Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: LHT Holdings Limited

Stock code: BEI

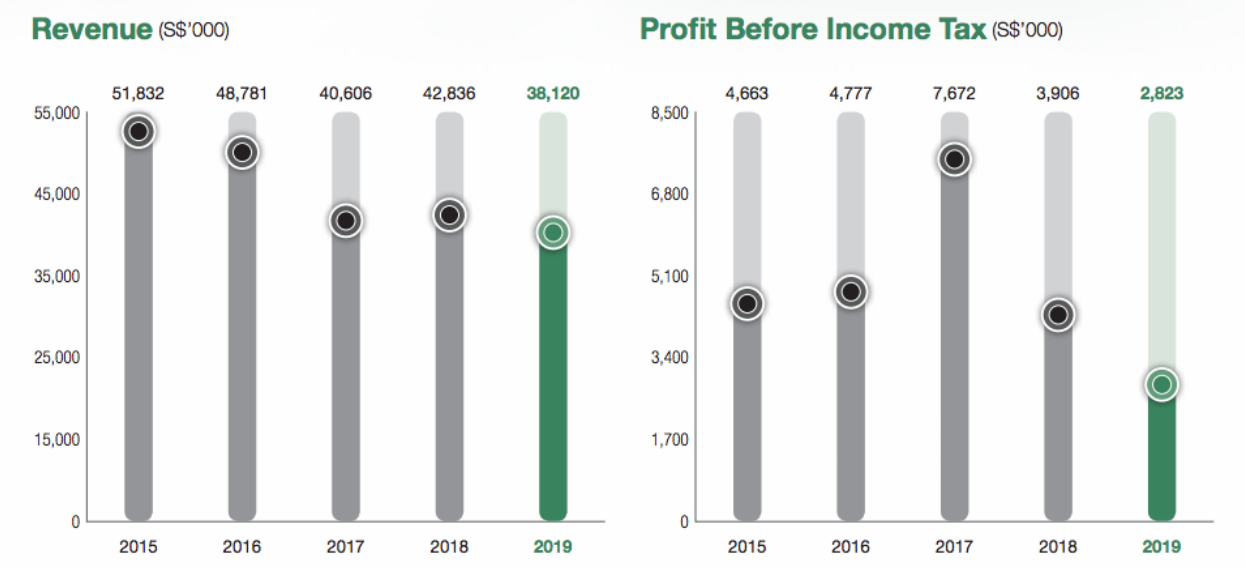
Meeting details:
Date: 29 April 2020
Time: 3.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the chairman's statement (page 5 of the annual report), revenue for the financial year ended 31 December 2019 decreased by 11% to $38.12 million. It is the third lowest revenue reported by the group in the decade.

As seen in the Financial summary (page 14; reproduced below), the group's revenue has been on a downtrend in the past 5 years.



(Source: company annual report)

The company is executing on its strategic plans with the development of a new site at 30 Kranji Way, given that the leases at the two existing premises at Sungei Kadut are set to expire in December 2020 and June 2025. Based on the circular to shareholders dated 6 January 2020, the estimated total investment would amount to $56 million, with an expected $20 million to be funded with internal resources and $36 million to be financed by banks.

In Malaysia, the group is also consolidating its operations with the purchase of two plot of industrial lands.

(i) **Would management help shareholders understand the impact of the pandemic on the group's businesses?**

(ii) **Given that the group has experienced downward pressure on revenue and profitability, how is the board actively managing the demand and pricing risks to ensure that the returns justify the $56 million investment?**

Q2. As mention in the chairman's statement and based on the disclosure in Note 26 (page 75), all four of its business segments experienced revenue decreases, varying from 3.9% to as much as 58.2%. Although the results for the main business segments of "Pallet/packaging" and "Pallet rental and Others" were steady, the "Timber related

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products" segment slipped into a loss of $(905,000) from a profit of $535,000 a year ago. The loss was attributed to the non-recurring scale down costs of the Tianjin operations.

(i) **Can management help shareholders understand the key profit drivers of the Timber related products segment? Can the group achieve the scale needed to make it a main profit contributor?**

(ii) **For the main Pallet and Pallet rental segments, what are the group's strategies to enter new markets so as to establish a larger presence regionally (other than Malaysia)?**

Q3. The board has four independent directors, namely Mr Tan Kok Hiang, Mr Low Peng Kit, Dr Wu Chiaw Ching and Mr Li Suet Man.

Mr Tan joined the board on 1 July 1999 and was then appointed as the "lead independent director" in FY2006 to comply with the Code of Corporate Governance 2005. Similarly, Mr Low has been an independent director of the company since 1999. Both directors have been on the board for more than 20 years since the company was first listed in August 1999.

Dr Wu joined the board on 12 March 2007 and Mr Li is newly appointed to the board on 1 November 2019.

The board has affirmed the independence of the long-tenured directors, having taken into account the need for the board's renewal.

With the revised Code of Corporate Governance ("2018 CG Code") issued by the Monetary Authority of Singapore in August 2018, and together with the amendments to its Listing Rules by SGX, the term of an independent director will be limited to nine years after which the long-tenured directors will be subject to a two-tier vote by shareholders, effective 1 January 2022. In addition, independent directors have to make up one-third of the board.

(i) **Has the board, especially the nominating committee, evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**

(ii) **Following the appointment of Mr Li Suet Man in November 2019, what are the company's other near-term plans to refresh the membership of the board to comply with the new 2018 Code in good time?** Reconstituting the board early to comply with the new 2018 Code would avoid undue disruption and help to maintain institutional knowledge and continuity in the board.

In addition, in the table showing the directors' key information (page 102 to 104), would Dr Wu Chiaw Ching confirm that the information presented on page 103 of the annual report is complete?

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)