



**Securities Investors Association (Singapore)**

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**Issuer:** Low Keng Huat (Singapore) Limited

**Security:** Low Keng Huat (Singapore) Limited

**Meeting details:**

Date: 31 May 2018

Time: 11.00 a.m.

Venue: Grand Mercure Roxy Singapore, Brooke, Meyer & Frankel Room Level 3, 50 East Coast Road, Roxy Square, Singapore 428769

**Company Description**

Low Keng Huat (Singapore) Limited, an investment holding company, engages in the property development and investment activities in Singapore and Australia. It develops and sells properties; invests in properties, and shares in quoted and unquoted equities; and undertakes building and engineering works. The company is also involved in the ownership and operation of deluxe hotel under the Duxton Hotel brand; and other hospitality-related business, such as food and beverage business under the Carnivore brand, as well as in the ownership and operation of restaurants. In addition, it engages in the property fund management business. The company was founded in 1969 and is based in Singapore. Low Keng Huat (Singapore) Limited is a subsidiary of Consistent Record Sdn. Bhd.

(Source: [http://sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=F1E](http://sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=F1E))

1. Would the board/management provide shareholders with better clarity on the following matters? Specifically:

- (i) Equity investments:** The group has \$56.8 million of equity investments as at 31 January 2018. **Can shareholders understand how the company manages this equity investment portfolio? How well diversified is this portfolio? What is the level of oversight provided by the board? Is there an investment committee to monitor and manage the risks associated with such equity investments?**
- (ii) Control/influence over key investment properties:** The group has a 55% stake in Paya Lebar Square, a 40% stake in Westgate Tower and a 20% stake in AXA Tower. **What is the level of control and/or influence over these key investment properties?**
- (iii) Cash management (USD):** As the group has no substantial business activities denominated in USD, why has the group kept over US\$68 million which is held as cash and cash equivalent (as at 31 January 2018)?
- (iv) Duxton Hotel Perth:** With the sale of Duxton Hotel Saigon, the group has just one other hotel, in Perth, operating under the in-house brand Duxton Hotel. **What are management's long-term plans for Duxton Hotel Perth and for the in-house brand Duxton Hotel?**

2. As noted in the Chairman's Statement, the group has entered into a Sale & Purchase Agreement on 14 February 2018 with the owners of Cairnhill Mansion for its enbloc acquisition for a total purchase consideration of \$362 million. Cairnhill Mansion is a freehold development with approximately 43,103 square feet and 156,400 square feet of land and gross floor area respectively. Cairnhill Mansion will be redeveloped into a high-rise residential condominium of approximately 200 units.

The price translates to approximately \$2,300 psf per plot ratio.

- (i) Could management elaborate further on the redevelopment plans for Cairnhill Mansion?**
- (ii) With a purchase price of \$362 million or approximately \$2,300 psf per plot ratio, what is the projected selling price/profit margin?**
- (iii) Can the board/management help shareholders understand the group's track record and/or experience in developing high-end residential properties?**

3. In the company's Corporate Governance report, it was stated that Mr Lucas Liew Kim Voon, Mr Lee Han Yang and Mr Wey Kim Long have served on the Board of Directors for more than nine years and have been subjected to rigorous scrutiny by the Board.

In fact, all four independent directors have served on the board for more than 9 years. The dates of the directors' first appointment to the board and their tenures are shown in the table below:

Director	Date of first appointment	Tenure (to 31 May 2018)
Lee Han Yang	28 January 1992	26 years 4 months
Lucas Liew	28 January 1992	26 years 4 months
Wey Kim Long	5 April 2004	14 years 1 month
Jimmy Yim	1 March 2009	9 years 2 months

- (i) Can the board explain in greater detail the “rigorous scrutiny” carried out by the board in the review of the independence of the long tenured directors?**

The nominating committee (NC) comprises Mr Lucas Liew (as chairman), Mr Lee Han Yang and Mr Low Keng Boon @ Lau Boon Sen. The NC's responsibilities, as set out in the written terms of reference, include the annual determination of director's independence.

- (ii) Given that the two long tenured directors sit on the NC, how effective was the NC in discharging its duties as set out in the terms of reference?**
- (iii) Can the NC elaborate on the deliberations it has had on board succession plans for directors?**
- (iv) What are the board's near-term plans to refresh the board membership progressively and in an orderly manner, to avoid losing institutional memory?**

A copy of the questions for the Annual Report for the financial year ended 31 January 2017 could be found here:

[https://sias.org.sg/qa-on-annual-reports/?company=Low%20Keng%20Huat%20\(Singapore\)%20Ltd](https://sias.org.sg/qa-on-annual-reports/?company=Low%20Keng%20Huat%20(Singapore)%20Ltd)

The company's response could be found here: -----