LUM CHANG

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

(A) INCORPORATION OF SPECIAL PURPOSE VEHICLES

(B) ACQUISITION OF 130 WOOD STREET, LONDON EC2V

(C) JOINT VENTURE IN UK PROPERTY INVESTMENT PTE LTD

1. INTRODUCTION

The Board of Directors (the "**Board**") of Lum Chang Holdings Limited ("**LCH**" or the "**Company**") wishes to announce that the Company, through its subsidiary, UK Property Investment Pte Ltd ("**UKPI**"), has incorporated two special purpose vehicles (the "**SPVs**") in Jersey, Channel Islands, namely 130 WS Holdings Limited and 130 WS Investments Limited, both with an initial paid-up share capital of £1 each. The SPVs are incorporated for the purposes of undertaking property investments in United Kingdom.

The incorporation of the SPVs was funded through the Company's internal cash resources and is not expected to have any material impact on the consolidated net tangible assets ("**NTA**") and earnings per share of the Company for the current financial year.

2. ACQUISITION OF 35,343,685 UNITS IN 130 WOOD STREET UNIT TRUST

2.1 Information on the Acquisition

The SPVs have entered into a sale and purchase agreement ("**SPA**") with LS 130 Wood St Limited and College Green (Jersey) Limited on 13 May 2015 to acquire 35,343,685 units, representing 100% of the units, in 130 Wood Street Unit Trust, a Jersey unit trust (the "**Unit Trust**") (the "**Acquisition**"). The Acquisition was carried out via 130 Wood Street Trustees (No.1) Limited and 130 Wood Street Trustees (No. 2) Limited, which are joint trustees of the Unit Trust. As at the date of the Announcement, the Unit Trust's only asset is a freehold commercial property, 130 Wood Street, which is located at 130 to 133 Cheapside, 1, 2 and 2a Gutter Lane and 128 to 130 Wood Street, London EC2V (the "**Property**").

The Property is located at a prime office location to the north of Cheapside, midway between the Bank of England and St Paul's Cathedral. The Property provides 50,522 sq. ft of Grade A office accommodation on six upper floors with 7,454 sq. ft of ground floor and basement for wine bar accommodation and the remaining 6,809 sq. ft of ground floor and basement let out on long leases for retail and storage. The Property is currently fully leased.

2.2 Salient Terms of the Acquisition

The net consideration payable for the Acquisition is £51.32 million (or approximately S$107.26 million based on an exchange rate of S$2.09:£1) (the "**Unit Consideration**").

The Unit Consideration was arrived at following negotiations on willing-buyer, willing-seller basis, taking into consideration, *inter alia*, the unaudited net asset value of the Unit Trust as at 13 May 2015 and the agreed value of the Property at £52.6 million.

Completion of the sale and purchase of the units took place upon the execution of the SPA. Each of the SPVs and LS 130 Wood St Limited and College Green (Jersey) Limited has provided the standard representations, warranties and undertakings for transactions in the nature of the Acquisition in the SPA.

2.3 Funding for the Acquisition and Financial Impact

The Unit Consideration was satisfied from the internal cash resources of the Company and its subsidiaries (collectively, the "**Group**") via shareholders' loans to UKPI (which were given proportionately by each of the shareholders of UKPI). The Group may explore external debt financing by UKPI to partially offset such shareholders' loans.

For the purposes of illustration only and based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2014 ("FY2014"), the financial effects of the Acquisition are as follows:

	Note	Before the Acquisition	After the Acquisition
Net assets value ("**NAV**") per ordinary share in the capital of LCH ("**LCH Share**") as at 30 June 2014	(1)	51.96 cents	51.73 cents
Earnings per LCH Share in FY2014	(2)	6.73 cents	6.86 cents
Net Gearing (times)	(3)	0.19	0.48

* NAV is defined as Shareholders' Equity. Shareholders' Equity is Total Equity (as defined below) less non-controlling interests.

(1) The impact on NAV per Share and net gearing as illustrated in the table above are computed based on the audited consolidated financial statements of the Group as at 30 June 2014, assuming that the Acquisition had been completed on 30 June 2014.

(2) The impact on earnings per Share as illustrated in the table above is computed based on the audited consolidated profit and loss statement of the Group for FY2014, assuming that the Transaction had been completed on 1 July 2013 (the beginning of FY2014). The profit and loss impact of the Unit Trust is based on unaudited results of the Unit Trust for the financial period ended 31 March 2015.

(3) For the purposes of the above calculations, "net gearing" means total borrowings less cash and cash equivalents divided by Total Equity. Total Equity is defined as total assets less total liabilities.

2.4 Rationale for the Acquisition

The Board believes the Acquisition presents a prime investment opportunity to expand the Group's property portfolio in the United Kingdom. The Board believes that the Acquisition will provide a steady stream of rental income to the Group.

The Acquisition is in the ordinary course of the Group's business.

3. INTERESTED PERSON TRANSACTION ("IPT") – JOINT VENTURE IN UK PROPERTY INVESTMENT PTE LTD

3.1 Details of the Joint Venture

LCH had on 13 May 2015 entered into a joint venture and shareholders' agreement (the "**JVA**") with Lum Chang Investments Pte Ltd ("**LCI**") and Bevrian Pte Ltd ("**BPL**") (collectively referred to as the "**JV Parties**" and each a "**JV Party**") to invest in UKPI (the "**Joint Venture**").

UKPI is a private limited company recently incorporated in Singapore with a paid up share capital of S$100 comprising 100 ordinary shares. It is a subsidiary of the Company and is acting as a joint venture vehicle through which the JV Parties will undertake the Acquisition and other property investments in United Kingdom.

The share capital of UKPI is held by the JV Parties as follows:

Shareholder	Number of Shares	Shareholding Proportion
LCH	70	70%
LCI	15	15%
BPL	15	15%
Total	**100**	**100%**

3.2 The Joint Venture as an Interested Person Transaction

Both LCI and BPL are private limited companies incorporated in Singapore. Mr. Raymond Lum Kwan Sung is the majority shareholder of LCI and Mr. David Lum Kok Seng is the sole shareholder of BPL.

As at date of the JVA, Mr. Raymond Lum Kwan Sung is deemed interested in approximately 18.91% of the issued share capital of the Company and Mr. David Lum Kok Seng is deemed interested in approximately 19.36% of the issued share capital of the Company. Each of them is also a director of the Company. Accordingly, both Mr. Raymond Lum Kwan Sung and Mr. David Lum Kok Seng are "interested persons" within the meaning defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"). As the Company is a party to the JVA, it is therefore an "entity at risk" within the meaning defined in Chapter 9 of the Listing Manual.

Accordingly, the Joint Venture is deemed to be an IPT under Chapter 9 of the Listing Manual.

Under Rule 909(2) of the Listing Manual, in the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk. The Group's financial commitment for the Joint Venture comprises the initial equity participation by the Company in UKPI of S$70 and the Company's shareholder's loan of £37.52 million (approximately S$78.42 million based on an exchange rate of S$2.09:£1). The amount of the Group's equity participation and shareholders' loans represents approximately 37.93% of the Group's audited consolidated NTA of S$206.73 million as at 30 June 2014.

3.3 Salient Terms of the JVA

Under the JVA, the JV Parties have agreed to participate on the following salient terms and conditions:

a) the risks and rewards of each JV Party will be proportionate to its respective shareholdings in UKPI;

b) for the purposes of financing the Acquisition, the JV Parties have provided shareholder's loans in proportion to their respective shareholdings in UKPI, which are interest-free and repayable on demand;

c) where funds are obtained by way of procurement of financial facilities from third parties, the financial facilities shall be obtained at the best available terms and rates to UKPI, from such reputable financial institutions as the board of UKPI may agree;

d) each of LCI and BPL has granted to LCH a call option (the "**Call Option**"), pursuant to which LCH has the right to purchase from each of LCI and BPL its entire shareholdings in UKPI at a specified price to be determined by third-party valuers appointed by the parties; and

e) LCH has granted to each of LCI and BPL a put option (the "**Put Option**"), pursuant to which LCH is required to purchase the entire shareholdings of each of LCI and/or BPL in UKPI at a specified price to be determined by third-party valuers appointed by the parties.

3.4 The Options as an Interested Person Transaction

As stated in paragraph 3.2 above, Mr. Raymond Lum Kwan Sung and Mr. David Lum Kok Seng are "interested persons" within the meaning defined in Chapter 9 of the Listing Manual. As such, the grant or the exercise of the Call Option or the Put Option (collectively, the "**Options**"), is, or will be, deemed to be an IPT.

Pursuant to Rule 906 of the Listing Manual, shareholders' approval (in addition to an immediate announcement) is required where:

(a) the value of an IPT is equal to or exceeds 5.0% of the Group's latest audited NTA; or

(b) the value of an IPT, when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or exceeds 5.0% of the Group's latest audited NTA. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

As at the date of this Announcement, the value of the IPT in relation to the Options cannot be determined as yet. Accordingly, completion of the sale and purchase of the shares that are the subject of the Options is conditional upon approval of the Company's shareholders being obtained, if required.

3.5 Total Value of All Interested Person Transactions

The current total value of all interested person transactions, excluding transactions which are less than S$100,000 and the Options with (i) Mr. Raymond Lum Kwan Sung; and (ii) Mr. David Lum Kok Seng; (iii) their associates (as defined in the Listing Manual); and (iv) all interested persons of the Company, for the period from 1 July 2014 to the date of this Announcement, are as follows:

	Prior to the JVA*		Including the JVA	
	Amount (S$)	**Percentage of audited consolidated NTA** of the Group as at 30 June 2014 (%)**	**Amount (S$)**	**Percentage of audited consolidated NTA** of the Group as at 30 June 2014 (%)**
Total value of all transactions with Mr. Raymond Lum Kwan Sung and his associates	Nil	Nil	78,416,870	37.93
Total value of all transactions with Mr. David Lum Kok Seng and his associates	Nil	Nil	78,416,870	37.93
Total value of all transactions with interested persons of the Company	Nil	Nil	78,416,870	37.93

❖ This amount excludes a sum of S$360,000 in respect of transactions between the Company and LCD Global Investments Limited ("**LCDGI**"). Previously, Mr. David Lum Kok Seng and Mr. Raymond Lum Kwan Sung collectively held approximately 32% of the issued shares in LCDGI. Following the completion of the sale and purchase of their shareholdings in LCDGI to a non-related party on 25 September 2014, LCDGI ceased to be an associate (as defined in the Listing Manual) of both Mr. David Lum Kok Seng and Mr. Raymond Lum Kwan Sung. Accordingly, transactions with LCDGI are no longer considered as IPTs.

** NTA means Total Assets less Total Liabilities.

3.6 Exceptions to the Requirement for Shareholders' Approval and Statement of the Audit & Risk Committee

Pursuant to Rule 916(2) of the Listing Manual, shareholders' approval is not required for an investment in a joint venture with an interested person if:-

(a) the risks and rewards are in proportion to the equity of each joint venture partner;

(b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and

(c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

The Audit & Risk Committee of the Company, having considered the terms and conditions of the JVA, is of the view that the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner and the terms of the Joint Venture are not prejudicial to the interests of the Company and its minority shareholders. Neither Mr. Raymond Lum Kwan Sung nor Mr. David Lum Kok Seng (other than via the Company) had an existing equity interest in UKPI prior to the participation of the Company in the Joint Venture.

Pursuant to Rule 917 of the Listing Manual, the Audit & Risk Committee of the Company is of the view that the Joint Venture is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

3.7 Financial Effects of the Joint Venture

The Joint Venture is not expected to have a material impact on the consolidated NAV per share and consolidated earnings per share of the Group for the financial year ending 30 June 2015.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the directors and/or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition and/or Joint Venture (other than via the Company).

BY ORDER OF THE BOARD

Tony Fong
Company Secretary
14 May 2015