
(A) **JOINT VENTURE WITH TIEN WAH PROPERTIES SDN BHD**

(B) **PROPOSED ACQUISITION OF LAND AT PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA FOR PROPERTY DEVELOPMENT PURPOSES**

1. JOINT VENTURE WITH TIEN WAH PROPERTIES SDN BHD

- 1.1 Reference is made to the announcement of 25 August 2015 in relation to the memorandum of understanding (the **"MOU"**) signed between Lum Chang Holdings Limited (**"LCH"** or the **"Company"**) and Tien Wah Press Holdings Berhad (**"TWPH"**) to jointly negotiate the terms of a proposed mixed-use commercial development in Malaysia (the **"Joint Venture"** or the **"Development"** as the context may apply).
- 1.2 The Board of Directors (the **"Board"**) of the Company now wishes to announce that the Company, through its wholly-owned subsidiary in Singapore, Kemensah Holdings Pte Ltd (**"KHPL"**), had on 16 May 2016 entered into a shareholders' agreement (the **"JVA"**) with Tien Wah Properties Sdn Bhd (**"TWPSB"**) (collectively referred to as the **"JV Parties"** and each a **"JV Party"**) for the purposes of the Development.
- 1.3 TWPSB is a wholly-owned subsidiary of TWPH, which is listed on the Main Market of Bursa Malaysia Securities Berhad.
- 1.4 Sterling Model Sdn Bhd (the **"JV Company"**), a recently incorporated company in Malaysia, will act as a joint venture vehicle through which the JV Parties will own, manage and develop the Development. The name of the JV Company will be changed to Lum Chang Tien Wah Sdn Bhd or such other names as may be mutually agreed between the JV Parties in due course. The JV Company currently has an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1 each (**"JV Company Share(s)"**), of which two JV Company Shares are currently issued and fully paid-up.
- 1.5 As of the date hereof, the issued and paid up share capital of the JV Company is held by the JV Parties as follows:

Shareholder	Number of Shares	Shareholding Proportion
KHPL	1	50%
TWPSB	1	50%
Total	2	100%

- 1.6 Within fourteen (14) days after execution of the JVA, the JV Parties will acquire or subscribe for such number of shares in cash in their respective shareholding proportions such that the issued and paid-up share capital of the JV Company shall be RM10,000,000 comprising 10,000,000 JV Company Shares. The authorised share capital of the JV Company will be increased accordingly. The JV Parties will thereafter maintain their respective shareholding proportions unless otherwise mutually agreed by the JV Parties in writing.

Financial Effects of the Joint Venture

- 1.7 KHPL's proportionate share in the JV Company amounting to RM5,000,000 will be funded through the internal cash resources of the Company and its subsidiaries (the "**LCH Group**"). The Joint Venture is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the LCH Group for the current financial year.

2. PROPOSED ACQUISITION OF LAND AT PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA FOR PROPERTY DEVELOPMENT PURPOSES

- 2.1 The Board also wishes to announce that the JV Company has entered into a sale and purchase agreement (the "**SPA**") with TWPSB on 16 May 2016 to acquire the leasehold industrial land (the "**Proposed Acquisition**") known as No 9 & 11, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan under title no: 3674 and 3967, Lot 30 & 4, Section 13 Municipality of Petaling Jaya, Selangor Darul Ehsan, on land measuring approximately 13,040 square metres which is currently held by TWPSB on a 99-year lease from the State Government of Selangor, Malaysia, with a residue of approximately forty-four (44) years from the date of the MOU (the "**Land**") for a consideration of RM63,750,000 (or approximately S\$21,675,000 based on an exchange rate of S\$0.34:RM1) (the "**Consideration**"). The JV Company will fund the Consideration by a combination of shareholder funding and external borrowings. KHPL intends to fund its portion of shareholder funding through the internal cash resources of the LCH Group.
- 2.2 The Consideration was determined on a willing-buyer willing-seller basis and is the average of the market value of the Land on a vacant industrial land with redevelopment potential basis as determined by two valuations by valuers independently commissioned by the Company and TWPSB. The market value information on the valuations is as follows:

Valuer	Appointing Party	Valuation	Date of Valuation
Knight Frank Malaysia Sdn Bhd	LCH	RM61,500,000.00	15 April 2016
CH William, Talher & Wong	TWPSB	RM66,000,000.00	31 March 2016
Average Valuation		RM63,750,000.00	

- 2.3 A deposit of RM3,187,500 (or approximately S\$1,083,750) representing 5% of the Consideration will be paid by the JV Company within twenty-one (21) days of the date of execution of the SPA. The JV Company will pay the balance of RM60,562,500 (or approximately S\$20,591,250), representing 95% of the Consideration, on 31 December 2017 or such other dates as provided in the SPA.

Rationale for the Proposed Acquisition

- 2.4 The Proposed Acquisition is a continuation of the LCH Group's property and development business in Malaysia. The Board believes the Proposed Acquisition represents a prime investment opportunity to consolidate the LCH Group's property and development portfolio in Malaysia. The Company will closely review its options during the course of the Development to decide on the courses of action which best benefit the LCH Group.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 3.1 None of the directors and/or controlling shareholders and/or substantial shareholders of the Company has any interest, direct or indirect, in the Joint Venture or the Proposed Acquisition (other than through their shareholdings in the Company).

BY ORDER OF THE BOARD

Tony Fong
Company Secretary
16 May 2016