to \$9.26 million in FY2019 as compared to \$9.59 million in FY2018 mainly due to the decrease of salaries expenses offset the increase in allowance for obsolete stock. Please refer to page 2, para 1(a)(ii).

**9.06 Other Expenses:**

Other expenses increased by 149.3% or \$0.43 million to \$0.72 million in FY2019 compared to \$0.29 million in FY2018 mainly due to plant and machinery written-off of \$0.40 million and bad debts written-off of \$0.07 million. Please refer to page 2, para 1(a)(iii).

9.07 Finance Costs:

Finance costs increased by 1,275.0% or \$0.31 million to \$0.33 million in FY2019 from \$0.02 million in FY2018 due to higher lease interest costs arising from the recognition of lease liabilities following the adoption of SFRS(I) 16, as disclosed on page 9, notes 5 and 6.

9.08 Profit Before Income Tax:

The Group's net profit before income tax decreased by 27.7% or \$1.08 million to \$2.82 million in FY2019 from \$3.91 million in FY2018 mainly due to lower turnover and gross profits, despite tighter controls over operating expenses.

9.09 Non-Current Assets:

Non-current assets increased by 13.0% or \$1.60 million to \$13.92 million in FY2019 from \$12.32 million in FY2018 mainly due to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16, but offset by yearly depreciation of fixed assets. Please refer to page 9, notes 5 and 6 for more details on the adoption of SFRS(I) 16.

9.10 Current Assets:

Current assets decreased by 1.4% or \$0.66 million to \$47.92 million in FY2019 from \$48.58 million in FY2018 mainly due to:

- (1) an increase in fixed deposits, cash and bank balances to \$32.00 million in FY2019 from \$29.42 million in FY2018;
- (2) a decrease in inventories to \$7.35 million in FY2019 from \$10.32 million in FY2018. Inventories were higher in FY2018 in order to fulfil a major one-off project then;
- (3) a decrease in trade receivables to \$7.46 million in FY2019 from \$7.91 million in FY2018 due to the decrease in revenue; and
- (4) a slight increase in other receivables to \$1.11 million in FY2019 from \$0.94 million in FY2018.

9.11 Current Liabilities:

Current liabilities decreased by 23.1% or \$1.8 million to \$6.04 million in FY2019 from \$7.85 million in FY2018 mainly due to:

- (1) a decrease in trade payables and accruals to \$2.40 million in FY2019 from \$4.02 million in FY2018 due to decrease in business volume;
- (2) a decrease in other payables to \$1.82 million in FY2019 from \$3.11 million in FY2018 due to deposits received for a major one-off project in FY2018;
- (3) an increase in lease liabilities to \$1.40 million in FY2019 from \$0.21 million in FY2018 due to the recognition of lease liabilities arising from the adoption of SFRS(I) 16, as disclosed on page 9, notes 5 and 6;
- (4) a decrease in the provision of income tax to \$0.42 million in FY2019 compared to \$0.51 million in FY2018.

9.12 Non-Current Liabilities:

Non-current liabilities increased by 204.6% or \$2.19 million to \$3.26 million in FY2019 from \$1.07 million in FY2018 mainly due to the recognition of lease liabilities resulting from the adoption of SFRS(I) 16, as disclosed on page 9, notes 5 and 6.



9.13 Net Current Assets:

The Group's net current assets increased by 2.9% or \$1.16 million to \$41.88 million in FY2019 from \$40.72 million in FY2018. This was mainly due to the decreases in trade payables and accruals and other payables, and increase in cash and bank balances but offset by increase in lease liabilities and decrease in inventories as explained in paragraphs 9.10 and 9.11 above.

9.14 Consolidated Statement of Cash Flows:

The Group's net cash generated from operating activities was an inflow of \$6.85 million in FY2019 as compared to an inflow of \$4.36 million in FY2018. The increase in inflow was mainly due to the increase in non-cash adjustment items for amortisation of right of use assets and higher lease interest costs arising from the recognition of lease liabilities and right-of-use assets following the adoption of SFRS(I) 16, as disclosed on page 9, notes 5 and 6.

Net cash outflow from investing activities of \$0.85 million in FY2019 was mainly due to purchases of property, plant and equipment in FY2019 whereas the net cash outflow of \$12.10 million in FY2018 was due mainly to placement of fixed deposits and purchases of fixed assets in FY2018.

Net cash used in financing activities of \$3.56 million in FY2019 was mainly used for the repayment of lease liabilities mainly due to the recognition of lease liabilities resulting from the adoption of SFRS(I) 16, as disclosed on page 9, notes 5 and 6 and payment of dividend in FY2019.

10. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been disclosed to shareholders previously.

11. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

In view of the current uncertain economic conditions, the Group expects market conditions to remain challenging. Given this, the Group will continue to keep up its marketing efforts as well as cost management.



12. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial year reported on (FY2019)? **Yes**

Name of Dividend : First and final dividend
Dividend : Cash
Dividend amount per share: 3.0 cents per ordinary share (one tier exempt dividend)
Tax Rate : Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding year of the immediately preceding financial year (FY2018)? **Yes**

Name of Dividend : First and final dividend
Dividend : Cash
Dividend amount per share: 3.0 cents per ordinary share (one tier exempt dividend)
Tax Rate : Tax exempt

(c) Date payable

Subject to shareholders' approval at the Annual General Meeting to be held on 29 April 2020, the dividend will be paid on 28 May 2020.

(d) Books closure date

Registrable Transfers received by the Company's Registrar, B.A.C.S Private Limited, at 8 Robinson Road, #03-00, ASO Building, Singapore 048544, up to 5.00 p.m. on 20 May 2020 will be registered before entitlements to the proposed dividend are determined. The Register of Transfer and the Register of Members of the Company will be closed on 21 May 2020 for the preparation of dividend warrants.

13. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.



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14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

By Business Segment

	Pallet / Packaging		Timber Related Products		Technical Wood® and Related Products		Pallet Rental and Others		Consolidation adjustments		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customers	31,228	32,494	1,656	3,971	1,036	1,782	4,200	4,589	-	-	38,120	42,836
Inter-segment sales	9,566	13,427	3,917	5,092	993	1,286	-	1	(14,476)	(19,806)	-	-
Total revenue	40,794	45,921	5,573	9,063	2,029	3,068	4,200	4,590	(14,476)	(19,806)	38,120	42,836
Segment results	1,654	1,625	(905)	535	368	934	1,747	2,086	289	(1,250)	3,153	3,930
Finance cost	-	-	-	-	-	-	-	-	-	-	(330)	(24)
Profit before income tax	-	-	-	-	-	-	-	-	-	-	2,823	3,906
Income tax expenses	-	-	-	-	-	-	-	-	-	-	(614)	(483)
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	2,209	3,423
Segment assets	28,082	28,203	1,679	3,165	4,666	4,497	31,359	32,922	(3,952)	(8,030)	61,834	60,757
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	133
Total assets											61,834	60,890
Segment liabilities	9,645	10,520	361	481	392	294	1,335	3,025	(3,566)	(6,678)	8,167	7,642
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	1,130	1,282
Total Liabilities											9,297	8,924
Other segment information												
Capital expenditures	529	346	30	31	23	26	1,262	1,455	(485)	(3)	1,359	1,855
Deprecation of plant, property & equipment	1,062	1,513	38	58	252	271	1,079	1,199	(22)	(6)	2,409	3,035
Amortisation of right-of-use assets	1601	-	-	-	30	-	91	-	-	-	1,722	-
(Gain)/loss on disposal of property, plant and equipment	57	-	-	-	(4)	-	(324)	(501)	-	-	(271)	(501)
Net (reversal of)/allowance for obsolete stock	126	24	-	-	-	(12)	-	-	-	-	126	12



14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

By Geographical Location

	Singapore		Malaysia		China and others		Consolidation	
	2019	2018	2019	2018	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customers	28,872	34,859	7,023	6,314	2,225	1,663	38,120	42,836
Location of non-current assets								
Non-current assets	10,510	8,114	3,358	3,767	48	434	13,916	12,315

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

15.1 By Business Segments

- (a) Please refer to para 9.01 for turnover contributions.
- (b) The segment results showed that the pallet and packaging business increased by 1.8% or \$0.03 million from \$1.62 million in FY2018 to \$1.65 million in FY2019. Timber trading results turned to a loss of \$0.91 million in FY2019 from a gain of \$0.54 million in FY2018 due to non-recurring scale down costs of the Tianjin operations in FY2019 due to tough market conditions as highlighted in the previous year. Results from Technical Wood® products and others decreased by 60.2% or \$0.56 million from \$0.93 million to \$0.37 million mainly due to decrease in woodchip demand arising from a general woodchip oversupply in the market. The results for pallet rental business decreased by 16.3% or \$0.34 million from \$2.09 million to \$1.75 million mainly due to a major customer relocating out from Singapore to a neighbouring country in FY2019.

15.2 By Geographical Locations

The sales for Singapore locations decreased by 17.2% or \$5.99 million from \$34.86 million in FY2018 to \$28.87 million in FY2019 mainly due to slower market demand amid market uncertainty, and the relocation of a major customer as explained above. For Malaysia locations, the sales increased by 11.3% or \$0.71 million from \$6.31 million in FY2018 to \$7.02 million in FY2019 mainly due to higher market demand. For China and others, the sales increased by 34.3% or \$0.57 million from \$1.66 million in FY2018 to \$2.23 million in FY2019 mainly due to new sales gained in a neighbouring country.

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16. A breakdown of sales.

	Group		
	FY2019	FY2018	Change (%)
	S\$'000	S\$'000	
Sales reported for the first half year	19,244	22,266	(13.6%)
Operating profit after tax	322	1,909	(83.1%)
Sales reported for the second half year	18,876	20,570	(8.2%)
Operating profit after tax	1,887	1,514	24.6%

The Operating profit after tax for the second half year of FY2019 is higher than the Operating profit after tax for the first half of FY2019 mainly due to a one-time receipt of an insurance claim pay-out of \$0.85 million arising from a fire incident in FY2016.

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year S\$'000	Previous Full Year S\$'000
Ordinary – First and Final Dividend	1,597	1,597
Preference	-	-
Total:	1,597	1,597

**18. Interested Person Transactions.**

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. \$756,424	-
Leayong Trading ("LT")	LT provides transport services to the Company and its subsidiaries. \$170,003	-
Gold Leayong Trading ("GLT")	GLT provides transport services to the Company and its subsidiaries. \$80,063	-
Tomy Printing Company ("TP")	TP provides printing services to the Company. -	-
Total	\$1,006,490	-

For interested person transactions above, no shareholders' mandate pursuant to Rule 920 has been obtained. There were no other transactions with interested person as defined in the SGX's Listing Manual for the financial year ended 31 December 2019 that exceeded the stipulated threshold.



19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual, we append below the persons occupying managerial positions who are related to a director, chief executive officer or substantial shareholder.

Name	Age	Family Relationship with any director and/or Substantial Shareholders	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Neo Kah Seng	56	Brother of Neo Koon Boo (Substantial Shareholder). Uncle of Billy Neo Kian Wee (Executive Director, Shareholder)	Appointed as Plant Manager - Wood Recycling on 1 st January 2005. Overseeing the operation and maintenance of the Wood Waste Recycling Plant.	No Change
Kok Chee Chuen	64	Nephew of Neo Koon Boo (Substantial Shareholder). Cousin of Billy Neo Kian Wee (Executive Director, Shareholder)	Appointed as Production Manager - Case and Packaging in September 2005. Responsible for the operation of case and packaging department.	Retired on 9 th July 2019
Sally Yap Mei Yen	56	Sister of Yap Mui Kee (Managing Director, Substantial Shareholder)	Appointed as Alternate Director to Yap Mui Kee on 20 th July 1998. Corporate Secretary of LHT Holdings Limited. Secretary to Board of Directors and Board Committees and Personal Assistant to Managing Director on 1 st July 2000.	No Change



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			<p>Appointed as Corporate Secretary of LHT Ecotech Resources Pte Ltd (subsidiary) on 9th July 2008.</p> <p>Appointed as Supervisor of LHT Ecotech Resources (Tianjin) Co. Ltd on 11th December 2012.</p> <p>Appointed as Corporate Secretary of Kim Hiap Lee Co. (Pte) Ltd and LHT Marketing Pte Ltd (subsidiaries) on 23rd May 2014.</p>	
Yap Mei Lan	51	Sister of Yap Mui Kee (Managing Director, Substantial Shareholder)	<p>Appointed as Senior Sales Manager on 1st July 2007.</p> <p>Responsible for supervision of the sales department as well as attending to sales inquiries.</p>	No Change
Yeo Wen Torng	59	Spouse of Yap Mui Kee (Managing Director, Substantial Shareholder)	<p>Appointed as ECR-RFID Project Manager of Kim Hiap Lee Company (Pte) Limited (subsidiary company) on 1st May 2008.</p> <p>Overseeing the operational activities of ECR and RFID projects.</p>	No Change
Tay Kee Kuang	47	<p>Nephew of Neo Koon Boo (Substantial Shareholder)</p> <p>Cousin of Billy Neo Kian Wee (Executive Director, Shareholder)</p>	<p>Appointed as Sales & Admin Assistant Manager of Siri Belukar Packaging Sdn Bhd (subsidiary company) in 1994.</p> <p>Appointed as Director of Lian Hup Packaging Industries Sdn Bhd (subsidiary company) on 15th January 1997.</p>	Resigned on 6 th January 2020



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			Appointed as Director of Siri Belukar Packaging Sdn Bhd (subsidiary company) on 1 st January 2016. Discharge the duties of a director in the subsidiary company and overseeing the whole company.	
Tay Kee Soon	49	Nephew of Neo Koon Boo (Substantial Shareholder) Cousin of Billy Neo Kian Wee (Executive Director, Shareholder)	Appointed as Assistant Factory Manager of Siri Belukar Packaging Sdn Bhd on 1 April 1993.	No change
Tan Hwei Hsia	40	Daughter of Tan Kim Sing (Executive Director, Substantial Shareholder)	Appointed as Accounts Manager of LHT Holdings Ltd on 2 April 2013.	No change
Yap Chun Chun	46	Cousin of Yap Mui Kee (Managing Director, Substantial Shareholder)	Appointed as Assistant Sales Manager of LHT Holdings Ltd on 1 July 2007.	No change
Yap Lai Eng	50	Cousin of Yap Mui Kee (Managing Director, Substantial Shareholder)	Appointed as Assistant Sales Manager of LHT Holdings Ltd on 1 July 2007	No change



20. Undertakings from directors and executive officers

In view of the latest guideline from the Exchange in relation to Rule 720 (1) of the SGX-ST Listing Manual, the Company has procured signed undertakings from all its directors and executive officers based on the latest revised form of Appendix 7.7 of the SGX-ST Listing Manual, which will replace and supersede the undertakings previously signed by the directors and executive officers.

BY ORDER OF THE BOARD

Yap Mui Kee
Managing Director

28 February 2020