
(A) ACQUISITION OF LAND IN BINTAN, INDONESIA**(B) INVESTMENT IN PT SUPER MAKMUR SEJAHTERA**

1. INTRODUCTION

The Board of Directors (the "**Board**") of Lum Chang Holdings Limited ("**LCH**" or the "**Company**") (together with its subsidiaries, collectively, the "**Group**") wishes to announce that PT Super Makmur Sejahtera (the "**Purchaser**"), an associated company of the Company, has, on even date, acquired from an Indonesian company (the "**Vendor**"), which is an unrelated third-party, a piece of vacant land comprising 54 plots of girik land (*alas hak*) with the total land area of approximately 580,000 square meters located at Desa Berakit, Kecamatan Teluk Sebong, Kabupaten Bintan, Kepulauan Riau Province, Indonesia, by way of transfers of possession of rights (the "**Land**", and the acquisition, the "**Land Acquisition**"). Berakit is located at the north eastern part of Bintan island.

The Purchaser is a foreign investment company incorporated in Indonesia with an issued and paid-up share capital of Indonesian Rupiah 2.5 billion (equivalent to approximately S\$246,000¹), with the principal activity of property investment holding. The Company, through its wholly-owned subsidiary, Bluesky Real Estate Investment Pte Ltd ("**Bluesky**"), is invested in 25% of the shareholding interests in the Purchaser (the "**Investment**"). Cyan Bay Pte Ltd ("**CBPL**"), a wholly-owned subsidiary of Ellipsiz Limited ("**Ellipsiz**"), holds the other 75% shareholding interests in the Purchaser.

The incorporation of the Purchaser was funded through the Company's internal cash resources and is not expected to have any material impact on the net tangible assets and earnings per share of the Group for the current financial year.

2. THE LAND ACQUISITION

The consideration for the Land Acquisition is Indonesian Rupiah 48.8 billion (equivalent to approximately S\$4.8 million¹) (the "**Consideration**").

The Consideration was arrived at on a willing-buyer willing-seller basis taking into account the area of the Land, the layout of the plots comprised in the Land, current and potential uses of the Land and the asking price of the Vendor. No independent valuation was commissioned.

The Consideration was fully settled in cash by Bluesky and CBPL in accordance with their shareholding proportions in the Purchaser. The payment by Bluesky was fully funded by internal resources of the Company.

¹ based on an exchange rate of S\$1.00 to Indonesian Rupiah 10,146 as at the date immediately preceding the Land Acquisition.

3. THE INVESTMENT

Details of the Investment and Interested Person Transaction ("IPT")

CBPL is a wholly-owned subsidiary of Ellipsiz and has an initial issued and paid-up share capital of S\$1.00. The principal activity of CBPL is investment holding.

Ellipsiz is a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The businesses of Ellipsiz are provision of management services and investment holding. Mr Kelvin Lum Wen-Sum ("**Mr Kelvin Lum**"), a Non-Independent Non-Executive Director of the Company, is also the Chief Executive Officer of Ellipsiz. Mr David Lum Kok Seng, Managing Director of the Company ("**Mr David Lum**"), is Mr Kelvin Lum's father. Mr David Lum is a controlling shareholder of the Company. He is also the legal and beneficial owner of Bevrian Pte Ltd, the controlling shareholder of Ellipsiz. In respect of the Investment, Bluesky, being a subsidiary of the Company, is an "entity at risk" and Ellipsiz is an "interested person" within the definitions set out in Chapter 9 of the listing manual of the SGX-ST (the "**Listing Manual**"). Accordingly, the Investment constitutes an interested person transaction under Chapter 9 of the Listing Manual.

Bluesky and CBPL have on even date entered into a shareholders' agreement (the "**Shareholders' Agreement**") in relation to the Investment to govern the business and affairs of the Purchaser. The Shareholders' Agreement was arrived at on normal commercial terms and the risks and rewards of the respective parties in the Purchaser are in proportion to their investment. Under the terms of the Shareholders' Agreement, Bluesky shall nominate one director and CBPL shall nominate two directors to the board of the Purchaser and the president director shall be a director nominated by CBPL. The board of commissioners of the Purchaser shall comprise one commissioner, nominated by CBPL.

Neither Ellipsiz nor its associates had an existing equity interest in the Investment prior to the participation of Bluesky.

Value of IPT

The aggregate value of all IPTs (including the Investment and excluding transactions which are less than S\$100,000) entered into by the Group with Ellipsiz for the current financial year commencing on 1 July 2019 up to the date of this announcement is approximately S\$1.2 million, representing approximately 0.4% of the Group's latest audited net tangible assets as at 30 June 2019 of S\$276.6 million.

Audit and Risk Committee Statement

The Audit and Risk Committee of the Company is of the view that the Investment and the Shareholders' Agreement are on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

4. RATIONALE FOR THE LAND ACQUISITION AND THE INVESTMENT

The Land Acquisition and the Investment is in the ordinary course of the Company's business.

The Board believes the Land Acquisition and the Investment presents a prime investment opportunity to expand the Group's property and investment portfolio into Indonesia. Taking into consideration the location of the site, the layout of the plots and the size of the Land, the Board is of the view that there are a variety of possible potential uses for the Land including tourism-related uses given the Land's location within the Batam, Bintan and Karimun special economic zone, in which the tourism industry is highlighted as one of the main sectors for investment.

The Company and Ellipsiz will evaluate various possible options and will make announcements of any material developments at the appropriate juncture.

5. FINANCIAL EFFECTS OF THE LAND ACQUISITION AND INVESTMENT

The Land Acquisition and Investment are not expected to have any material impact on the net tangible assets and earnings per share of the Group for the financial year ending 30 June 2020.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the directors or the controlling shareholders of the Company have any interest, direct or indirect, in the Land Acquisition or the Investment, other than through their respective shareholdings (if any) in the Company.

BY ORDER OF THE BOARD

Tony Fong
Tan Eng Chan Gerald
Company Secretaries
9 October 2019