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: Lum Chang Holdings Limited

Stock code: L19

Meeting details:
Date: 28 October 2022
Time: 10.30 a.m.
Venue: Orchard Rendezvous Hotel, Antica I & II, Level 2, 1 Tanglin Road, Singapore 247905

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Q1. Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

(i) **Construction:** Despite achieving higher revenue of $335.3 million as construction activities resumed after unprecedented disruptions due to the COVID-19 pandemic, the division recognised a loss of $(12.6) million (FY2021: segment profit of $13.6 million) due to labour shortage and inflationary pressures on raw materials. **How much of the current order book can be attributed to contracts won before the pandemic? Can management provide a breakdown to show the impact due to different factors (such as manpower, raw material) which resulted in a $26.2 million drop in segment profits? What is management's strategy to improve profit margins in view of the cost increases?**

(ii) **Tekka Place:** The integrated redevelopment project at Serangoon Road is soon entering its fourth year of operations after receiving its TOP in November 2019. The occupancy rate, as reported in the last annual report, was "close to 80%" and it has remained at "around 80%" this year. **What are the challenges faced by the group to fully lease out Tekka Place? What is the weighted average lease expiry of Tekka Place?**

(iii) **One Tree Hill Collection: With two semi-detached units left at One Tree Hill Collection, are there plans to acquire residential landbank in Singapore for development? What is management's view on the residential property market in Singapore?**

(iv) **Twin Palms Sungai Long: How many more phases/launches are there for the Twin Palms Sungai Long development? Can management confirm that there are 134 units left to be launched in the future?**

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Q2. The group's sustainability report can be found on pages 29 to 58 of the annual report. The material topics, grouped into 7 focus areas, are as follows:

Focus Areas	Material Topics	Boundaries
Focus 1: Governance and Ethics	GRI 205: Anti-corruption	• Group-wide
	GRI 207: Tax Compliance	
	GRI 418: Customer Privacy	
Focus 2: Economic Performance	GRI 201: Economic Performance	• Construction • Investment Property • LC Interior
Focus 3: Our Environment	GRI 301: Materials	• Construction
	GRI 302: Energy	• Construction • Investment Property • Property Development
	GRI 303: Water and Effluents	
	GRI 305: Emission	
	GRI 306: Waste	
	GRI 307: Environmental Compliance	
	GRI 308: Supplier Environment Assessment	
	GRI 413: Local Community	
Focus 4: Quality and Innovation	GRI 203: Indirect Economic Impacts	• Construction • LC Interior
	GRI 416: Customer Health and Safety	• Property Development • Investment Property • LC Interior
Focus 5: Workplace Health and Safety	GRI 403: Occupational Health and Safety	• Construction • LC Interior
	GRI 419: Socioeconomic Compliance	• Group-wide
Focus 6: Our People	GRI 401: Employment	• Group-wide
	GRI 404: Training and Education	
	GRI 405: Diversity and Equal Opportunity	
	GRI 414: Supplier Social Assessment	• Construction • Investment Property • Property Development
Focus 7: Social Responsibility	GRI 413: Local Community	• Group-wide

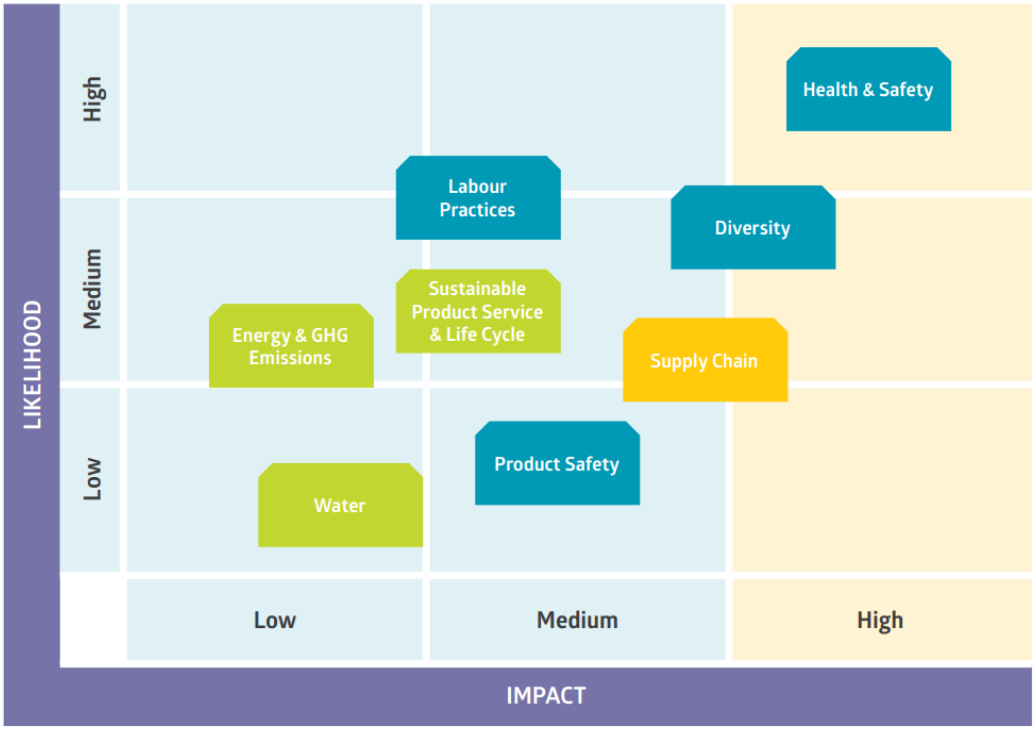
(Source: company annual report)

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(i) **Has the board further analysed the material topics and prioritised them, for example based on likelihood and impact in a materiality matrix?**

An example based on SGX's resources on sustainability reporting is shown below:

Template 3: Material factors matrix



Source: KPMG

(Source: Sustainability Reporting Guide dated 22 Feb 2018)

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In addition, the group appears to have not met its workplace health and safety targets and have in fact lowered its targets for FY2021 (see compilation below).

Social Performance in FY2020	
FY2020 Target	**Performance Update**
Zero fatal workplace safety incidents	Achieved **zero** fatal workplace safety incidents
Zero lost man days	Achieved **zero** lost man days from workplace health and safety incidents

Social Targets for FY2021
Zero occupational health and safety incidents
Zero lost man days
Zero non-compliance with COVID-19 safety measures

FY2021 Target	Status	Performance Update
Zero occupational health and safety incidents	● Not Met	There were two fatal workplace safety incidents.
Zero lost man days	● Not Met	The degree of interruption to operations is indicated by stop work days. There were 45 stop work days due to workplace health and safety incidents.
Zero non-compliance with COVID-19 safety measures	✓ Met	Achieved **zero** incidents of non-compliance with COVID-19 safety rules and regulations

Targets for FY2022
To achieve an Accident Frequency Rate[1] of not more than **0.48** and Accident Severity Rate[2] of not more than **9.5**. The targets were determined based on benchmarking against the expected safety performance of the industry.
Zero stop work days
Zero non-compliance with COVID-19 safety measures

FY2022 Target	Status	Performance Update
To achieve an Accident Frequency Rate[6] (AFR) of not more than **0.48** and Accident Severity Rate[7] (ASR) of not more than **9.5**. The targets were determined based on benchmarking against the expected safety performance of the industry.	⦿ Refer to performance update	AFR and ASR targets were not met in FY2022. ASR increased due to the occurrence of 3 reportable workplace incidents. However, our workplace injury rate for FY2022 was only 10.35 which is well below the national average of 32.1.
Zero stop work days.	⦿ Not Met	There were 78 stop work days due to asbestos.
Zero non-compliance with COVID-19 safety measures.	✓ Met	Achieved **zero** incident of non-compliance with COVID-19 safety rules and regulations.

Targets for FY2023
To achieve a WIR that is better than the Singapore national average
Zero non-compliance with COVID-19 safety measures.

(Source: company annual reports; emphasis added)

(ii) In particular, there were two fatal workplace safety incidents in FY2021 and three reportable workplace incidents in FY2022. **Has the board critically reviewed the group's workplace health and safety record? How is the board taking ownership of the group's workplace health and safety standards?**

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(iii) In addition, it is noted that the group has lowered its safety standards from having a zero incident target (prior to FY2022) to an accident frequency rate target of no more than 0.48 and accident severity rate of not more than 9.5. **Is this lowering of workplace safety target the approach that the board has chosen? Does this set the right tone at the top?**

Q3. On 30 November 2021, Mr Tan Boon Gin, chief executive of Singapore Exchange Regulation (SGX RegCo), gave guidance that companies are expected to use the two-tier rule sparingly to promote renewal and succession planning[1]. On 13 September 2022, SGX RegCo further announced that it will consult on hard-coding the 9-year limit for independent directors[2].

Mr Peter Sim Swee Yam was first appointed to the board on 30 November 2001. Mr Peter Sim Swee Yam has served on the board for approximately 21 years. In addition, Dr Willie Lee Leng Ghee, also the chairman of the nominating committee (NC), has served on the board since 28 February 2006.

(i) **Will the continued appointment of the long-tenured directors impede/delay the progressive renewal of the board? Are there any challenges faced by the board in identifying and onboarding of new board members?**

(ii) **Should Mr Peter Sim Swee Yam, the lead independent director, and Dr Willie Lee Leng Ghee, the chairman of the nominating committee, lead by example by setting the tone with regard to capping the tenure of independent directors?**

It is also noted that the other independent directors have relationship(s) with the company and/or with the controlling shareholders. Mr Leow Wee Kia Clement is the nephew (by marriage) of Mr Raymond Lum Kwan Sung, executive chairman and a controlling shareholder. Mdm Constance Lee Sok Koon was the executive director of Lum Chang Holdings Limited and the former L.C. Development Limited, where she oversaw the finance and corporate affairs of the two mainboard-listed companies for more than 20 years. Mr Kenneth Ho Siew Keong held a senior position, as the China chief executive officer, in the former LCD Global Investments Ltd as well.

(iii) **How does the NC ensure that relationships the independent directors have with the company and/or controlling shareholders do not interfere or be reasonably perceived to not interfere with the exercise of the director's independent business judgement with a view to the best interests of the group?**

[1] https://www.businesstimes.com.sg/companies-markets/answer-my-question-before-i-vote-sgx-regco-sets-new-timelines-for-companies-to
[2] https://www.sgxgroup.com/media-centre/20220913-sgx-regco-require-9-year-cap-id-tenure-disclosure-directors-and-ceo

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(iv) **Can the NC elaborate further on the search and nomination process for directors, especially independent directors? Will the NC be using a third-party search firm and/or professional body to cast its net wider for potential candidates?**

^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.

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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^ 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)