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

DISPOSAL OF INTERESTS IN SUBSIDIARIES

1. INTRODUCTION

The Board of Directors of Lum Chang Holdings Limited (the "**Company**") wishes to announce that its wholly owned subsidiary, Lum Chang Orion Pte Limited ("**LCOPL**") had on 23 December 2016 entered into a share purchase agreement ("**SPA**") with ITC Investment & Technology Group Companies Limited (the "**Purchaser**")**,** to dispose of its 11,400,001 ordinary shares in Pembridge Palace Holdco Limited (**"PPHL"**) representing 100% of the total issued share capital of PPHL (the "**Sale Shares**") to the Purchaser (the "**Transaction**")**.**

PPHL and its wholly-owned subsidiary, Pembridge Palace Propco Limited ("**PPPL**") are special-purpose companies incorporated in Jersey, Channel Islands. PPPL owns the freehold interest in a hotel located at 52 to 57 Princes Square, London W2 4QB (the "**Property**").

The Transaction is in the ordinary course of the Company's business. Following the Transaction, PPHL and PPPL ("**PPHL Group**") will cease to be subsidiaries of LCOPL and the Company.

2. PRINCIPAL TERMS AND CONDITIONS

The consideration for the Transaction ("**Share Consideration**") of £13.78 million (approximately S$24.47 million)[1] was arrived at following arm's length negotiations on a willing-buyer and willing-seller basis, taking into consideration, inter alia, the agreed value of the Property of £30.05 million and the proforma unaudited net asset value ("**NAV**") of the PPHL Group as at 31 December 2016.

The Share Consideration comprises the deposit of £2.90 million paid by the Purchaser upon signing of the SPA ("Deposit") and an exclusivity premium of £100,000 previously received upon signing the exclusivity agreement on 28 November 2016. The balance of £10.78 million payable by the Purchaser ("**Completion Consideration**") to LCOPL is scheduled on 6 January 2017 ("**Completion Date**").

LCOPL and the Purchaser has provided the standard representations, warranties and undertakings for transactions of similar nature in the SPA. Any claim by the Purchaser under the SPA is limited to £1. The Completion Consideration is to be satisfied in cash, payable by the Purchaser to LCOPL.

Based on the proforma consolidated NAV of PPHL Group as at 31 December 2016 (excluding cash) of £10.73 million (approximately S$ 19.06 million), the gain after deducting related selling expenses is £2.6 million or approximately S$4.67 million.

[1] Exchange rate of £1=S$1.776 was used in the above computation and throughout the Announcement.

3. RATIONALE

The Transaction marks an opportunity for the Company to realize its investments and the proceeds will be used to fund future investments of the Company and its subsidiaries (the "**Group**").

4. LISTING MANUAL RELEVANT FIGURES

The Transaction is in the ordinary course of the Company's business and does not constitute a disclosable transaction for the purposes of Rule 1010 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**").

Notwithstanding the aforesaid, the Company sets out below the relative figures for the Transaction, computed in accordance with Rule 1006 (a) to (d) of the Listing Manual.

Rule	Base	Note	Relative Percentage
1006(a)	NAV of the assets to be disposed of, compared with the Group's NAV as at 30 September 2016	(1)	8.4%
1006(b)	Net profit attributable to the assets disposed of, compared with the Group's net profit for the three months ended 30 September 2016	(2)	16.6%
1006(c)	Share Consideration compared with the Company's market capitalization	(3)	18.6%
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of securities previously in issue	Not applicable as the Company will not be issuing any equity shares in connection with the Transaction.	

(1) The proforma consolidated NAV of PPHL Group as at 30 September 2016 amounted to S$19.0 million. The Group's latest announced unaudited consolidated NAV as at 30 September 2016 amounted to S$225.9 million.

(2) The net profit attributable by PPHL Group for the period ended 30 September 2016 amounted to S$154,000 and the Group's latest announced unaudited consolidated net profit attributable to equity holders for the three month period ended 30 September 2016 was S$928,000.

(3) The Company's market capitalization of approximately S$131.4 million is determined by multiplying 380,845,304 ordinary shares (excluding treasury shares) by the weighted average price of the shares transacted on 23 December 2016 (being the last market day immediately preceding the date of signing of the SPA) of S$0.345.

5. FINANCIAL EFFECTS

The financial effects of the Transaction are set out below purely for illustrative purposes:

	Note	Before the Transaction	After the Transaction
Net tangible assets* ("**NTA**") per ordinary share in the capital of the Company ("**Share"**) as at 30 June 2016 (cents)	(1)	55.75	56.97
Earnings per Share for the financial year ended 30 June 2016 ("**FY2016**") (cents)	(2)	7.73	9.04
Net gearing as at 30 June 2016 (times)	(3)	0.29	0.04

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

Notes:

(1) The impact on NTA per Share and net gearing as illustrated in the table above are computed based on the audited balance sheet of the Group as at 30 June 2016, assuming that the Transaction had been completed on 30 June 2016.
(2) The impact on earnings per Share as illustrated in the table above is computed based on the audited profit and loss statement of the Group for the financial year ended 30 June 2016, assuming that the Transaction had been completed on 1 July 2015 (the beginning of FY2016).
(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.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors of the Company ("**Directors**") has any interest, direct or indirect, in the Transaction (other than by reason only of being a Director). In addition, as far as the Directors are aware, none of the Company's Controlling Shareholders (as defined in the Listing Manual) has any interest, direct or indirect, in the Transaction (other than by reason of their shareholding interest in the Company).

BY ORDER OF THE BOARD
Tony Fong
Company Secretary
27 December 2016

Submitted by Tony Fong, Company Secretary on 27 December 2016.