Lum Chang Holdings Limited
(Incorporated in the Republic of Singapore)
Company Registration No. 198203949N

PROPOSED SPIN-OFF OF THE INTERIOR FIT-OUT BUSINESS AND LISTING OF LUM CHANG INTERIOR PTE. LTD.

Introduction

The board of directors (the "**Board**") of Lum Chang Holdings Limited (the "**Company**" and together with its subsidiaries the "**Group**") is pleased to announce that the Company is exploring the possibility of undertaking a plan to spin-off its majority-owned indirect subsidiary, Lum Chang Interior Pte. Ltd. ("**LCI**" and together with its subsidiaries, the "**LCI Group**") via a proposed initial public offering ("**IPO**") and listing of LCI on the Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Proposed Spin-off Listing**").

In connection with the Proposed Spin-off Listing, the Company may undertake a distribution-in-specie of some (and not all) of the ordinary shares in the capital of LCI held by the Company to the shareholders of the Company ("**Shareholders**") (the "**DIS**"). Any decision on the DIS will only be made by the Board at a later date.

The LCI Group

LCI has been an indirect subsidiary of the Company since 1 February 2018 and the current aggregate effective shareholding of the Company in LCI is 80% (which is held through a wholly-owned subsidiary of the Company, Lum Chang Asia Pacific Pte. Ltd.). The remaining 20% of LCI is held by an individual shareholder, Mr Lim Thiam Hooi, who is also the Managing Director and co-founder of LCI.

As at the date of this announcement, the subsidiaries of LCI are Lum Chang Decor Pte. Ltd., Lum Chang Brandsbridge Pte. Ltd., Quintessential Builder Pte. Ltd. and Lum Chang Brandsbridge (M) Sdn. Bhd., and will form part of the LCI Group for the purposes of the Proposed Spin-off Listing.

The LCI Group currently carries out the interior fit-out business of the Company, and has the experience, expertise and resources to deliver complex interior or retro-fitting projects, and specialises in interior fitting-out, conservation and restoration, and additional and alteration services across a broad range of sectors including commercial, retail, F&B and hospitality.

Consultation with SGX-ST

Pursuant to a submission made by the Company's financial advisor for and on behalf of the Company (the "**Submission**"), and based on the representations made therein, the SGX-ST has advised that it has no objections to the Proposed Spin-off Listing, and the Company remaining listed on the Mainboard of the SGX-ST, subject to the following conditions:

(a) compliance with the SGX-ST's listing requirements and guidelines; and

(b) disclosure via an SGXNet announcement, the basis for the Board's assessment that the Proposed Spin-off Listing would bring tangible benefits to the Shareholders.

The SGX-ST reserves its right to vary/amend/withdraw its above confirmation as it deems fit and the confirmation is subject to changes in the SGX-ST's policies.

In the event of any material changes to the Proposed Spin-off Listing as represented in the Submission, an updated submission may be made to the SGX-ST.

Tangible Benefits of the Proposed Spin-off Listing to Shareholders

Unlock shareholder value through separate valuation of the interior fit-out business

The Company's interior fit-out business has demonstrated strong growth in recent years and during the financial year ended 30 June 2024, LCI Group had secured several contracts for interior fit-outs, the addition and alteration works and new building erection. As at the date of the Submission, the outstanding value of construction works yet to be reported as revenue for LCI Group is approximately S$177.8 million.

The Proposed Spin-off Listing will unlock potential value of the interior fit-out and renovation business as it will be listed and valued separately from the remaining businesses (property development & investment and construction businesses) of the Group excluding the LCI Group (the "**Remaining LCH Group**"). Furthermore, this will enable shareholders, analysts and the investing public to better appraise the value of the underlying businesses and assets of the Remaining LCH Group, and will consequently allow for the value of such businesses and assets to be better reflected.

Creates investment flexibility for the Shareholders

The Company may undertake a distribution-in-specie of some (and not all) of the ordinary shares in the capital of LCI held by the Company to the Shareholders. Any decision on the DIS will only be made by the Board at a later date. In the event of and upon completion of the Proposed Spin-off Listing and the proposed DIS, the Shareholders will become direct shareholders of LCI and will therefore be able to individually and directly participate in the ownership of, and enjoy returns from, the shares held in two separately listed companies without any additional cash outlay.

Shareholders will have the discretion and flexibility to separately decide on their holdings of shares in the Company and in LCI, in accordance with their individual investment objectives. The Proposed Spin-off Listing may also attract new investors in either or both of the Company and LCI who are seeking investment opportunities in a more focused business model, thereby creating a wider, deeper and more diverse investor base for the Group as a whole.

In addition, the Shareholders will be able to directly participate in the growth of and influence the future directions of each of the Remaining LCH Group and the LCI Group separately and benefit directly from any individual future corporate actions and exercises undertaken by each group (for example, dividends, bonus issues, rights issues, mergers and/or acquisitions).

Status of the Proposed Spin-off Listing and the proposed DIS

Shareholders should note that the Proposed Spin-off Listing is at a preliminary stage. The Company is in the process of formally appointing an issue manager and legal advisors in relation to the Proposed Spin-off Listing.

The Proposed Spin-off Listing and the proposed DIS are dependent on, *inter alia*, the results of preparatory work to be undertaken, requisite approvals from the relevant regulatory authorities and the then-prevailing market conditions. Further, the Board may, notwithstanding that all requisite approvals from the relevant regulatory approvals have been obtained, decide not to proceed with the Proposed Spin-off Listing and/or the proposed DIS if, having regard to investors' interests and response at the material time and any other relevant factors, the Board deems it not in the interests of the Company to proceed with the Proposed Spin-off Listing and/or the proposed DIS. Accordingly, there is no assurance that the Proposed Spin-off Listing or the proposed DIS will materialise in due course.

As at the date of this announcement, whilst the structure of the Proposed Spin-off Listing is not yet finalised, the Company intends to retain at least 51% of the shareholding interest of LCI upon the Proposed Spin-off Listing (post-IPO dilution).

Further Announcements and Cautionary Statement

The Company will announce any material developments on the Proposed Spin-off Listing and/or the proposed DIS as and when appropriate.

Shareholders and other investors should exercise caution when dealing in the securities of the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Spin-off Listing will be undertaken or that the requisite approvals for the Proposed Spin-off Listing will be obtained. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD

Yap Lay Hoon
Wong Yi
Company Secretaries
21 November 2024