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**PROPOSED ACQUISITION IN THE ORDINARY COURSE OF BUSINESS - PROPOSED  
ACQUISITION OF ALL THE SHARES IN THE ISSUED AND PAID UP SHARE CAPITAL OF  
CORWIN HOLDING PTE LTD**

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**1. INTRODUCTION**

The board of directors (the “**Board**” or “**Directors**”) of Lum Chang Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 3 August 2016.

The Board wishes to announce that Columba Holdings Pte Ltd (the “**Purchaser**”), a wholly-owned subsidiary of Dorado Holdings Pte Ltd (the Company’s 50:50 joint venture vehicle with LAO V Serangoon Pte. Ltd.) has on 22 September 2016 entered into a conditional share sale agreement (the “**SPA**”) with HICOM Megah Sdn Bhd (“**HMSB**”), Mohamed Mustafa & Samsuddin Co. Pte Ltd (“**MMS**”) and B.I. Distributors Pte Ltd (“**BID**”) (HMSB, MMS and BID collectively, the “**Vendors**”) and Glenmarie Properties Sdn. Bhd. (“**GPSB**”), as guarantor for the obligations of the Vendors, to acquire the entire issued and paid-up share capital of Corwin Holding Pte Ltd (the “**Target**”) (such proposed acquisition, the “**Proposed Acquisition**”).

**2. INFORMATION ON THE TARGET**

The Target was incorporated in Singapore on 3 September 1996. The Target’s principal activity is property investment.

As announced by the Company on 3 August 2016, the Target’s principal asset is a leasehold property which is an 8-level shopping mall building comprising 6 storeys and 2 basement levels and another 8-storey building known as Chill @The Verge. The entire commercial development is known as The Verge (the “**Property**”). The Property is located at No. 2, Serangoon Road, Singapore 218227 and held under Lots TS16-1017T, TS16-1018A, TS16-70000P and TS16-70001T. The Property has a total gross floor area of 238,527 square feet. The Property is currently encumbered and its net book value as at 31 March 2016 is S\$140,000,000.

The value of the Property based on a valuation commissioned by the Target and performed by an independent valuer, Knight Frank Pte Ltd, per their valuation report dated 29 August 2016 (using investment method based on existing use and subject to existing tenancies without taking into account any potential redevelopment value) is S\$150,000,000.

Based on the audited financial statements of the Target for the financial year ended 31 March 2016, the net profit and net assets of the Target were S\$1,095,434 and S\$56,520,203 respectively.

The current shareholding structure of the Target is as follows:

Vendors	Ordinary shares		RPS	
	No. of shares	% holdings	No. of shares	% holdings
HMSB	13,050,000	90.00%	781,676	90.18%
MMS	725,000	5.00%	42,582	4.91%
BID	725,000	5.00%	42,582	4.91%
<b>Total</b>	<b>14,500,000</b>	<b>100.00%</b>	<b>866,840</b>	<b>100.00%</b>

### 3. RATIONALE FOR THE PROPOSED ACQUISITION

The Group's principal activities include property development and investment.

The Proposed Acquisition is in the ordinary course of business of the Group and is undertaken as part of the Group's strategy to expand its business by acquiring a site with redevelopment potential. As such, the Proposed Acquisition will not constitute a "transaction" for the purposes of Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited.

It is the intention of the Group, through the Company, its subsidiary and joint venture companies, to redevelop and hold the Target and the Property, whether directly and indirectly, for long term investment purposes with a view to principally derive rental income therefrom.

### 4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

#### 4.1 Consideration

The consideration payable for the Proposed Acquisition (the "**Consideration**") is S\$189,750,071, such consideration being arrived at based on a willing buyer-willing seller basis after taking into consideration the adjusted net tangible assets ("**NTA**") of the Target of S\$56,750,071 as at 30 June 2016 and after incorporating the agreed value of the Property at S\$273,000,000 taking into account its redevelopment potential (such consideration, the "**Initial Consideration**"), subject to the adjustment in accordance with the terms of the SPA.

The Consideration shall be paid as follows:-

- (a) a first deposit of S\$2,730,000 having been paid into an escrow account and held by the escrow agent in accordance with the terms of an escrow agreement, and which shall be released on Completion;
- (b) a second deposit of S\$16,245,007 to be paid into the escrow account upon the execution of the SPA, and which shall be released on Completion; and
- (c) the final payment on Completion, such final payment shall comprise the balance of the Initial Consideration less the first deposit and the second deposit. An amount of S\$100,000 from the final payment shall be paid into the escrow account to be applied towards the payment of adjustment to the Consideration, if any.

#### 4.2 Conditions Precedent

The Completion of the Proposed Acquisition is conditional upon the following being fulfilled by the Vendors or waived (in whole or in part by the Purchaser) on 15 November 2016 or such other date as the Vendors and the Purchaser may agree in writing (the "**Completion Date**") or 22 November 2016 or such other date as may be mutually agreed in writing between the Vendors and Purchaser (the "**Long-Stop Date**") (whichever is earlier):

- (a) representations and warranties of each of the Vendors being true and accurate in all material respects and not misleading in any material respect as at the Completion Date or the Long-Stop Date (as the case may be);
- (b) there being no destruction of the building or damage to the building known as "The Chill" to the extent that the building's structural integrity is affected; and

- (c) there being no written notice of compulsory acquisition or written notice of intended compulsory acquisition by any governmental authority affecting 5% or more of the total land area of the Property.

#### 4.3 Adjustments

Pursuant to the terms of the SPA, the Consideration shall be adjusted in the event that:

- (a) the Target's NTA based on the unaudited management accounts for the 7-month period ending 31 October 2016 ("**October 2016 Management Accounts**") is higher than the Target's NTA based on the unaudited management accounts for the 3-month period ending 30 June 2016 ("**June 2016 Management Accounts**") by more than S\$20,000; or
- (b) the Target's NTA based on the October 2016 Management Accounts is less than the Target's NTA based on the June 2016 Management Accounts by more than S\$20,000.

#### 4.4 Completion

Completion of the Proposed Acquisition shall take place on the Completion Date or such other date to be mutually agreed by the Purchaser and the Vendors in writing.

### 5. **SERVICE AGREEMENTS**

No person will be appointed to the Board in connection with the Proposed Acquisition and no service contract in relation thereto will be entered into by the Company.

### 6. **FINANCIAL EFFECTS**

The Proposed Acquisition is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the financial year ending 30 June 2017.

### 7. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

As at the date hereof, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than that arising from their respective shareholdings in the Company, if any.

### 8. **DOCUMENTS FOR INSPECTION**

A copy of the SPA is available for inspection during normal business hours at the Company's registered office at 14 Kung Chong Road, #08-01 Lum Chang Building, Singapore 159150 for a period of 3 months from the date of this announcement.

#### **BY ORDER OF THE BOARD**

Tony Fong  
Company Secretary  
22 September 2016