Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: LHT Holdings Limited

Stock code: BEI

Meeting details:
Date: 29 April 2022
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. Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) **Pallet and Packaging Products:** Revenue from the pallet and packaging business increased to $28.56 million, due to increase in demand for pallets resulting from supply shortages. This remains the group's major contributor of revenue and profit. Management's focus is to further promote its range of IPPC pallets, Technical Wood® pallets and pest-free pallets. **How is the demand for the group's products affected by the global shipping delay and freight cost increases? What are the main factors that contributed to the doubling of profit in this segment? How sustainable is it?**

(ii) **Pallet rental:** The group enjoyed good margins in the pallet rental segment. Revenue increased to $4.98 million due to increase in demand in the logistics market and segment profit was $2.72 million. **Does management see increased level of competition/supply coming into the market? Similarly, how sustainable is the profit margin for the group? What is the group's competitive advantage, if any?**

(iii) **Malaysian subsidiaries: Can management confirm that the group's subsidiaries in Malaysia are recognised as essential services and thus did not feel the full brunt of the Movement Control Orders in 2021? Are the operations back to the pre-COVID levels, or better?**

(iv) **China: What is the sentiment on the ground in Tianjin and China now as a new wave of COVID-19 infection is spreading across the country?**

Q2. The group's wholly owned subsidiary, Lian Hup Packaging Industries Sdn. Bhd., acquired 2 pieces of land (with factories) in Ulu Sungai Johor for its expansion and these have been classified right-of-use assets. In Singapore, the company is developing 30 Kranji Way.

(i) **Can management provide shareholders with greater clarity on the approved development plans for 30 Kranji Way?**

(ii) **What is the stage of progress? When will the new building be completed? Are the building works on track to completion to meet the terms in the lease offered by JTC?**

(iii) **How much has been invested in 30 Kranji Way? What is the total amount required for the development of 30 Kranji Way, including the new plant and machinery (of $3 million minimum)? Have the plans been modified due to the pandemic?**

(iv) **How will the group be funding this?**

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Q3. As noted in the corporate governance report, the company engages a professional audit firm, D'Ark Services Pte Ltd (IA), to conduct internal audit reviews based on the plans approved by the audit committee (AC).

The IA reports primarily to the chairman of the AC and has full access to the documents, records, properties, and personnel of the company and the group. The board and the AC are of the view that the internal audit is adequately resourced and has the appropriate standing within the group.

The AC is satisfied that the internal audit function has adequate resources to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience. The internal audit work carried out in FY2021 was guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down by the International Professional Practices Framework issued by the Institute of Internal Auditors.

(i) **What was the scope of the internal audit in 2021? How long is the internal audit cycle?**

(ii) **Can the AC confirm that the overseas subsidiaries in Malaysia, Vietnam and China were all included in the internal audit?**

(iii) **How were the scope and the effectiveness of the IA affected in the past two years, especially by the closure of national borders?**

(iv) **What were the key findings and the recommendations by the IA?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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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