



Lum Chang Holdings Limited and its subsidiaries

Company Registration Number: 198203949N

Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 31 December 2023

Table of Contents

Description	Page
Condensed Interim Consolidated Income Statement and Statement of Comprehensive Income	3
Condensed Interim Balance Sheets	5
Condensed Interim Statement of Changes in Equity - Group	6
Condensed Interim Statement of Changes in Equity - Company	7
Condensed Interim Consolidated Statement of Cash Flows	8
Notes to the Condensed Interim Consolidated Financial Statements	10
Other Information Required By Listing Rule Appendix 7.2	25

Lum Chang Holdings Limited and its subsidiaries
Condensed Interim Consolidated Income Statement and Statement of Comprehensive Income

	Note	Group		Increase/ (decrease) %
		6 months ended 31 December 2023	6 months ended 31 December 2022	
		("1H2024")	("1H2023")	
		\$'000	\$'000	
Revenue	4.2	232,607	196,718	18%
Cost of sales		(210,645)	(182,754)	15%
Gross profit		21,962	13,964	57%
Other income	5.1	1,319	1,878	(30%)
Other losses – net	5.1	(256)	(126)	103%
Expenses				
- Distribution and marketing		(101)	(198)	(49%)
- Administrative and general		(13,269)	(12,417)	7%
- Finance		(1,292)	(1,465)	(12%)
Share of profits/(losses) of:				
- associated companies		20	39	(49%)
- joint ventures		(1,880)	(1,332)	41%
Profit before income tax	5.1	6,503	343	1796%
Income tax (expense)/credit	6	(1,217)	592	NM *
Net profit		5,286	935	465%
Net profit attributable to:				
Equity holders of the Company		3,630	684	431%
Non-controlling interests		1,656	251	560%
		5,286	935	465%
Earnings per ordinary share attributable to the equity holders of the Company (cents per share)	8			
- Basic		0.96	0.18	433%
- Diluted		0.96	0.18	433%

Note * : "NM" denotes not meaningful

Lum Chang Holdings Limited and its subsidiaries
Condensed Interim Consolidated Income Statement and Statement of Comprehensive Income (continued)

	Group		Increase/ (decrease) %
	6 months ended 31 December 2023 ("1H2024") \$'000	6 months ended 31 December 2022 ("1H2023") \$'000	
Net profit	5,286	935	465%
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Losses	(778)	(1,898)	(59%)
– Reclassification	371	(113)	NM *
	<u>(407)</u>	<u>(2,011)</u>	(80%)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Losses	(23)	(56)	(59%)
Financial assets, at fair value through other comprehensive income ("FVOCI")			
– Fair value losses	(2,730)	(2,580)	6%
	<u>(2,753)</u>	<u>(2,636)</u>	4%
Other comprehensive loss for the period, net of tax	<u>(3,160)</u>	<u>(4,647)</u>	(32%)
Total comprehensive income/(loss) for the period	<u>2,126</u>	<u>(3,712)</u>	NM *
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	493	(3,907)	NM *
Non-controlling interests	1,633	195	737%
	<u>2,126</u>	<u>(3,712)</u>	NM *

Note * : "NM" denotes not meaningful

Lum Chang Holdings Limited and its subsidiaries

Condensed Interim Balance Sheet

	Note	Group		Company	
		31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		54,948	91,035	17,553	50,825
Trade and other receivables		56,789	43,830	31,946	32,004
Contract assets		81,223	62,327	-	-
Tax recoverable		-	1,593	-	-
Properties held for sale		-	325	-	-
Development properties		21,655	22,797	-	-
Other current assets		9,356	7,567	6	69
		<u>223,971</u>	<u>229,474</u>	<u>49,505</u>	<u>82,898</u>
Non-current assets					
Trade and other receivables		119,603	112,959	124,041	129,442
Club memberships		255	267	288	297
Other financial assets	10	17,097	19,827	-	-
Investments in subsidiaries		-	-	35,828	35,828
Investments in joint ventures		15,054	17,069	-	-
Investments in associated companies		6,121	6,397	-	-
Investment properties	11	20,591	20,591	-	-
Property, plant and equipment	12	32,006	32,703	2,458	1,977
Deferred income tax assets		1,805	1,817	-	-
Other non-current assets		329	660	126	126
		<u>212,861</u>	<u>212,290</u>	<u>162,741</u>	<u>167,670</u>
Total assets		<u>436,832</u>	<u>441,764</u>	<u>212,246</u>	<u>250,568</u>
LIABILITIES					
Current liabilities					
Trade and other payables		100,164	80,616	99,927	97,225
Contract liabilities		30,084	30,550	-	-
Provision for other liabilities		39,444	48,013	-	-
Current income tax liabilities		1,432	972	-	-
Other financial liabilities, at FVPL	13.1	-	20,000	-	20,000
Borrowings	13	32,580	29,464	11,495	25,495
		<u>203,704</u>	<u>209,615</u>	<u>111,422</u>	<u>142,720</u>
Non-current liabilities					
Trade and other payables		30,594	25,355	-	-
Borrowings	13	33,542	36,161	84	333
Deferred income tax liabilities		86	86	-	-
		<u>64,222</u>	<u>61,602</u>	<u>84</u>	<u>333</u>
Total liabilities		<u>267,926</u>	<u>271,217</u>	<u>111,506</u>	<u>143,053</u>
NET ASSETS		<u>168,906</u>	<u>170,547</u>	<u>100,740</u>	<u>107,515</u>
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	14	86,572	86,572	86,572	86,572
Treasury shares	14	(2,845)	(2,845)	(2,845)	(2,845)
Capital and other reserves		27,668	30,805	3,182	3,182
Retained profits		52,144	52,281	13,831	20,606
Shareholders' equity		<u>163,539</u>	<u>166,813</u>	<u>100,740</u>	<u>107,515</u>
Non-controlling interests		5,367	3,734	-	-
Total equity		<u>168,906</u>	<u>170,547</u>	<u>100,740</u>	<u>107,515</u>

Lum Chang Holdings Limited and its subsidiaries

Condensed Interim Statement of Changes in Equity – Group

	Note	← Attributable to equity holders of the Company →						
		Share capital	Treasury shares	Capital and other reserves	Retained profits	Total	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1H2024								
Balance as at 1 July 2023		86,572	(2,845)	30,805	52,281	166,813	3,734	170,547
Net profit		-	-	-	3,630	3,630	1,656	5,286
Other comprehensive loss		-	-	(3,137)	-	(3,137)	(23)	(3,160)
Total comprehensive (loss)/income		-	-	(3,137)	3,630	493	1,633	2,126
Final dividend for FY2023	7	-	-	-	(3,767)	(3,767)	-	(3,767)
Total transactions with owners, recognised directly in equity		-	-	-	(3,767)	(3,767)	-	(3,767)
Balance as at 31 December 2023		86,572	(2,845)	27,668	52,144	163,539	5,367	168,906
1H2023								
Balance as at 1 July 2022		86,572	(2,845)	36,255	87,535	207,517	2,188	209,705
Net profit		-	-	-	684	684	251	935
Other comprehensive loss		-	-	(4,591)	-	(4,591)	(56)	(4,647)
Total comprehensive (loss)/income		-	-	(4,591)	684	(3,907)	195	(3,712)
Final dividend for FY2022	7	-	-	-	(3,767)	(3,767)	-	(3,767)
Capital contribution by a non-controlling interest		-	-	-	-	-	490	490
Total transactions with owners, recognised directly in equity		-	-	-	(3,767)	(3,767)	490	(3,277)
Balance as at 31 December 2022		86,572	(2,845)	31,664	84,452	199,843	2,873	202,716

Lum Chang Holdings Limited and its subsidiaries
Condensed Interim Statement of Changes in Equity – Company

	Note	← Attributable to equity holders of the Company →				
		Share capital	Treasury shares	Capital		Total
				and other reserves	Retained profits	
		\$'000	\$'000	\$'000	\$'000	\$'000
1H2024						
Balance as at 1 July 2023		86,572	(2,845)	3,182	20,606	107,515
Net loss		-	-	-	(3,008)	(3,008)
Total comprehensive loss		-	-	-	(3,008)	(3,008)
Final dividend for FY2023	7	-	-	-	(3,767)	(3,767)
Total transactions with owners, recognised directly in equity		-	-	-	(3,767)	(3,767)
Balance as at 31 December 2023		86,572	(2,845)	3,182	13,831	100,740
1H2023						
Balance as at 1 July 2022		86,572	(2,845)	3,182	21,945	108,854
Net loss		-	-	-	(4,439)	(4,439)
Total comprehensive loss		-	-	-	(4,439)	(4,439)
Final dividend for FY2022	7	-	-	-	(3,767)	(3,767)
Total transactions with owners, recognised directly in equity		-	-	-	(3,767)	(3,767)
Balance as at 31 December 2022		86,572	(2,845)	3,182	13,739	100,648

Lum Chang Holdings Limited and its subsidiaries

Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		1H2024	1H2023
		\$'000	\$'000
Cash flows from operating activities			
Net profit		5,286	935
Adjustments for:			
Income tax expense/(credit)	6	1,217	(592)
Share of losses of associated companies and joint ventures		1,860	1,293
Allowance for impairment of receivables	5.1	-	28
Amortisation of club memberships	5.1	12	12
Depreciation of property, plant and equipment	5.1	2,731	3,028
Dividend income from financial assets, at FVOCI		(863)	(903)
Gain on disposal of property, plant and equipment – net	5.1	(24)	(130)
Interest income	5.1	(518)	(500)
Finance expense	5.1	1,292	1,465
Property, plant and equipment written off	5.1	10	9
Operating cash flow before working capital changes		11,003	4,645
Change in working capital, net of effects from disposal of a subsidiary:			
- Trade and other receivables		(19,761)	(11,747)
- Contract assets		(18,896)	13,204
- Contract liabilities		(466)	13,041
- Other current assets		(1,458)	6,239
- Development properties/properties held for sale		1,217	6,816
- Trade and other payables		16,576	(9,654)
Cash (used in)/generated from operations		(11,785)	22,544
Income tax refunded/(paid)		842	(720)
Net cash (used in)/provided by operating activities		(10,943)	21,824

Lum Chang Holdings Limited and its subsidiaries

Condensed Interim Consolidated Statement of Cash Flows (continued)

	Group	
	1H2024	1H2023
	\$'000	\$'000
Cash flows from investing activities		
Investment in an associated company	-	(26)
Dividends received from financial assets, at FVOCI	863	903
Interest income received	678	405
Proceeds from disposal of property, plant and equipment	20	341
Proceeds from dissolution of a joint venture	-	235
Purchase of property, plant and equipment	(1,693)	(281)
Purchase of investment property	-	(702)
Net cash (used in)/provided by investing activities	(132)	875
Cash flows from financing activities		
Cash and cash equivalents pledged	227	11
Dividends paid	7 (3,767)	(3,767)
Bank facility fees	(15)	(10)
Interest paid	(1,235)	(1,432)
Proceeds from bank loans	38,201	6,050
Proceeds from issuance of shares to non-controlling interest by a subsidiary	-	490
Repayment of bank loans	(36,861)	(5,958)
Repayment of other financial liabilities, at FVPL	(20,000)	-
Repayment of lease liabilities	(1,086)	(886)
Net cash used in financing activities	(24,536)	(5,502)
Net change in cash and cash equivalents	(35,611)	17,197
Cash and cash equivalents at beginning of financial period	90,480	78,675
Effect of changes in currency translation rates on cash and cash equivalents	(248)	(770)
Cash and cash equivalents at end of financial period	54,621	95,102

Cash and cash equivalents comprised the following:

	Group	
	1H2024	1H2023
	\$'000	\$'000
Cash at bank and on hand	32,800	52,678
Short-term bank deposits	22,148	43,002
Less: Cash and cash equivalents pledged	(327)	(578)
Cash and cash equivalents at end of financial period	54,621	95,102

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements

1. General information

Lum Chang Holdings Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The condensed interim consolidated financial statements as at and for the six months ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are the holding of investments and provision of management services to the Group.

The principal activities of its subsidiaries during the financial year consist of construction, project management, property development for sale and property investment.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore Dollars which is the Company's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest thousands, unless otherwise stated.

2.1. New and amended standards adopted by the Group

A number of amendments to standards have become effective for the financial year beginning 1 July 2023. The application of these standards did not have a material effect on the condensed interim consolidated financial statements.

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

2. Basis of preparation (continued)

2.2. Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's financial statements as at and for the year ended 30 June 2023.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Executive Chairman, and the Managing Director of the Company.

The Group is organised into three main business segments:

(a) Construction

- construction of buildings and building extensions, additions, and alterations, refurbishment and restoration of buildings.

(b) Property development and investment

- develops property for sale and/or holds properties for its own investment purposes and for hotel operations.

(c) Investment holding and others

- holding of investments and provision of management services to the companies within the Group

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

4. Segment and revenue information (continued)

4.1 Segment Information

	<u>Construction</u> \$'000	Property development and investment \$'000	Investment holding and others \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
1H2024					
Revenue from external customers	221,632	10,020	955	-	232,607
Inter-segment revenue	-	668	1,417	(2,085)	-
Segment results	9,015	656	(1,876)	-	7,795
Finance expenses	(63)	(986)	(243)	-	(1,292)
Profit before income tax	8,952	(330)	(2,119)	-	6,503
Income tax expense	(521)	(696)	-	-	(1,217)
Net profit	8,431	(1,026)	(2,119)	-	5,286
Segment results include:					
Interest income	138	202	178	-	518
Depreciation of property, plant and equipment	(2,249)	(360)	(122)	-	(2,731)
Share of losses of associated companies and joint ventures	-	(1,860)	-	-	(1,860)
1H2023					
Revenue from external customers	183,622	12,011	1,085	-	196,718
Inter-segment revenue	-	677	1,465	(2,142)	-
Segment results	3,394	81	(1,667)	-	1,808
Finance expenses	(47)	(809)	(609)	-	(1,465)
Profit before income tax	3,347	(728)	(2,276)	-	343
Income tax credit	747	(137)	(18)	-	592
Net profit	4,094	(865)	(2,294)	-	935
Segment results include:					
Interest income	45	115	340	-	500
Depreciation of property, plant and equipment	(2,377)	(129)	(522)	-	(3,028)
Share of losses of associated companies and joint ventures	-	(1,293)	-	-	(1,293)

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

4. Segment and revenue information (continued)

4.1 Segment Information (continued)

	<u>Construction</u> \$'000	Property development and investment \$'000	Investment holding and others \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
As at 31 December 2023					
Segment assets	218,995	180,664	38,813	(3,445)	435,027
Deferred income tax assets					1,805
Consolidated total assets					<u>436,832</u>
Segment assets include:					
Investment in associates and joint ventures	-	21,175	-	-	21,175
Capital expenditure on property, plant and equipment	1,566	3	847	-	2,416
Segment liabilities	(192,555)	(5,429)	(2,636)	334	(200,286)
Borrowings					(66,122)
Deferred income tax liabilities and current income tax liabilities					(1,518)
Consolidated total liabilities					<u>(267,926)</u>
	<u>Construction</u> \$'000	Property development and investment \$'000	Investment holding and others \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
As at 30 June 2023					
Segment assets	176,121	190,000	73,912	(1,679)	438,354
Tax recoverable					1,593
Deferred income tax assets					1,817
Consolidated total assets					<u>441,764</u>
Segment assets include:					
Investment in associates and joint ventures	-	23,466	-	-	23,466
Capital expenditure on property, plant and equipment	4,211	110	265	-	4,586
Capital expenditure on investment properties	-	701	-	-	701
Segment liabilities	(178,824)	(4,853)	(21,191)	334	(204,534)
Borrowings					(65,625)
Deferred income tax liabilities and current income tax liabilities					(1,058)
Consolidated total liabilities					<u>(271,217)</u>

Lum Chang Holdings Limited and its subsidiaries
Notes to the Condensed Interim Financial Statements (continued)

4. Segment and revenue information (continued)

4.2 Disaggregation of Revenue

	Group 1H2024		
	At a point in time	Over time	Total
	\$'000	\$'000	\$'000
Revenue from construction contracts	-	221,337	221,337
Revenue from sale of properties	1,327	8,306	9,633
Management fees	-	182	182
Total revenue from contracts with customers	1,327	229,825	231,152
Rental income			592
Dividend income from financial assets, at FVOCI			863
Total revenue			232,607

	Group 1H2023		
	At a point in time	Over time	Total
	\$'000	\$'000	\$'000
Revenue from construction contracts	-	183,310	183,310
Revenue from sale of properties	10,385	1,010	11,395
Project advisory and management fees	-	302	302
Total revenue from contracts with customers	10,385	184,622	195,007
Rental income			808
Dividend income from financial assets, at FVOCI			903
Total revenue			196,718

Lum Chang Holdings Limited and its subsidiaries
Notes to the Condensed Interim Financial Statements (continued)

5. Profit before income tax

5.1 Profit before tax is arrived at after crediting/(charging) the following:

	Group	
	1H2024	1H2023
	\$'000	\$'000
Other income		
Interest income	518	500
Government grants	292	878
Sundry income	509	500
	<u>1,319</u>	<u>1,878</u>
Other losses – net		
Allowance for impairment of receivables	-	(28)
Gain on disposal of property, plant and equipment – net	24	130
Currency translation loss – net	(280)	(228)
	<u>(256)</u>	<u>(126)</u>
Expenses		
Interest expense and bank facility fees	(1,292)	(1,465)
Depreciation of property, plant and equipment	(2,731)	(3,028)
Amortisation of club memberships	(12)	(12)
Property, plant and equipment written off	(10)	(9)

5.2 Significant related party transactions

The following transactions between the Group and a related party took place during the financial period:

	Group	
	1H2024	1H2023
	\$'000	\$'000
Joint ventures		
Management services fees	90	90
Directors or their associates		
Rental income	38	-
Consultancy fees paid	-	(58)
Non-controlling interest		
Revenue from construction contracts	-	50
Lease payments	(23)	-

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

5. Profit before income tax (continued)

5.2 Significant related party transactions (continued)

During the preceding financial period ended 31 December 2022, the Group invested additional \$26,000 in cash, representing 25% of its shareholding interests, for additional 2,750 ordinary shares in PT Super Makmur Sejahtera ("PT Super"). This additional investment was mainly for working capital purposes.

The other 75% shareholding interest in PT Super is held by Cyan Bay Pte. Ltd., a wholly owned subsidiary of Ellipsiz Limited ("Ellipsiz"). Ellipsiz is considered a related party to the Company by virtue of common controlling shareholder and directors in the two companies.

6. Income tax expense/(credit)

Tax expense/(credit) attributable to profit is made up of:

	Group	
	1H2024 \$'000	1H2023 \$'000
Current income tax		
- Singapore	604	269
- Foreign	732	30
	1,336	299
Deferred income tax	-	435
	1,336	734
Over provision in prior financial years		
- Current income tax	(119)	(1,326)
	1,217	(592)

7. Dividends

	Group and Company	
	1H2024 \$'000	1H2023 \$'000
<u>Ordinary dividends paid during the period:</u>		
Final dividend of 1.0 cents (2022: 1.0 cents) per ordinary share	3,767	3,767
	3,767	3,767

Lum Chang Holdings Limited and its subsidiaries
Notes to the Condensed Interim Financial Statements (continued)

8. Earnings per share – basic and diluted

	Group	
	1H2024 \$'000	1H2023 \$'000
Net profit attributable to equity holders of the Company	3,630	684
Weighted average number of ordinary shares in issue for basic earnings per share	<u>376,688</u>	<u>376,688</u>
Earnings per share (in cents per share)		
- Basic	0.96	0.18
- Diluted	<u>0.96</u>	<u>0.18</u>

The computation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

9. Net Asset Value

	Group		Company	
	As at 31 December 2023	As at 30 June 2023	As at 31 December 2023	As at 30 June 2023
Net asset* value per ordinary share based on issued share capital (excluding treasury shares which have no voting rights) as at the end of the financial period/year	<u>43.41 cents</u>	<u>44.28 cents</u>	<u>26.74 cents</u>	<u>28.54 cents</u>

* Net asset is defined as shareholders' equity.

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

10. Financial assets and financial liabilities

	Group		Company	
	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Financial assets at fair value				
Financial assets at fair value through other comprehensive income(FVOCI)	17,097	19,827	-	-
Financial assets at amortised cost				
Cash and bank balances and trade and other receivables	234,976	249,441	173,546	212,435
Financial liabilities at fair value				
Financial Liabilities at fair value through profit or loss(FVPL)	-	20,000	-	20,000
Financial liabilities at amortised cost				
Trade and other payables and borrowings	196,874	171,252	111,506	123,010

Fair value measurement

The following table presents financial assets, at FVOCI measured at fair value and classified by level of the following fair value measurement hierarchy.

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair values of borrowings, trade and other receivables and trade and other payables approximate to their carrying amounts.

Lum Chang Holdings Limited and its subsidiaries
Notes to the Condensed Interim Financial Statements (continued)

10. Financial assets and financial liabilities (continued)

Fair value measurement (continued)

The fair value of financial assets, at FVOCI and financial liability, at FVPL are as disclosed:

	<u>Level 3</u>	
	<u>Group</u> \$'000	<u>Company</u> \$'000
<u>As at 31 December 2023</u>		
Financial assets, at FVOCI	17,097	-
<u>As at 30 June 2023</u>		
Financial assets, at FVOCI	19,827	-
Financial liability, at FVPL	20,000	20,000

The following table presents the changes in Level 3 instruments:

	<u>Unlisted equity investments</u> \$'000	<u>Unlisted debt instruments</u> \$'000
	<u>As at 31 December 2023</u>	
Beginning of financial period	19,827	(20,000)
Repayment	-	20,000
Fair value losses recognised in other comprehensive income	(2,730)	-
End of financial period	17,097	-
<u>As at 30 June 2023</u>		
Beginning of financial year	21,241	(20,547)
Fair value losses recognised in other comprehensive income	(1,414)	-
Fair value gains recognised in profit or loss	-	547
End of financial year	19,827	(20,000)

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

10. Financial assets and financial liabilities (continued)

Fair value measurement (continued)

Valuation techniques and inputs used in Level 3 fair value measurements:

Financial assets, at FVOCI

Description	Fair value at 31 December 2023 ('000)	Fair value at 30 June 2023 ('000)	Valuation technique(s)	Significant unobservable input	Range of unobservable input	Relationship of unobservable input to fair value
Unlisted equity investment	\$14,249	\$16,963	Adjusted net asset value	Adjustments for lack of control and marketability	Lack of control 20% Lack of marketability 20%	The higher the adjustments for lack of controls and marketability, the lower the fair value.
Unlisted equity investments	\$2,848	\$2,864	Market approach	Adjustment for lack of marketability (where applicable), EV/Revenue multiples, EV/EBITDA multiples	Lack of marketability 25% EV/Revenue multiples 5.80x EV/EBITDA multiples 12.50x	The higher the adjustments for lack of marketability, the lower the fair value. The higher the adjustment for EV/Revenue and EV/EBITDA multiples, the higher the fair value.

Financial assets, at FVOCI comprise of investments in unlisted equity instruments and the fair values of these instruments are based on the adjusted net assets value or net assets value of the investee companies. This method is appropriate as the assets and liabilities of investee companies are primarily held at their respective fair values at the balance sheet date.

To arrive at the fair value of an unlisted equity instrument accounted for as FVOCI financial asset, downward adjustments are made to the net assets value of the investee company to account for the lack of control and marketability of the unlisted equity instrument. These adjustments incorporate assumptions based on market conditions existing at the balance sheet date and are based on studies of discounts for lack of control and marketability for similar typed instruments.

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

11. Investment properties

Investment properties of the Group include residential, commercial and industrial properties that are held for long-term rental yields and/or for capital appreciation. They are mainly leased to third parties under operating leases. A portion of an investment property which is designated to house the Group's corporate offices is classified as property, plant and equipment.

Investment properties are initially recognised at cost and subsequently carried at fair value. Changes in fair values are recognised in profit or loss.

	Group	
	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Beginning of financial period/year	20,591	19,286
Addition	-	701
Reclassification from property, plant and equipment	-	527
Fair value gains recognised in profit or loss	-	77
End of financial period/year	20,591	20,591

The addition during the preceding financial year relates to a residential property bought in Bangkok, Thailand.

11.1 Valuation

Investment properties are stated at fair value based on independent professional valuations on highest and best use basis. Independent professional valuations are done at least once a year and the last assessment is as at 30 June 2023. Changes in Level 3 fair values as assessed by the external valuers are reviewed by the directors.

Valuation techniques and inputs used in Level 3 fair value measurements

The Direct Market Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the adopted value per square meter.

As at 31 December 2023, management reviewed the valuation prepared by professional valuers as at 30 June 2023 to determine whether the estimates and assumptions used has materially changed. Based on the assessment, management is of the view that the fair value of the investment properties has not materially changed from 30 June 2023 valuations.

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

11. Investment properties (continued)

11.1 Valuation (continued)

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy at 31 December 2023:

Fair value at 31 December 2023 ('000)	Valuation technique (s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Commercial properties in Singapore				
\$19,863 (30 June 2023: \$19,863)	Direct Market Comparison Method	Adopted value per square meter of gross floor area	\$5,727 to \$29,200 per sq.m.	The higher the adopted value, the higher the fair value
Residential property in Thailand				
\$728 (30 June 2023: \$728)	Direct Market Comparison Method	Adopted value per square meter of gross floor area	\$11,675 per sq.m.	The higher the adopted value, the higher the fair value

* There were no significant inter-relationships between unobservable inputs.

12. Property, plant and equipment

During the six months ended 31 December 2023, the Group acquired assets amounting to \$2,416,000 (31 December 2022: \$319,000) and disposed of assets amounting to \$376,000 (31 December 2022: \$234,000).

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

13. Borrowings

Borrowings excluding lease liabilities and finance leases:

	Group		Company	
	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
<u>Amount repayable within one year</u> (net of transaction costs)				
Secured	3,690	2,536	-	-
Unsecured	27,000	25,000	11,000	25,000
<u>Amount repayable after one year</u> (net of transaction costs)				
Secured	31,827	33,730	-	-

The secured borrowings of the Group as at 31 December 2023 are secured by the Group's development properties and a leasehold property.

13.1 Other financial liabilities, at fair value through profit or loss ("FVPL")

	Group and Company	
	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Beginning of financial period/year	20,000	20,547
Repayment	(20,000)	-
Fair value gain (Note 5.1)	-	(547)
End of financial period/year	-	20,000
Unlisted debt instruments		
<i>At fair value - Singapore*</i>		
Current	-	20,000

* Relates to an interest bearing (at 2% p.a.) convertible loan from Risa Partners Inc., pursuant to a convertible loan agreement undertaken on 25 June 2021 (Note 14.1). The Company had fully repaid in cash during current financial period.

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

14. Share capital and treasury shares

	← No. of ordinary shares →		← Amount →	
	Issued share capital '000	Treasury shares '000	Issued share capital \$'000	Treasury shares \$'000
Group and company				
31 December 2023				
Beginning and end of financial period	385,030	(8,342)	86,572	(2,845)
30 June 2023				
Beginning and end of financial year	385,030	(8,342)	86,572	(2,845)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares (except treasury shares) carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company's issued and fully paid-up shares as at 31 December 2023 comprised 376,688,104 (31 December 2022: 376,688,104) ordinary shares with voting rights and 8,341,500 (31 December 2022: 8,341,500) treasury shares with no voting rights. There were no sales, transfers, disposals, cancellation and/or use of treasury shares during the financial period/year ended 31 December 2023 and 30 June 2023.

The Company did not issue and/or purchase any ordinary shares during the financial period/year ended 31 December 2023 and 30 June 2023.

14.1 Convertible Loan (Other financial liabilities, at FVPL)

The number of Shares that may be issued on the convertible loan outstanding as at financial year ended is as follows:

	Group and Company	
	As at 31 December 2023	As at 31 December 2022
Number of shares that may be issued on conversion of all outstanding loan (Note 13.1)	-	45,454,546
Total number of issued shares (excluding treasury shares and subsidiary holdings)	376,688,104	376,688,104

On 25 June 2021, the Company had entered into a convertible loan agreement ("CLA") with an unrelated company, Risa Partners, Inc (the "Lender"), pursuant to which the Lender agreed to extend an interest bearing (at 2% p.a.) convertible loan of S\$20 million. The Company had drawn down the full loan on 21 July 2021. The convertible loan is convertible into 45,454,546 ordinary shares of the Company within two years of the draw down date, or extended by the Lender to three years of the draw down date, at a conversion price of \$0.44 per share subject to adjustments in accordance with the provisions of the CLA. During the current financial period, the other financial liabilities, at FVPL was fully repaid in cash.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Lum Chang Holdings Limited and its subsidiaries

Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 31 December 2023 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company auditors.

2. Review of Group Performance

- (a) Group performance review for the financial period ended 31 December 2023 ("1H2024") compared to the financial period ended 31 December 2022 ("1H2023")

Condensed Consolidated Income Statement

Revenue

The Group reported revenue of \$232.6 million in 1H2024, increase of 18% or \$35.9 million from \$196.7 million in 1H2023. The increase was mainly attributable to higher revenue generated from the Construction segment of \$38.0 million partially offset by lower revenue generated from the Property segment of \$2.0 million.

The increase in revenue from the Construction segment was 21% from \$183.6 million in 1H2023 to \$221.6 million in 1H2024. The increase reflected the improvement in level of construction activities from the various on-going projects as well as commencement of some new projects during this financial period.

The decrease in revenue from the Property segment was 17% from \$12.0 million in 1H2023 to \$10.0 million in 1H2024. There was a sale of a semi-detached unit of \$8.4 million from the Group's Singapore development during the corresponding period last year. No unit was sold for the current financial period as the development was fully sold in the preceding financial year. Conversely, the sales revenue reported from the Group's residential development in Malaysia increased by \$6.6 million in 1H2024 compared to 1H2023 as the development sold more homes under construction in the current financial period.

Gross Profit

As a result of the above, gross profit increased by 57% from \$14.1 million in 1H2023 to \$22.0 million in 1H2024. The increase was also due to cost savings from the Construction segment in 1H2024.

Other income

Other income mainly comprised government grants, interests from bank deposits and other sundry income. The Group's other income decreased by 30% from \$1.9 million in 1H2023 to \$1.3 million in 1H2024 mainly due to lower government grants.

Other losses – net

Other losses – net was \$0.3 million in 1H2024 compared to \$0.1 million in 1H2023. The net losses reported in the current financial period relates mainly to realization of currency translation losses arising from a partial repayment of a quasi-loan denominated in Malaysian Ringgit from a foreign subsidiary.

Lum Chang Holdings Limited and its subsidiaries

Other Information Required by Listing Rule Appendix 7.2

2. Review of Group Performance (continued)

- (a) Group performance review for the financial period ended 31 December 2023 ("1H2024") compared to the financial period ended 31 December 2022 ("1H2023") (continued)

Condensed Consolidated Income Statement (continued)

Expenses

Distribution and marketing expenses decreased by 49% from \$0.2 million in 1H2023 to \$0.1 million in 1H2024 mainly due to lower marketing expenses incurred for the Group's residential development in Malaysia.

Administrative and general expenses increased by 7% from \$12.4 million in 1H2023 to \$13.3 million in 1H2024. Higher expenses reported in 1H2024 was mainly due to increase in staff costs for the Construction segment.

The Group's finance expenses decreased by 12% from \$1.5 million in 1H2023 to \$1.3 million in 1H2024. Despite the continued increase in interest rates in 1H2024, the Group's interest expenses had decreased slightly mainly due to full repayment of the Company's \$40.0 million term and convertible loans in July 2023.

Share of profits of associated companies

The share of profits of associated companies in 1H2024 was \$20,000 compared to \$39,000 in 1H2023. The higher share of profits in 1H2023 was mainly due to a fair value gain on parcels of land owned by an associated company in Bintan, Indonesia.

Share of losses of joint ventures

The share of losses of joint ventures in 1H2024 was \$1.9 million compared to \$1.3 million in 1H2023. These losses mainly arose from a joint venture company which owns the integrated development, Tekka Place in Singapore. The higher loss in 1H2024 was mainly due to the continued hike in interest rates despite better operational performance from the property.

Profit before income tax

The Group reported a profit before income tax of \$6.5 million in 1H2024 compared to \$0.3 million in 1H2023. The better result in 1H2024 was mainly due to improved performance from the Group's Construction segment.

Lum Chang Holdings Limited and its subsidiaries

Other Information Required by Listing Rule Appendix 7.2

2. Review of Group Performance (continued)

- (a) Group performance review for the financial period ended 31 December 2023 ("1H2024") compared to the financial period ended 31 December 2022 ("1H2023") (continued)

Condensed Consolidated Statement of Comprehensive Income

Currency translation differences arising from consolidation

Foreign currency translation differences are recognised on the translation of the Group's share of net assets of foreign operations in Malaysia and Indonesia. Foreign currency translation losses of \$0.8 million for 1H2024 and \$1.9 million for 1H2023 were mainly due to the depreciation of the Malaysian Ringgit and Indonesian Rupiah.

Fair value losses on financial assets, at FVOCI

Fair value losses on financial assets, at FVOCI for 1H2024 and 1H2023 were in respect of the Group's unquoted investments.

- (b) Group Financial Position

Trade and other receivables (Current + Non-current)

Total trade and other receivables of \$176.4 million as at 31 December 2023 increased by \$19.6 million compared to \$156.8 million as at 30 June 2023 mainly due to higher billings for on-going construction projects totaling \$32.5 million, partially offset by collections from construction projects of \$10.9 million and final collections of \$3.8 million from the last two semi-detached units sold in One Tree Hill Collection in preceding financial year.

Contract assets

Contract assets as at 31 December 2023 was \$81.2 million compared to \$62.3 million as at 30 June 2023. The increase of \$18.9 million was mainly due to increase in work carried out but not yet billed to customers for several on-going construction projects.

Development properties

Development properties of \$21.7 million as at 31 December 2023 decreased by \$1.1 million compared to \$22.8 million as at 30 June 2023 mainly due to development costs of \$6.0 million recognized in 1H2024, partially offset by additional development costs of \$5.4 million incurred on the Group's residential development in Malaysia.

Other current assets (Current + Non-current)

Total other current assets as at 31 December 2023 was \$9.7 million compared to \$8.2 million as at 30 June 2023. The increase of \$1.5 million was mainly due to advances extended to a subcontractor for an on-going construction project.

Lum Chang Holdings Limited and its subsidiaries

Other Information Required by Listing Rule Appendix 7.2

2. Review of Group Performance (continued)

(b) Group Financial Position (continued)

Trade and other payables (Current + Non-current)

Total trade and other payables of \$130.8 million as at 31 December 2023 increased by \$24.8 million compared to \$106.0 million as at 30 June 2023. The increase was mainly due to increased billings from subcontractors of construction projects as activities increased.

Contract liabilities

Contract liabilities decreased slightly from \$30.6 million as at 30 June 2023 to \$30.1 million as at 31 December 2023, due to construction revenue recognition upon satisfaction of performance obligations.

Provision for other liabilities

Provision for other liabilities decreased from \$48.0 million as at 30 June 2023 to \$39.4 million mainly due to the recognition of foreseeable losses that were previously provided for a construction project.

Borrowings (Current + Non-current)

Total borrowings increased slightly from \$65.6 million as at 30 June 2023 to \$66.1 million as at 31 December 2023 mainly due to drawdown of loans totaling \$38.2 million to repay Group's existing borrowings and for general corporate purposes; partly offset by repayment of \$36.9 million bank loans.

(c) Review of Consolidated Statement of Cash Flows

Cash and cash equivalent as at 31 December 2023 was \$54.9 million compared to \$91.0 million as at 30 June 2023. The decrease of \$36.1 million had taken into account net cash used in operations of \$10.9 million, net cash used in investing activities of \$0.1 million, and net cash outflow for financing activities of \$24.5 million.

Net cash used for financing activities of \$24.5 million was mainly attributable to (i) net repayment of other financial liabilities, at FVPL of \$20.0 million; (ii) dividends paid to shareholders of \$3.8 million; and (iii) interest paid of \$1.2 million.

Please refer to the cashflow statements for the Group for further details.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

Lum Chang Holdings Limited and its subsidiaries

Other Information Required by Listing Rule Appendix 7.2

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

According to advance estimates released by the Ministry of Trade and Industry (MTI) on 2 January 2024, Singapore's economy grew by 1.2% in 2023, moderating from the 3.6% growth in 2022. In the fourth quarter of 2023, the economy grew by 2.8% on a year-on-year basis, faster than the 1.0% growth in the previous quarter.

During the fourth quarter of 2023, the construction sector benefited from increased output from both the public and private sector and expanded by 9.1% year-on-year, expanding the growth of 6.2% experienced in the previous quarter.

In a statement released on 15 January 2024, the Building and Construction Authority (BCA) expects between \$32 billion to \$38 billion in construction contracts to be awarded in 2024. The public sector is expected to contribute about 55% of the total demand, reaching between \$18 billion and \$21 billion, supported by upcoming major infrastructure and public housing projects. Private sector demand is expected to contribute between \$14 billion and \$17 billion in 2024, arising mainly from residential developments under the Government Land Sales, expansion of the two Integrated Resorts, redevelopment of commercial premises, as well as the development of mixed-used properties and industrial facilities.

The Group's construction division continues to remain focused on shortening delays and completing existing construction projects, while managing overheads and manpower requirements. In tandem, the Group will continue to pursue new projects selectively. As at 31 December 2023, the Group's outstanding value of construction projects in progress is \$1.2 billion.

In Malaysia, the Group sold 12 bungalow units from the phase launched in May 2023 and another 4 units from other phases of the same development as at 31 December 2023. Another phase comprising 34 bungalow units is slated to be launched in the second half of this financial year 2024.

Lum Chang Holdings Limited and its subsidiaries

Other Information Required by Listing Rule Appendix 7.2

5. Dividend Information

(a) Current Financial Year Reported On

Any dividend declared for the current financial year reported on?

Yes

Name of dividend	Interim Dividend
Dividend type	Cash
Dividend per share	0.50 cents per ordinary share
Tax Rate	Tax exempt (1-Tier)

(b) Immediately Preceding Financial Year

Any dividend declared for the immediately preceding financial year?

Yes

Name of dividend	Interim Dividend
Dividend type	Cash
Dividend per share	0.75 cents per ordinary share
Tax Rate	Tax exempt (1-Tier)

(c) Date payable

The interim dividend will be paid on 15 March 2024.

(d) Record date

The Transfer Books and the Register of Members of the Company will be closed at 5.00 p.m. on 29 February 2024 (the "Record Date") for the purpose of determining shareholders' entitlements to the interim dividend (the "Dividend").

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, Republic Plaza, Tower 1, #26-01, Singapore 048619 up to 5.00 p.m. on the Record Date will be registered to determine shareholders' entitlements to the Dividend.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the ordinary shares of the Company as at 5.00 p.m. on the Record Date will be entitled to the Dividend.

6. Interested Party Transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Party Transactions.

Lum Chang Holdings Limited and its subsidiaries

Other Information Required by Listing Rule Appendix 7.2

7. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors which may render the unaudited condensed interim consolidated financial statements for the six months ended 31 December 2023 to be false or misleading in any material aspect.

8. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and executive officers in the format as set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

9. Disclosure of acquisition of shares pursuant to Rule 706A of the Listing Manual

Below is the acquisition of shares pursuant to Rule 706A during the financial period under review.

(A) Incorporation of Subsidiary:

Name	:	Lum Chang Decor Pte Ltd
Country of Incorporation	:	Singapore
Date of Incorporation	:	02 August 2023
Paid-up Registered Capital	:	S\$300,000
Principal Activities	:	Renovation contractors
Effective Interest held	:	80%

BY ORDER OF THE BOARD

YAP LAY HOON

WONG YI

COMPANY SECRETARIES

08 FEBRUARY 2024