



LHT HOLDINGS LIMITED (Company Registration No. 198003094E)

Address: 27 Sungei Kadut Street 1, Singapore 729335 Tel: (65) 6269 7890 Fax: (65) 6367 4907 Email: enquiry@lht.com.sg URL: www.lht.com.sg

Unaudited Condensed Interim Consolidated Financial Statements for the six months ended 30 June 2021



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Table of Contents

Item No.	Description	Page No.
(I)	Unaudited Condensed Interim Consolidated Financial Statements	
A.	Condensed Interim Consolidated Income Statement	4
B.	Condensed Interim Consolidated Statement of Comprehensive Income	5
C.	Condensed Interim Statements of Financial Position	6
D.	Condensed Interim Statements of Changes in Equity	7
E.	Condensed Interim Consolidated Statement of Cash Flows	8
F.	Notes to the Unaudited Condensed Interim Consolidated Financial Statements	9
(II)	Other information required by Listing Rule Appendix 7.2	20



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(I) Unaudited Condensed Interim Consolidated Financial Statements

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A. Condensed Interim Consolidated Income Statement

	Notes	Group		
		6 months ended 30/06/2021	6 months ended 30/06/2020	Change (%) increase/ (decrease)
		S\$'000	S\$'000	%
Revenue	6, Para 2.1	17,441	17,769	(1.8%)
Cost of sales		(11,117)	(11,110)	0.1%
Gross profit	Para 2.2	6,324	6,659	(5.0%)
<i>Other item of income</i>				
Other income	Para 2.3	1,053	1,834	(42.6%)
<i>Other item of expenses</i>				
Distribution expenses	Para 2.4	(607)	(678)	(10.5%)
Administrative expenses	Para 2.5	(4,040)	(4,546)	(11.1%)
Other expenses	Para 2.6	(346)	(145)	138.6%
Finance costs	Para 2.7	(212)	(152)	39.5%
Profit before income tax	8, Para 2.8	2,172	2,972	(26.9%)
Income tax expense	10	(522)	(569)	(8.3%)
Profit for the financial period		1,650	2,403	(31.3%)

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B. Condensed Interim Consolidated Statement of Comprehensive Income

	Notes	Group		
		6 months ended 30/06/2021	6 months ended 30/06/2020	Change (%) increase/ (decrease)
		S\$'000	S\$'000	%
Profit/(loss) attributable to:				
Owners of the Company		1,650	2,403	(31.3%)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences on consolidation of foreign entities (net)		(143)	(111)	28.8%
Total other comprehensive loss for the period		(143)	(111)	28.8%
Total comprehensive income for the period		1,507	2,292	(34.2%)
Total comprehensive income attributable to:				
Owners of the Company		1,507	2,292	(34.2%)
Earnings per share attributable to owners of the Company (cents per share)				
Basic and diluted	12	3.10	4.51	(31.3%)

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C. Condensed Interim Statements of Financial Position

	Notes	Group		Company	
		As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000	As at 30/06/2021 S\$'000	As at 31/12/2020 S\$'000
Non-Current Assets					
Property, plant and equipment	14	8,782	8,922	2,592	2,795
Right-of-use assets	15	9,062	8,986	6,280	6,754
Deposits for leasehold properties	16	121	447	-	-
Investments in subsidiaries		-	-	10,300	10,300
	Para 2.9	17,965	18,355	19,172	19,849
Current Assets					
Inventories		4,125	4,794	2,680	3,112
Trade and other receivables		7,266	6,807	6,218	6,271
Fixed deposits	17	14,167	11,435	11,009	11,274
Cash and cash equivalents		20,580	24,073	12,060	12,920
	Para 2.10	46,138	47,109	31,967	33,577
Less:					
Current Liabilities					
Trade and other payables		2,407	3,112	2,871	3,237
Lease liabilities	19	796	830	602	592
Income tax payables		404	440	171	268
	Para 2.11	3,607	4,382	3,644	4,097
Net Current Assets	Para 2.13	42,531	42,727	28,323	29,480
Less:					
Non-Current Liabilities					
Lease liabilities	19	5,897	6,367	5,706	6,144
Deferred capital grant		157	182	157	182
Deferred tax liabilities		672	673	116	116
	Para 2.12	6,726	7,222	5,979	6,442
Net Assets		53,770	53,860	41,516	42,887
Equity					
Share capital	18	24,621	24,621	24,621	24,621
Currency translation reserve		(79)	64	-	-
Retained earnings		29,228	29,175	16,895	18,266
Total Equity		53,770	53,860	41,516	42,887



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D. Condensed Interim Statements of Changes in Equity

	Note	Equity attributable to owners of the Company			
		Share capital	Currency translation reserve	Retained earnings	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000
Group					
Balance at 01/01/2021		24,621	64	29,175	53,860
Profit for the period		-	-	1,650	1,650
Other comprehensive income:					
Exchange difference on translating foreign subsidiaries		-	(143)	-	(143)
Total comprehensive income for the period		-	(143)	1,650	1,507
Dividend paid	11	-	-	(1,597)	(1,597)
Balance at 30/06/2021		24,621	(79)	29,228	53,770
Balance at 01/01/2020		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	11	-	-	(1,597)	(1,597)
Balance at 30/06/2020		24,621	(62)	28,673	53,232
Company					
Balance at 01/01/2021		24,621	-	18,266	42,887
Profit for the period, representing total comprehensive income for the period		-	-	226	226
Dividend paid	11	-	-	(1,597)	(1,597)
Balance at 30/06/2021		24,621	-	16,895	41,516
Balance at 01/01/2020		24,621	-	19,462	44,083
Profit for the period, representing total comprehensive income for the period		-	-	1,240	1,240
Dividend paid	11	-	-	(1,597)	(1,597)
Balance at 30/06/2020		24,621	-	19,105	43,726


E. Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		6 months ended 30/06/2021	6 months ended 30/06/2020
		S\$'000	S\$'000
Operating activities:			
Profit before income tax		2,172	2,972
Adjustments for:			
Loss allowance for trade and other receivables		181	45
Write back of stock obsolescence		(96)	(68)
Bad debt written off		1	-
Depreciation of property, plant and equipment		1,042	1,043
Amortisation of right-of-use assets		509	837
Reinstatement of leasehold property		-	250
Gain on remeasurement of ROU		(49)	-
Gain on disposal of property, plant and equipment	14	(14)	(1)
Property, plant and equipment written off	14	49	83
Deferred grant income – JSS		(68)	-
Interest income		(30)	(114)
Interest expense		212	152
Operating cash flow before movements in working capital		3,909	5,199
Changes in working capital:			
Decrease in inventories		766	657
Increase in trade and other receivables		(644)	(806)
Decrease in trade and other payables		(636)	(1,175)
Cash generated from operations		3,395	3,875
Income taxes paid		(557)	(102)
Net cash generated from operating activities		2,838	3,773
Investing activities:			
Proceeds from disposal of property, plant and equipment		16	2
Purchase of right-of-use assets	15	(449)	-
Purchase of property, plant and equipment	14	(842)	(1,215)
Deposit for land acquisition		-	(1,548)
Placement of fixed deposits		(2,735)	(99)
Deferred grant income – CDG		(26)	-
Interest received		25	99
Net cash used in investing activities		(4,011)	(2,761)
Financing activities:			
Dividend paid	11	(1,597)	(1,597)
Repayment of lease liabilities		(446)	(883)
Interest received		5	15
Interest paid		(212)	(152)
Net cash used in financing activities		(2,250)	(2,617)
Decrease in cash and cash equivalents		(3,423)	(1,605)
Cash and cash equivalents at beginning of period		24,073	20,672
Net effect of exchange rate changes on the cash and cash equivalents held in foreign currencies		(70)	(64)
Cash and cash equivalents at end of period		20,580	19,003



F. Notes to the Unaudited Condensed Interim Consolidated Financial Statements

These notes formed an integral part of the unaudited condensed interim consolidated financial statements.

1. Corporate information

LHT Holdings Limited (the "Company") (Registration number 198003094E) is a limited liability company incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprises the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are those of manufacturing and trading of wooden pallets and timber-related products.

The principal activities of the Group are:

- a) Timber merchants, commission agents, sawmillers and pallet rental;
- b) Dealers in wood products, pallets and packaging;
- c) Manufacturer, trader, importer and exporter of wooden pallets and related products;
- d) Wood waste recycling and recovering;
- e) Manufacturer, trader, importer and exporter of green products and woodchips; and
- f) Providing of other services with respect to timber, pallets and other packaging materials.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SRFS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SRFS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2020.



2.2. Use of estimates and judgements (Cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

<u>Business segments</u>	<u>Natures</u>
Pallet and packaging products	Mainly engaged in the manufacture and supply of wooden pallets and cases for the packing of industrial products.
Timber-related products	Mainly engaged in the trading of raw timber related products.
Technical Wood® products and woodchip supply	Mainly engaged in the manufacture of Technical Wood®, Technical Wood® flooring and wood waste collection.
Pallet rental and others	Mainly engaged in pallet leasing business.

These operating segments are reported in a manner consistent with internal reporting provided to the management, who are responsible for allocating resources and assessing performance of the business and operating segments.



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5. Reportable segments

	Pallet / Packaging		Timber Related Products		Technical Wood® and Related Products		Pallet Rental and Others		Elimination		Consolidated	
	HY2021	HY2020	HY2021	HY2020	HY2021	HY2020	HY2021	HY2020	HY2021	HY2020	HY2021	HY2020
	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	13,780	14,527	917	617	323	355	2,421	2,270	-	-	17,441	17,769
Inter-segment sales	5,104	5,713	458	669	330	377	-	1	(5,892)	(6,760)	-	-
Total revenue	18,884	20,240	1,375	1,286	653	732	2,421	2,271	(5,892)	(6,760)	17,441	17,769
Segment results	749	2,003	121	151	286	90	1,271	982	(43)	(102)	2,384	3,124
Finance cost											(212)	(152)
Profit before income tax											2,172	2,972
Income tax expenses											(522)	(569)
Profit for the financial period											1,650	2,403
Other segment information												
Capital expenditure	93	57	-	-	-	-	784	1,210	(35)	(52)	842	1,215
Depreciation	337	423	-	-	103	117	630	529	(28)	(26)	1,042	1,043
Amortisation	462	783	-	-	3	22	44	32	-	-	509	837
Property, plant and equipment written off	-	-	-	-	-	10	49	73	-	-	49	83
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	(14)	(1)	-	-	(14)	(1)
Write-back of obsolete inventories	(96)	(68)	-	-	-	-	-	-	-	-	(96)	(68)

Abbreviation

HY2021 6 months ended 30/06/2021
HY2020 6 months ended 30/06/2020



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5. Reportable segments (Continued)

	Pallet / Packaging	Timber Related Products	Technical Wood@ and Related Products	Pallet Rental and Others	Elimination	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
30/06/2021						
Segment assets	47,978	1,290	4,225	13,443	(2,833)	64,103
Unallocated assets	-	-	-	-	-	-
Total assets						64,103
Segment liabilities	10,986	119	208	570	(2,626)	9,257
Unallocated liabilities*	-	-	-	-	-	1,076
Total liabilities						10,333
Group						
31/12/2020						
Segment assets	50,578	1,242	3,874	14,169	(4,399)	65,464
Unallocated assets	-	-	-	-	-	-
Total assets						65,464
Segment liabilities	12,117	185	135	2,273	(4,219)	10,491
Unallocated liabilities*	-	-	-	-	-	1,113
Total liabilities						11,604

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

Locations of non-current assets

	Singapore	Malaysia	Others	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
30/06/2021				
Non-current assets	12,651	5,314	-	17,965
Group				
31/12/2020				
Non-current assets	13,196	5,159	-	18,355

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

**6. Disaggregation of Revenue**

Revenue contribution from a single region is disclosed separately when it exceeds 10% of the Group's revenue respectively.

	Group				
	6 months ended 30/06/2021				
	Pallet/Packaging	Timber Related Products	Technical Wood [®] and Related Products	Pallet Rental and Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:					
Sales of goods	13,780	917	323	-	15,020
Pallet rental	-	-	-	2,421	2,421
Total revenue	13,780	917	323	2,421	17,441
Timing of revenue recognition					
At a point in time	13,780	917	323	-	15,020
Over time	-	-	-	2,421	2,421
Total revenue	13,780	917	323	2,421	17,441
Geographical information:					
Singapore	11,641	373	300	1,410	13,724
Malaysia	1,143	437	-	1,011	2,591
Others	996	107	23	-	1,126
Total revenue	13,780	917	323	2,421	17,441

	Group				
	6 months ended 30/06/2020				
	Pallet/Packaging	Timber Related Products	Technical Wood [®] and Related Products	Pallet Rental and Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:					
Sales of goods	14,527	617	355	-	15,499
Pallet rental	-	-	-	2,270	2,270
Total revenue	14,527	617	355	2,270	17,769
Timing of revenue recognition					
At a point in time	14,527	617	355	-	15,499
Over time	-	-	-	2,270	2,270
Total revenue	14,527	617	355	2,270	17,769
Geographical information:					
Singapore	12,931	342	332	1,081	14,686
Malaysia	673	198	-	1,189	2,060
Others	923	77	23	-	1,023
Total revenue	14,527	617	355	2,270	17,769



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7. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30/06/2021 and 31/12/2020:

	Group		Company	
	30/06/2021	31/12/2020	30/6/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Trade and other receivables	7,266	6,807	6,218	6,271
Add/(Less):				
Fixed deposits	14,167	11,435	11,009	11,274
Cash and cash equivalents	20,580	24,073	12,060	12,920
GST/VAT receivables	(294)	(295)	-	-
Prepayments	(463)	(143)	(408)	(104)
Financial assets at amortised cost	41,256	41,877	28,879	30,361
Financial Liabilities				
Trade and other payables	2,407	3,112	2,871	3,237
Add/(Less):				
Lease liabilities	6,693	7,197	6,308	6,736
GST/VAT payables	(163)	(148)	(97)	(96)
Provision for unutilised leave	(80)	(216)	(74)	(189)
Advances from customers	(101)	(159)	-	-
Deferred grant income - JSS	-	(68)	-	(58)
Deferred capital grant - CDG	(51)	(51)	(51)	(51)
Financial liabilities carried at amortised cost	8,705	9,667	8,957	9,579

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8. Profit before taxation

	Group	
	6 months ended 30/06/2021	6 months ended 30/06/2020
	S\$'000	S\$'000
Other Income		
Waste collection income	253	93
Heat treatment and utilities income	123	111
Rental and services income	27	532
Gain on disposal of property, plant and equipment	14	1
Write back of stock obsolescence	96	68
Interest income	30	114
Sundry income	260	199
Government grants		
- Special Employment Credit	18	22
- Wage Credit Scheme	17	17
- Others	2	21
- Deferred grant income – CDG	26	-
- Covid-19 Grant Support		
a) Jobs Support Scheme	67	460
b) Deferred grant income – JSS	68	-
c) Foreign Worker Levy Rebate	-	122
d) Others	52	74
Total	1,053	1,834
Administrative expenses		
Advertisement / Marketing and promotion expenses	(33)	(8)
Depreciation of property, plant and equipment	(556)	(570)
Amortisation of right-of-use assets	(308)	(489)
Insurance expenses	(207)	(186)
Legal and professional fee	(79)	(102)
Property tax	(145)	(119)
Rental expenses on premises	(56)	(6)
Subletting fee	-	(9)
Reinstatement of leasehold property	-	(250)
Other expenses		
Foreign exchange loss, net	(115)	(17)
Bad Debts written off	(1)	-
Loss allowance for trade and other receivables	(181)	(45)
Fixed assets written off	(49)	(83)
Total	(346)	(145)
Finance costs		
Interest expenses in respect of:		
- Lease liabilities	(212)	(152)
Total	(212)	(152)

**8. Profit before taxation (Cont'd)**

	Group	
	6 months ended 30/06/2021	6 months ended 30/06/2020
	S\$'000	S\$'000
Profit before income tax is stated after (charging) / crediting		
Audit fees paid to auditors	(66)	(69)
Non-audit fees paid to auditors of the Company	(15)	(19)
Depreciation of property, plant and equipment – cost of sales	(486)	(473)
Amortisation of right-of-use assets – cost of sales	(201)	(348)
Directors' fees	(113)	(113)
Employee benefits expenses		
-Post-employment benefits	(245)	(224)
-Salaries wages and other costs	(3,518)	(3,749)

9. Related party transactions

There are no material related party transactions apart from those disclosed in the Interested Party Transactions under Para 7 of Section (II).

10. Income tax expense

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the income statement are:

	Group	
	6 months ended 30/06/2021	6 months ended 30/06/2020
	S\$'000	S\$'000
Current income tax expense	522	569
Deferred income tax expense	-	-
Total	522	569

11. Dividends

	Group	
	6 months ended 30/06/2021	6 months ended 30/06/2020
	S\$'000	S\$'000
Ordinary dividends paid:		
First and final one-tier tax-exempt dividend paid of \$0.03 (2020: \$0.03) per ordinary share in respect of the previous financial year	1,597	1,597
Total	1,597	1,597

**12. Earnings per ordinary share**

	Group	
	30/06/2021	30/06/2020
Net Profit attributable to owners of the parent (S\$'000)	1,650	2,403
Weighted average number of shares in issue (in '000s)	53,245	53,245
Earnings per share (cents)		
(i) On basic	3.10	4.51
(ii) On a fully diluted basis	3.10	4.51

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.

13. Net asset value

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Net asset (S\$'000)	53,770	53,860	41,516	42,887
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	100.99	101.16	77.97	80.55

14. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$842,000 (30 June 2020: \$1,215,000) and disposed and written-off assets amounting to \$2,000 and \$49,000 (30 June 2020: \$1,000 and \$83,000) respectively.

15. Right-of-use assets

On 30 May 2021, Lian Hup Packaging Industries Sdn Bhd, ("LHP"), a wholly owned subsidiary of the Company had completed the acquisition of a industrial land together with a factory located at PTB 1238 in Mukim of Ulu Sungai Johor, District of Kota Tinggi, Johor, Malaysia for a total consideration of RM2,200,000 (approximates \$709,000). The amount of RM1,000,000 (approximates \$324,000) paid to a third party vendor has been recognised as deposit for leasehold properties in the previous financial year. A total addition of RM2,410,000 (approximates \$777,000) including further improvements in relation to the above transaction have being transferred to the right-of-use assets during the six months ended 30 June 2021.

16. Deposits for leasehold properties

As of 30 June 2021, the deposit for a leasehold property represents deposit held in trust by a solicitor of RM80,000 (approximates \$25,000) and deposits paid to a third party vendor of RM300,000 (approximates \$96,000). The deposits were in relation to the acquisition of a leasehold land together with the factory located at PTB 1299 in Mukim of Ulu Sungai Johor for a total consideration of RM1,900,000 (approximates \$615,000) as disclosed in Note 22.2(b) of the last annual financial statement for the year ended 31 December 2020.

Subject to other terms and conditions in the Sales and Purchase Agreement entered on 14 October 2020, a private caveat had being lodged on 25 April 2021 on the title of the leasehold property and state consent had being obtained from the Malaysian authorities for the transfer of the title deed on 28 July 2021.



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17. Fixed Deposit

Fixed deposits of the Group amounting to \$158,000 (2020: \$161,000) are pledged to banks as security for credit facilities granted to the Group.

18. Share capital

	The Group and the Company			
	30/06/2021		31/12/2020	
	Number of shares	Amount	Number of shares	Amount
	'000	\$'000	'000	\$'000
Balance at beginning and end of interim period	53,245	24,621	53,245	24,621

The Company did not hold any treasury shares as at 30 June 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

19. Borrowings

	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Amount repayable within one year or on demand				
Lease Liabilities - Secured	182	231	110	107
Lease Liabilities - Unsecured	614	599	492	485
Total	796	830	602	592
Amount repayable after one year				
Lease Liabilities - Secured	108	181	99	154
Lease Liabilities - Unsecured	5,789	6,186	5,607	5,990
Total	5,897	6,367	5,706	6,144

Details of any collateral

The borrowings of the Group and the Company 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 factory rentals and forklift rentals recognised in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 on Leases.

The Group and the Company's hire purchase with a carrying amount of \$0.18 million and \$0.11 million (2020: \$0.23 million and \$0.11 million) are repayable within one year and bear the interest at rates ranging from 4.15% to 5.68% and 4.15% to 5.43% (2020: 4.15% to 5.68% and 4.15% to 5.43%) per annum respectively.

The Group and the Company's hire purchase with a carrying amount of \$0.11 million and \$0.10 million (2020: \$0.18 million and \$0.15 million) are repayable after one year and bear the interest at rates ranging from 4.15% to 5.68% and 4.15% to 5.43% (2020: 4.15% to 5.43% and 4.15% to 5.43%) per annum respectively.

The Group and the Company's lease liabilities with a carrying amount of \$0.61 million and \$0.49 million (2020: \$0.59 million and \$0.49 million) are repayable within one year and bear the interest at rates ranging from 2.28% to 7.00% and 7.00% (2020: 2.28% to 7.00% and 7.00%) per annum respectively.



19. Borrowings (Cont'd)

The Group and the Company's lease liabilities with a carrying amount of \$5.79 million and \$5.61 million (2020: \$6.19 million and \$5.99 million) are repayable after one year and bear the interest at rates ranging from 2.28% to 7.00% and 7.00% (2020: 2.28% to 7.00% and 7.00%) per annum respectively.

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 facility was not utilised as of 30 June 2021 and 31 December 2020 respectively.

20. Subsequent events

There are no known subsequent events which could have led to adjustments to this set of interim financial statements.



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(II) Other information required by Listing Rule Appendix 7.2



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

The interim condensed consolidated statements of financial position of LHT Holdings Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated income statements and consolidated statements of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditor.

1.1. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

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

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

Not applicable.

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

Not applicable.

2. 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.

2.1 Revenue:

The Group's revenue for the six months period ended 30 June 2021 (HY2021) decreased by 1.8% or \$0.33 million to \$17.44 million as compared with \$17.77 million for the six months period ended 30 June 2020 (HY2020).

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, as the Group provides essential services, the negative impact, if any, was mitigated. Being an essential services provider, the Group supports essential services sectors like pharmaceuticals, food, drinks and nutrition, daily essentials, electronics and oil and gas, which sees continued demand from these sectors.

The sale of pallets and packaging business decreased by 5.1% or \$0.75 million from \$14.53 million to \$13.78 million due to lower customer orders as some customers are still holding stocks from higher orders placed previously.

Revenue from trading of timber-related products has increased by 48.6% or \$0.30 million from \$0.62 million to \$0.92 million due to higher market demand for the HY2021. Trading activities do not follow any seasonal patterns.



2.1 Revenue (Cont'd):

Revenue from Technical Wood® and related products decreased by 9.0% or \$0.04 million from \$0.36 million to \$0.32 million as most of the Technical Wood® produced were used internally for our pallets and less for outside sales. Woodchips sales have also decreased in line with lower demand for woodchips during this current pandemic.

The pallet rental income increased by 6.7% or \$0.15 million from \$2.27 million to \$2.42 million due to higher rental pallet demand during the Covid-19 pandemic period as the economy adjusts gradually.

2.2 Gross Profit and Gross Profit Margin:

The gross profit decreased by 5.0% or \$0.34 million from \$6.66 million in HY2020 to \$6.32 million in HY2021 on lower gross profit margin of 36.3% in HY2021 as compared 37.5% in HY2020.

The lower gross margin in HY2021 as compared to HY2020 was due to product mix where higher gross margin upcycling supplies yielded higher overall gross margins in HY2020.

2.3 Other Income:

Other income decreased by 42.6% or \$0.78 million to \$1.05 million in HY2021 as compared to \$1.83 million in HY2020 mainly due to cessation in rental income and reduction in government grants given out by the Government as financial support for Covid-19 in HY2021. As mentioned in prior year announcements, rental income which was previously derived from one of the leases that expired on 30 December 2020, had ceased after the lease was reinstated and returned back to the landlord in January 2021. Please also refer to page 15, Note 8 for more information

The Group received government grants given out by the Government as financial support during the Covid-19 pandemic for both 2020 and this year. Included in Other Income is Government Grant of \$0.25 million in HY2021, as compared to \$0.72 million in HY2020. As per previous years, the Group has elected to present government grants separately, rather than reducing against the related expenses. Please refer to page 15, Note 8 for more information.

2.4 Distribution Expenses:

Distribution expenses decreased by 10.5% or \$0.07 million to \$0.61 million in HY2021 from \$0.68 million in HY2020 as cost savings were derived from using own delivery trucks and consolidating shipments.

2.5 Administrative Expenses:

Administrative expenses decreased by 11.1% or \$0.51 million to \$4.04 million in HY2021 from \$4.55 million in HY2020. The decrease in Administrative Expenses are mainly due to the provision for reinstatement of the plot of land to be returned of \$0.25 million in HY2020 as explained in the prior year announcement. Reinstatement works have since been completed and the lease has been returned back to the landlord in January 2021.

The other main reason for the decrease in Administrative Expenses is the cessation of amortisation of lease relating to the plot of land which has been returned back to the landlord in HY2021 as explained above.

2.6 Other Expenses:

Other expenses increased by 138.6% or \$0.20 million to \$0.35 million in HY2021 from \$0.15 million in HY2020 mainly due to loss allowance for trade and other receivables in relation to the increase of overdue trade debtors and exchange losses arising from the effect of weakening Malaysian Ringgit impacting the Group's subsidiaries in Malaysia. Please refer to page 15, Note 8.

2.7 Finance Costs:

Finance costs increased by 39.5% or \$0.06 million to \$0.21 million in HY2021 from \$0.15 million in HY2020 mainly due to the new lease of the leasehold land for a term of thirty years which was



approved at the EGM on 21 January 2020.

2.8 Profit Before Income Tax:

The Group's profit before income tax decreased by 26.9% or \$0.80 million to \$2.17 million in HY2021 as compared to \$2.97 million in HY2020 mainly due to lower gross profit margin and lower other income as a results of cessation in rental income and the reduction in government grants received in HY2021 compared to HY2020 as explained above.

2.9 Non-Current Assets:

Non-current assets decreased by 2.1% or \$0.39 million from \$18.36 million as at 31 December 2020 (FY2020) to \$17.97 million as at 30 June 2021 (HY2021). The decrease was mainly due to the \$1.55 million in depreciation of property, plant and equipment ("PPE") and amortisation of right-of-use assets (ROU) offset by \$1.29 million of additions to PPE and ROU respectively.

2.10 Current Assets:

The decrease in current assets by 2.1% or \$0.97 million to \$46.14 million in HY2021 from \$47.11 million in FY2020 was mainly attributable to:

- (1) a decrease in inventory to \$4.13 million in HY2021 from \$4.79 million in FY2020 mainly due to reduction in purchases during the Covid-19 pandemic situation;
- (2) an increase in trade and other receivables to \$7.27 million in HY2021 from \$6.81 million in FY2020 mainly due to increase in trade prepayment to suppliers for goods purchases; and
- (3) an decrease in cash and cash equivalents (inclusive of fixed deposit) to \$34.75 million in HY2021 from \$35.51 million in FY2020 mainly due to payment of dividends in HY2021 of \$1.60 million.

2.11 Current Liabilities:

The current liabilities decreased by 17.7% or \$0.77 million to \$3.61 million in HY2021 compared to \$4.38 million in FY2020 mainly due to the following:

- (1) a decrease in trade and other payables to \$2.41 million in HY2021 from \$3.11 million in FY2020, mainly due to lower trade purchases in line with lower sales turnover;
- (2) a decrease in lease liabilities in HY2021 to \$0.80 million from \$0.83 million in FY2020, mainly due to repayment of lease; and
- (3) a decrease in income tax payable to \$0.40 million in HY2021 from \$0.44 million in FY2020.

2.12 Non-Current Liabilities:

The decrease of non-current liabilities by 6.9% or \$0.49 million to \$6.73 million in HY2021 from \$7.22 million in FY2020 was mainly due to the repayment of lease liabilities.

2.13 Net Current Assets:

The Group's net current assets decreased by 0.5% or \$0.20 million to \$42.53 million in HY2021 from \$42.73 million in FY2020. This was mainly due to a decrease of \$0.97 million in current assets and offset by a decrease in current liabilities of \$0.77 million, as mentioned in Para 2.10 and 2.11 above.

2.14 Consolidated Statement of Cash Flows:

The Group's net cash generated from operating activities was an inflow of \$2.84 million in HY2021 as compared to an inflow of \$3.77 million in HY2020. The decrease in inflow was mainly due to lower profit before income tax.

Net cash outflow from investing activities of \$4.01 million in HY2021 was mainly due to placement of fixed deposits and the purchase of property, plant and equipment which comprises mainly of rental pallets whereas the net cash outflow of \$2.76 million in HY2020 was mainly due to deposit for land acquisition and purchases of property, plant and equipment as explained in last year's announcement.

Net cash outflow from financing activities of \$2.25 million in HY2021 as compared to the outflow of \$2.62 million in HY2020 was lower mainly due to lower amounts of lease liabilities repayments.



3. 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.

4. A commentary at 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 operating period and the next 12 months.

In view of the current uncertain and volatile economic conditions, the Group expects market conditions to remain challenging.

Under this difficult business environment, the Group will remain vigilant and prudent and continue to focus on its core businesses as well as costs management.

Apart from intensifying its marketing efforts, it will review and further streamline its operations and production processes.

5. Dividend information

(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.

6. If no dividend has been declared/recommended, a statement to that effect and the reasons for the decision.

The Group's practice is to consider declaring dividends on an annual basis. Therefore, there was no interim dividend declared for the half year ended 30 June 2021.

**7. Interested person transactions**

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 2021 that exceeded the stipulated threshold.

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. \$270,099	-
Leayong Trading ("LT")	LT provides transport services to subsidiaries of the Company. \$39,901	-
Gold Leayong Trading ("GLT")	GLT provides transport services to subsidiaries of the Company. \$44,313	-
Total	\$354,313	-

8. 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 2021 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



9. 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 2021