
**RESPONSE TO SGX-ST QUERIES ON THE COMPANY'S ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

In response to queries raised by SGX-ST in its email dated 24 October 2014 on the Annual Report of Lum Chang Holdings Limited (the "Company") for the year ended 30 June 2014 ("FY2014"), the Board of Directors of the Company would like to clarify on the following:

SGX-ST Query 1

As required by Rule 1207(12) of the Listing Manual, please make disclosures as recommended in paragraph 9.3 of the Code of Corporate Governance 2012 (the "Code") or otherwise explain the reason(s) for the deviation from the following Code recommendations.

Paragraph 9.3 of the Code states that the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).

Company's Response

As explained on page 38 of the Company's FY2014 Annual Report, the Company would like to reiterate that the Board is of the view that given the highly competitive industry conditions coupled with the sensitivity and confidentiality of remuneration matters, the disclosure of the remuneration packages of directors and key management, including those who are immediate family members of the directors and the disclosure of remuneration of key management personnel on a named basis, as recommended by Principle 9 of the Code would be prejudicial to the Company's interests.

Taking into consideration the highly competitive conditions in the construction industry where poaching of talent is prevalent, the Company only discloses the remuneration of the top 5 key management executives (who are not directors or the CEO) in bands of S\$200,000 (including breakdown in percentage terms of each key executive's remuneration earned through base/fixed salary, bonus and others) on page 38 of the Annual Report and not in aggregate the total remuneration paid to the top 5 key management executives.

SGX-ST Query 2

Paragraph 11.3 of the Code of Corporate Governance 2012 (the "Code") states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the Company's Annual Report. As recommended in paragraph 11.3 of the Code and pursuant to Rule 710 of the Listing Manual, please make disclosures on the Board's comments on the adequacy and effectiveness of the Company's risk management systems or otherwise explain the reason(s) for the deviation from the following Code recommendations.

Company's Response

The Board refers to the statements made on the Group's internal controls as set out under section entitled (Principle 12: Internal Controls and Risk Management) on page 42 and 43 of the Annual Report and confirms the following opinion should encompass all the risk management systems in compliance with Code 11.3 of the Code as stated below:

"Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the management, the Board, with the concurrence of the Audit and Risk Committee, are of the opinion that the Group's internal controls, addressing financial, operational, compliance, information technology controls, and risk management systems were adequate as at 30 June 2014."

BY ORDER OF THE BOARD

Tony Fong
Company Secretary
27 October 2014

Submitted by Tony Fong, Company Secretary on 27 October 2014.