LHT HOLDINGS LIMITED (Company Registration No. 198003094E)
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Unaudited Half Year Financial Statements For The Period Ended 30 June 2020

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

Consolidated Income Statement

	Notes	Group		
		30/06/2020 S$'000	30/06/2019 S$'000	Change (%) increase / (decrease)
Revenue	**Para 8.01**	**17,769**	**19,244**	**(7.7%)**
Cost of sales		(11,110)	(14,564)	(23.7%)
Gross profit	**Para 8.02**	**6,659**	**4,680**	**42.3%**
Other income	**(i) & Para 8.03**	1,834	1,460	25.6%
Distribution expenses	**Para 8.04**	(678)	(760)	(10.8%)
Administrative expenses	**(ii) & Para 8.05**	(4,546)	(4,496)	1.1%
Other expenses	**(iii) & Para 8.06**	(145)	(109)	33.0%
Finance costs	**(iv) & Para 8.07**	(152)	(150)	1.3%
Profit before income tax	**(v) & Para 8.08**	**2,972**	**625**	**375.5%**
Income tax expenses	**(vi)**	(569)	(303)	87.8%
Profit for the financial period		**2,403**	**322**	**646.3%**
Attributable to: **Owners of the parent**		**2,403**	**322**	**646.3%**

Consolidated Statement of Comprehensive Income

	Group		
	30/06/2020 S$'000	30/06/2019 S$'000	Change (%)
Total profit for the period	2,403	322	646.3%
Other comprehensive income: Items that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign operations	(111)	(94)	18.1%
Total comprehensive income for the period/attributable to: **Owners of the parent**	**2,292**	**228**	**905.3%**

Notes to the consolidated income statement

Notes		Note	Group	
			30/06/2020 S$'000	30/06/2019 S$'000
(i)	**Other Income**			
	Waste collection income		93	97
	Heat treatment and utilities income		111	180
	Rental and services income		532	853
	Gain on disposal of property, plant and equipment		1	11
	Reversal of provision for stock obsolescence		68	-
	Interest income		114	70
	Sundry income		199	181
	Government grants			
	- Special Employment Credit		22	38
	- Wage Credit Scheme		17	17
	- Others		21	13
	- Covid-19 Grant Support			
	a) Jobs Support Scheme		460	-
	b) Foreign Worker Levy Rebate		122	-
	c) Others		74	-
	Total		**1,834**	**1,460**
(ii)	**Administrative expenses**			
	Advertisement / Marketing and promotion expenses		(8)	(26)
	Depreciation of property, plant and equipment		(570)	(703)
	Amortisation of right-of-use assets		(489)	(392)
	Insurance expenses		(186)	(184)
	Legal and professional fee		(102)	(81)
	Property tax		(119)	(179)
	Write-down of obsolete inventories		-	(158)
	Rental expenses on premises		(6)	(76)
	Subletting fee		(9)	(19)
	Reinstatement of leasehold property		(250)	-
(iii)	**Other expenses**			
	Foreign exchange loss, net		(17)	(95)
	Loss allowance made for trade receivables		(45)	(1)
	Fixed assets written off		(83)	(13)
	Total		**(145)**	**(109)**
(iv)	**Finance costs**			
	Interest expenses in respect of:			
	- Lease liabilities		(152)	(150)
	Total		**(152)**	**(150)**

Notes to the consolidated income statement (Continued)

Notes		Note	Group	
			30/06/2020 S$'000	30/06/2019 S$'000
(v)	**Profit before income tax is stated after (charging) / crediting**			
	Audit fees paid to auditors		(69)	(75)
	Non-audit fees paid to auditors of the Company		(19)	(15)
	Depreciation of property, plant and equipment – cost of sales		(473)	(659)
	Amortisation of right-of-use assets – cost of sales		(348)	(185)
	Directors' fees		(113)	(100)
	Employee benefits expenses			
	-Post-employment benefits		(224)	(230)
	-Salaries wages and other costs		(3,749)	(3,602)
(vi)	**Income tax expenses**			
	Based on result for financial period :-			
	-Current income tax		(569)	(307)
	Over/(under) provision in respect of prior periods			
	-Current tax		-	4
	-Deferred tax		-	-
	Total		**(569)**	**(303)**

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 30/06/2020	As at 31/12/2019	As at 30/06/2020	As at 31/12/2019
		S$'000	S$'000	S$'000	S$'000
Non-Current Assets	**Para 8.09**				
Property, plant and equipment		9,897	9,849	3,455	3,698
Right-of-use assets		7,771	4,067	7,333	3,599
Investments					
-Subsidiary companies		-	-	10,300	10,300
		17,668	**13,916**	**21,088**	**17,597**
Current Assets	**Para 8.10**				
Inventories		6,755	7,345	4,879	5,569
Trade and other receivables		10,879	8,569	7,169	6,360
Amounts due from subsidiary companies		-	-	2,318	1,903
Fixed deposits		11,428	11,332	11,270	11,171
Cash and cash equivalents		19,003	20,672	7,903	9,064
		48,065	**47,918**	**33,539**	**34,067**
Less:					
Current Liabilities	**Para 8.11**				
Trade and other payables		3,294	4,219	1,953	2,711
Amounts due to subsidiary companies		-	-	1,136	1,041
Lease liabilities	**Para 1 b(ii)**	1,068	1,397	899	1,112
Income tax payables		888	419	351	128
		5,250	**6,035**	**4,339**	**4,992**
Net Current Assets	**Para 8.13**	**42,815**	**41,883**	**29,200**	**29,075**
Less:					
Non-Current Liabilities	**Para 8.12**				
Lease liabilities	**Para 1 b(ii)**	6,543	2,551	6,425	2,452
Deferred tax liabilities		708	711	137	137
		7,251	**3,262**	**6,562**	**2,589**
		53,232	**52,537**	**43,726**	**44,083**
Equity	**Para 1 d(i)**				
Share capital		24,621	24,621	24,621	24,621
Currency translation reserve		(62)	49	-	-
Retained earnings		28,673	27,867	19,105	19,462
		53,232	**52,537**	**43,726**	**44,083**

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 30/06/2020		As at 31/12/2019	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Lease liabilities	230	838	133	1,264

Amount repayable after one year

	As at 30/06/2020		As at 31/12/2019	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Lease liabilities	270	6,273	167	2,384

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 and forklifts, plant and machinery and legal mortgage of certain properties and unsecured borrowings that pertain to lease liabilities with respect to leasehold land for factory and forklift rentals which the Group's obligation under these leases are secured by the lessor's title to the lease assets which restrict the Group from assigning and sub-leasing the leased assets.

Hire purchase with a carrying amount of $0.23 million (2019: $0.13 million) are repayable within one year and bear the interest at rates ranging from 4.15% to 5.68% (2019: 2.68% to 3.00%) per annum.

Hire purchase with a carrying amount of $0.27 million (2019: $0.17 million) are repayable after one year and bear the interest at rates ranging from 4.15% to 5.68% (2019: 2.68% to 3.00%) per annum.

Lease liabilities with a carrying amount of $0.84 million (2019: $1.26 million) are repayable within one year and bear the interest at rates ranging from 6.05% to 7.00% (2019: 6.05% to 7.00%) per annum.

Lease liabilities with a carrying amount of $6.27 million (2019: $2.38 million) are repayable after one year and bear the interest at rates ranging from 6.05% to 7.00% (2019: 6.05% to 7.00%) 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 (2019: $160,000) are pledged to banks as security for credit facilities granted to the Group.

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

	30/06/2020 S$'000	30/06/2019 S$'000
Operating activities:		
Profit before income tax	2,972	625
Adjustments for:		
Loss allowance made for trade receivables	45	1
Write-down of obsolete inventories	-	158
Reversal of provision for stock obsolescence	(68)	-
Depreciation of property, plant and equipment	1,043	1,362
Amortisation of right-of-use assets	837	577
Reinstatement of leasehold property	250	-
Gain on disposal of property, plant and equipment	(1)	(11)
Property, plant and equipment written off	83	13
Interest income	(114)	(70)
Interest expense	152	150
Operating cash flow before movements in working capital	**5,199**	**2,805**
Changes in working capital: Decrease in inventories	657	2,000
(Increase)/decrease in trade and other receivables	(806)	230
Decrease in trade and other payables	(1,175)	(3,642)
Cash generated from operations	**3,875**	**1,393**
Income taxes paid	(102)	(243)
Net cash generated from operating activities	**3,773**	**1,150**
Investing activities:		
Proceeds from disposal of property, plant and equipment	2	12
Purchase of property, plant and equipment	(1,215)	(366)
Deposit for land acquisition	(1,548)	-
Placements of fixed deposits	(99)	(52)
Interest received	99	52
Net cash used in investing activities	**(2,761)**	**(354)**
Financing activities:		
Dividend paid	(1,597)	(1,597)
Repayment of lease liabilities	(883)	(812)
Interest received	15	18
Interest paid	(152)	(12)
Net cash used in financing activities	**(2,617)**	**(2,403)**
Decrease in cash and cash equivalents	(1,605)	(1,607)
Cash and cash equivalents at beginning of financial period	20,672	18,256
Net effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	(64)	(53)
Cash and cash equivalents at end of financial period	**19,003**	**16,596**

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.

	← Attributable to equity holders of the Company →			
	Share capital	Currency translation reserve	Retained earnings	Total equity
	S$'000	S$'000	S$'000	S$'000
Group				
Balance at 1 January 2020	24,621	49	27,867	52,537
Profit for the period	-	-	2,403	2,403
Other comprehensive income:				
Exchange difference on translating foreign subsidiaries	-	(111)	-	(111)
Total comprehensive income for the period	-	(111)	2,403	2,292
Dividend paid	-	-	(1,597)	(1,597)
Balance at 30 June 2020	**24,621**	**(62)**	**28,673**	**53,232**
Balance at 1 January 2019	24,621	90	27,255	51,966
Profit for the period	-	-	322	322
Other comprehensive income:				
Exchange difference on translating foreign subsidiaries	-	(94)	-	(94)
Total comprehensive income for the period	-	(94)	322	228
Dividend paid	-	-	(1,597)	(1,597)
Balance at 30 June 2019	**24,621**	**(4)**	**25,980**	**50,597**
Company				
Balance at 1 January 2020	24,621	-	19,462	44,083
Profit for the period, representing total comprehensive income for the period	-	-	1,240	1,240
Dividend paid	-	-	(1,597)	(1,597)
Balance at 30 June 2020	**24,621**	**-**	**19,105**	**43,726**
Balance at 1 January 2019	24,621	-	20,099	44,720
Loss for the period, representing total comprehensive loss for the period	-	-	(207)	(207)
Dividend paid	-	-	(1,597)	(1,597)
Balance at 30 June 2019	**24,621**	**-**	**18,295**	**42,916**

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 or any outstanding convertibles, treasury shares and subsidiary holdings for the financial period reported on.

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 financial period was 53,244,997. (As at 31 December 2019: 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 30 June 2020, the Company did not hold any of its issued shares as treasury shares. (As at 31 December 2019: 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 period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period 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 or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications 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

Not applicable.

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

Not applicable.

5(a) 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 for the current reporting period have been prepared in accordance with the the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council ("ASC").

Except as disclosed in paragraph 5(b) below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, as those used for the audited consolidated financial statements as at 31 December 2019.

5(b) 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 adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. However, these new amendments to SFRS(I)s have no significant impact on the Group's financial statements.

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Definition of a Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I)1- 8)

There are a number of standards, amendments to standards, and interpretations, which have been issued by ASC 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.

6. 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	
	30/06/2020	30/06/2019
Net Profit attributable to owners of the parent (S$'000)	2,403	322
Weighted average number of shares in issue (in '000s)	53,245	53,245
Earnings per share (cents)		
(i) On basic	4.51	0.60
(ii) On a fully diluted basis	4.51	0.60

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 period.

7. 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	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Net asset (S$'000)	53,232	52,537	43,726	44,083
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 period	99.98	98.67	82.12	82.79

8. 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.

8.01 Revenue:

The Group's revenue for the six months period ended 30 June 2020 (HY2020) decreased by 7.7% or $1.47 million to $17.77 million as compared with $19.24 million for the six months period ended 30 June 2019 (HY2019).

The unprecedented Covid-19 pandemic that started in the first quarter of 2020 has negatively affected many businesses in Singapore and all around the world. However, the Group is in essential services and the negative impact was mitigated. The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020, to pre-empt the trend of increasing local transmission of Covid-19. Being an essential services provider, the Group supports essential services sectors like pharmaceuticals, food and nutrition, daily essentials, electronics and oil and gas which see additional. demand from these sectors. Some slowdowns from non-essential sectors were observed but the additional demand from essential services sectors have made up for some of the shortfall.

The sale of pallets and packaging business decreased by 7.1% or $1.11 million from $15.64 million to $14.53 million due to lower customer orders during the Circuit Breaker period, but offset by increased orders from essential services sectors as explained above.

The pallet rental income increased by 9.1% or $0.19 million from $2.08 million to $2.27 million due to new customers (in the warehousing sector) during the Circuit Breaker period.

Technical Wood® and Technical Wood® related products decreased by 62.5% or $0.05 million from $0.08 million to $0.03 million as the Technical Wood operations slowed down temporarily as a few China employees who went back on home leave to China for Chinese New Year were unable to return due to the pandemic, and the others have been mobilised to help with production of pallets to meet demand during this pandemic period.

Revenue from trading and timber related products has decreased by 21.5% or $0.17 million from $0.79 million to $0.62 million due to decrease in market demand during the current pandemic period. Trading activities do not follow any seasonal patterns.

The revenue arising from the supply of woodchip decreased by 50.8% or $0.33 million from $0.65 million to $0.32 million due to reduction in woodchip quantities as the demand for woodchips as a biomass fuel for electricity production for one of our customers has reduced during the pandemic period as many non-essential businesses were closed during the Circuit Breaker period.

8.02 Gross Profit and Gross Profit Margin:

The gross profit increased by 42.3% or $1.98 million from $4.68 million in HY2019 to $6.66 million in HY2019 on higher gross profit margin of 37.5% in HY2020 as compared to 24.3% in HY2019.

The higher gross margin was achieved during this pandemic mainly due to a few main reasons – the Group being able to operate during the Circuit Breaker period, acceptance by customers of a better product mix offering with higher production efficiency, thus yielding higher gross margins and the provision of upcycling supplies and pallets to essential services customers during the critical period.

8.03 Other Income:

Other income increased by 25.6% or $0.37 million to $1.83 million in HY2020 as compared to $1.46 million in HY2019 mainly due to increases in government grants given out by the Government as financial support during the Covid-19 period as mentioned below, and offset by decreases in rental and services income as a result of reduction in the number of tenants as explained below. Please also refer to page 2, Para 1(a)(i) for more information.

As previously announced on 12 December 2019, one of our 2 existing leases will expire on 30 December 2020. Currently, some rental income is derived from this plot of land, and this rental income will cease in the coming months as the land is being reinstated and will be returned back to the landlord at the end of this year when the lease expires.

The Group received government grants given out by the Government as financial support during the Covid-19 period. Included in Other Income is $0.66 million of government grants received in relation to payroll support measures for the Group. The Group has elected to present this government grant separately, rather than reducing the related expense. Please refer to Para 1(a)(i) on Page 2 for more information.

8.04 Distribution Expenses:

Distribution expenses decreased by 10.8% or $0.08 million to $0.68 million in HY2020 from $0.76 million in HY2018 in line with a decrease in revenue.

8.05 Administrative Expenses:

Administrative expenses increased by 1.1% or $0.05 million to $4.55 million in HY2020 from $4.50 million in HY2019. The increase in administrative expenses are mainly due to the provision for reinstatement of the plot of land to be returned, $0.25 million. Reinstatement works have already begun, as the land is to be returned back to the landlord at the end of this year, as mentioned in Para 8.03 above.

The other reason for the increase is also because during the current pandemic, there are increased obligations by the relevant authorities for employers to provide certain items for its employees, especially for those who were provided accommodation. In line with the requirements, the Group has provided and procured more masks, hand sanitizers, catered meals, fruits, outside accommodation for Singapore staff affected by the Malaysian Movement Control Order, food, and some other daily essentials amounting to about $0.05 million.

The above increases are offset by the property rebate of $0.06 million and the absence of of a stock write down of $0.16 million in HY 2019

For more information, please refer to page 2, Para 1(a)(ii).

8.06 Other Expenses:

Other expenses increased by 33.0% or $0.04 million to $0.15 million in HY2020 from $0.11 million in HY2019 mainly due to rental pallets being written off and impairment loss for trade receivables. Please refer to page 2, Para 1(a)(iii).

8.07 Finance Costs:

Finance costs are approximately $0.15 million in HY2020 and HY2019 respectively, which wholly arises from lease liabilities.

8.08 Profit Before Income Tax:

The Group's profit before income tax increased by 375.5% or $2.34 million to $2.97 million in HY2020 as compared to $0.63 million in HY2019 mainly due to higher gross profit margin and higher other income in the form of government grants received as financial support for COVID-19, as explained above.

8.09 Non-Current Assets:

Non-current assets increased by 26.9% or $3.75 million from $13.92 million as at 31 December 2019 (FY2019) to $17.67 million as at 30 June 2020 (HY2020). The increase was mainly due to the recognition of right-of-use assets of $4.2 million arising from the new lease of the leasehold land for a term of thirty years which was approved at the EGM on 21 January 2020.

8.10 Current Assets:

The increase in current assets by 0.3% or $0.15 million to $48.07 million in HY2020 from $47.92 million in FY2019 was attributable to:

(1) a decrease in inventory to $6.76 million in HY2020 from $7.34 million in FY2019 mainly due to reduction in purchases due to Covid-19;
(2) an increase in trade and other receivables to $10.88 million in HY2019 from $8.57 million in FY2019 mainly due to a $1.55 million deposit placed for two leasehold land acquisition in Malaysia and the rest arising from trade prepayment to supplier for goods purchases; and
(3) a decrease in cash and cash equivalents (inclusive of fixed deposit) to $30.43 million in HY2020 from $32.00 million in FY2019 mainly due to payment of dividends in HY 2019 of $1.60 million.

8.11 Current Liabilities:

The current liabilities decreased by 13.1% or $0.79 million to $5.25 million in HY2020 compared to $6.04 million in FY2019 mainly due to the following:

(1) a decrease in trade and other payables to $3.29 million in HY2020 from $4.22 million in FY2019, mainly due to lower purchases on lower turnover;
(2) a decrease in lease liabilities in HY2020 to $1.07 million from $1.40 million in FY2019 was mainly due to repayment of lease; and
(3) an increase in income tax payable to $0.88 million in HY2020 from $0.42 million in FY2019.

8.12 Non-Current Liabilities:

The increase of non-current liabilities by 122.4% or $3.99 million to $7.25 million in HY2020 from $3.26 million in FY2019 was mainly due to the recognition of lease liabilities resulting from leasehold land as aforementioned in Para 8.09.

8.13 Net Current Assets:

The Group's net current assets increased by 2.2% or $0.94 million to $42.82 million in HY2020 from $41.88 million in FY2019. This was mainly due to increase in trade and other receivables and decreases in trade and other payables, inventories and lease liabilities but offset by the increase in income tax payables and decrease in cash and cash equivalents as mentioned in Para 8.10 and 8.11 above.

8.14 Consolidated Statement of Cash Flows:

The Group's net cash generated from operating activities was an inflow of $3.77 million in HY2020 as compared to an inflow of $1.15 million in HY2019. The increase in inflow was mainly due to higher profit before income tax.

Net cash outflow from investing activities of $2.76 million in HY2020 was mainly due to purchase of property, plant and equipment, mainly rental pallets and the deposit for land acquisition as aforementioned in Para 8.10(2) above whereas the net cash outflow of $0.35 million in HY2019 was mainly due to purchases of property, plant and equipment.

Net cash outflow from financing activities of $2.62 million in HY 2020 as compared to the outflow of $2.40 million was higher was due to repayment of lease interest and liabilities arising from the recognition of the new lease as aforementioned in Para 8.12.

9. 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.

10. 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.

The Coronavirus Disease (Covid-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has impacted the Group's operations and its financial performance subsequent to the financial year end.

Looking forward, as of the date of this report, the Group is unable to quantify the effects of the ongoing Covid-19 pandemic on Group revenue going forward as this pandemic is unprecedented and recovery will depend, to a large extent, on whether there is any unforeseen circumstances like another Circuit Breaker, or how soon a safe, reliable and effective vaccine is found, and how fast this vaccine is able to be manufactured, shipped and distributed to all countries quickly.

As the situation gradually reverts back to normalcy, more competitors will resume halted operations, a more diverse range of product offerings will become available and some slowdown in orders as some customers would have stocked up more in the first half of the year than what they would normally require for the same period. While the Group is not able to quantify the effects, these would likely mean that the gross margin for the Group would very likely be lower in the second half of the year.

The Group is mindful that the pandemic may continue to dampen demand as well as increased credit risks associated with credit losses from trade receivables resulting from decline in repayment ability and inventory risk resulting from weaker market demand. The Group mitigated the above risks and potential negative impact with increased credit control supervision and tighter inventory planning and will continue monitoring closely the business climate.

The Group expects the current economic uncertainty due to the ongoing Covid-19 pandemic and the geo-political tension to continue.

Under such uncertainties and challenging conditions, the Group will intensify its marketing efforts, redesign and consolidate its production bases and operations, and continue to be prudent in managing costs. As part of these measures, the Group's operations in Tianjin will be further scaled down.

As a further update following the Group's announcement on 30 January 2020 for the plot of land in Kranji, Singapore, the Group has obtained approval from the landlord for an extension of time to end of this year to commence preparatory land study works on the site due to the current pandemic situation.

11. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?
None

(c) Date payable
Not applicable

(d) Books closure date
Not applicable

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

No interim dividend for the half year ended 30 June 2020 has been recommended.

13. Interested Person Transactions.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period 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. $310,069	-
Leayong Trading ("LT")	LT provides transport services to subsidiaries of the Company. $57,003	-
Gold Leayong Trading ("GLT")	GLT provides transport services to subsidiaries of the Company. $49,765	-
Total	**$416,837**	-

For interested person transactions above, no shareholders' mandate pursuant to Rule 920 has been obtained. There were no transactions with interested person as defined in the SGX's Listing Manual for the financial period ended 30 June 2020 that exceeded the stipulated threshold.

14. Negative assurance confirmation on Interim Financial Results Pursuant to Rule 705(5) Undertakings from directors and executive officers

We, the undersigned, being two directors of LHT Holdings Limited (the "Company"), do hereby confirm on behalf of the directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company, which may render the half year financial results for the period ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Yap Mui Kee
Managing Director

Tan Kok Hiang
Non-Executive, Lead Independent Director

15. 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

13 August 2020