

ELLIPSIZ LTD

Company Registration No. 199408329R
(Incorporated in the Republic of Singapore)

MANDATORY CONDITIONAL CASH OFFER FOR LUM CHANG HOLDINGS LIMITED (“LCH”)

1. INTRODUCTION

1.1 The board of directors (the “**Board**”) of Ellipsiz Ltd (the “**Company**”) (together with its subsidiaries, collectively, the “**Group**”), wishes to announce that United Overseas Bank Limited (“**UOB**”) has today announced, for and on behalf of RMDV Investments Pte. Ltd. (the “**Offeror**”), that in accordance with Rule 14.1(b) of the Singapore Code on Take-overs and Mergers (the “**Code**”), the Offeror intends to make a mandatory conditional cash offer (the “**Offer**”) for all of the issued ordinary shares in the capital of LCH (“**LCH Shares**”) (excluding treasury shares) other than those LCH Shares already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (the “**Offer Shares**”).

1.2 The Offeror

The Offeror is a private limited company incorporated in Singapore on 27 October 2020, in which the Company has a 10% shareholding interest and each of Mr Raymond Lum Kwan Sung (“**Mr Raymond Lum**”) and Mr David Lum Kok Seng (“**Mr David Lum**”) has a 45% shareholding interest. The Offeror is a single purpose company incorporated for the purpose of the Offer. Mr Raymond Lum, Mr David Lum and the Company (collectively, the “**Consortium Members**”) have entered into an investors’ agreement (the “**Investors’ Agreement**”) with the Offeror to set out their respective rights and obligations in the Offeror. Further details of the Offeror are set out in paragraph 4 of this announcement (“**this Announcement**”).

1.3 Offer Announcement

A copy of the announcement of the Offer released by UOB (“**Offer Announcement**”) is attached to this Announcement for reference. Please refer to the Offer Announcement for full details of the Offer.

1.4 Chapter 10 of the Listing Manual

This Announcement is made in compliance with Chapter 10 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and should be read in conjunction with the Offer Announcement.

2. DETAILS OF THE OFFER

2.1 The Acquisition

As stated in the Offer Announcement, on the date of the Offer Announcement, Beverian Holdings Pte. Ltd. (“**Beverian**”), a company controlled by Mr David Lum, acquired an aggregate of 791,800 LCH Shares, representing approximately 0.21% of the issued LCH Shares (excluding treasury shares), at the highest price of S\$0.37 per LCH Share (the

"**Acquisition**"). The Acquisition was effected by way of purchases made in the open market, details of which are set out in Schedule 2 of the Offer Announcement.

As a consequence of the Acquisition, the Offeror, a concert party of Beverian, is making the Offer for all the Offer Shares pursuant to Rule 14.1(b) of the Code.

2.2 Offer Consideration

The Offer is at the offer price of **S\$0.38** (the "**Offer Price**") in cash for each Offer Share.

2.3 Acceptance Condition

As stated in the Offer Announcement, the Offer will be conditional on the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding more than 50% of the total number of LCH Shares (excluding treasury shares) as at the close of the Offer.

As at the date of this Announcement, LCH has in issue 376,688,104 LCH Shares (excluding 8,341,500 treasury shares). Mr Raymond Lum, Mr David Lum and their concert parties collectively (directly and indirectly) own, control or have agreed to acquire an aggregate of 160,846,175 LCH Shares (which include LCH Shares acquired pursuant to the Acquisition) representing approximately 42.70% of the issued share capital of LCH. The Company does not own any LCH Shares. The Offer is in respect of the Offer Shares which comprise the remaining 215,841,929 LCH Shares representing 57.30% of the issued share capital of LCH being the LCH Shares that are not already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it as at the date of the Offer.

3. **INFORMATION ON LCH, MR RAYMOND LUM AND MR DAVID LUM**

3.1 LCH

LCH is a public limited company incorporated in Singapore and listed on the Mainboard of the SGX-ST. The principal activities of LCH are the holding of investments and provision of management services to its subsidiaries and joint venture companies. LCH's subsidiaries are principally engaged in construction, project management, property development for sale and property investment.

3.2 Mr Raymond Lum and Mr David Lum

Mr Raymond Lum is the Executive Chairman of LCH, and Mr David Lum is the Managing Director of LCH. Mr Raymond Lum and Mr David Lum are brothers. They are also the controlling shareholders of LCH. As at the date of this Announcement, Mr Raymond Lum and Mr David Lum collectively (directly and indirectly) own, control or have agreed to acquire an aggregate of 160,651,175 LCH Shares representing approximately 42.65% of the issued share capital of LCH.

The controlling shareholder of the Company is Beverian Pte. Ltd. ("**Beverian**"), which holds 100,461,746 ordinary shares representing approximately 60.28% of the issued share capital of the Company (excluding treasury shares). Mr David Lum is the sole legal and beneficial owner of Beverian. Accordingly, 60.28% of the Company's shares ("**Shares**") are beneficially-owned by Mr David Lum.

4. DETAILS OF THE OFFEROR

4.1 Shareholdings of the Consortium Members in the Offeror

The Offeror is a single purpose company incorporated in Singapore for the purpose of making the Offer. The Offeror has a total issued and paid-up share capital of S\$100 comprising 100 ordinary shares (“**Offeror Shares**”), of which:

- (i) 45 Offeror Shares are held by Mr Raymond Lum, representing 45% of the Offeror Shares in issue;
- (ii) 45 Offeror Shares are held by Mr David Lum, representing 45% of the Offeror Shares in issue; and
- (iii) 10 Offeror Shares are held by the Company, representing 10% of the Offeror Shares in issue.

4.2 Collaborating Arrangements

The Consortium Members have entered into the Investors’ Agreement with the Offeror, setting out the terms of the collaborating arrangements, including the following:

- (i) following the Offer, the subsequent sole objective of the Offeror shall be to hold the Offer Shares, and the Offeror shall not carry on any other further business;
- (ii) the Consortium Members agreed that the aggregate price to be paid for the Offer Shares shall be funded by financing from external sources, including by way of loans and/or other credit facilities from banks and other credit-providing institutions or entities, followed by shareholders’ loans (only if required);
- (iii) the Consortium Members shall each be entitled to appoint a representative to the board of the Offeror. As at the date of this Announcement, the board of directors of the Offeror comprises Mr Raymond Lum, Mr David Lum and Mr Kelvin Lum Wen-Sum (“**Mr Kelvin Lum**”). Mr Kelvin Lum is the Executive Director and Chief Executive Officer of the Company;
- (iv) subject to certain conditions, the proposed transfer(s) of the Offeror Shares by any of the Consortium Members is subject to pre-emptive and tag-along rights;
- (v) the Consortium Members have agreed upon a list of reserved matters (“**Reserved Matters**”) which shall not be undertaken except with the unanimous approval or affirmative vote of all the Consortium Members; and
- (vi) each of the Consortium Members has an option, exercisable after (i) the release and discharge of all its and the Offeror’s obligations under any bank financing including any and all encumbrances created in connection with such bank financing over the LCH Shares held by the Offeror; and the earliest of (ii) the expiry of the period of 1 year from the date of the close of the Offer, (iii) the occurrence of a deadlock event under the Investors’ Agreement (which is deemed to occur where the Consortium Members, acting reasonably and in good faith, are not able to agree on any Reserved Matters within the requisite timeframe), and (iv) such other date as may be mutually agreed among the Consortium Members, to request the Offeror to distribute, in accordance with applicable law, the LCH Shares owned by the Offeror to the Consortium Members or as they may direct in accordance with their respective shareholding percentages in the Offeror by way of a dividend-in-specie and/or

capital distribution and/or a repayment of the shareholders' loans given by the Consortium Members to the Offeror in kind and/or such other manner as the Consortium Members may agree.

4.3 The Collaboration is an Interested Person Transaction

Mr Raymond Lum and Mr David Lum are brothers. Mr Raymond Lum is the uncle of Mr Kelvin Lum, the Executive Director and Chief Executive Officer of the Company (who is also a Non-Independent Non-Executive Director of LCH) and Mr Adrian Lum Wen-Hong ("**Mr Adrian Lum**"), a Non-Independent Non-Executive Director of the Company (who is a member of the senior management of LCH). Mr David Lum is Mr Kelvin Lum's and Adrian Lum's father. Both Mr Raymond Lum and Mr David Lum are controlling shareholders of LCH. The controlling shareholder of the Company is Bevrian and Mr David Lum is the legal and beneficial owner of Bevrian. Accordingly, the incorporation of the Offeror and the Company's participation in the Offer constitutes an interested person transaction ("**IPT**") under Chapter 9 of the Listing Manual of the SGX-ST.

4.4 The value of the IPT

As at the date of this Announcement, the Consortium Members had advanced shareholders' loans aggregating S\$1.0 million to the Offeror, of which the Company advanced S\$100,000, in accordance with their respective shareholding proportions in the Offeror.

The aggregate value of all IPTs (including the Company's equity interest in the Offeror, the Company's charge of its account with UOB set out in paragraph 5.2, the Company's advancement of S\$100,000 to the Offeror set out above and excluding transactions which are less than S\$100,000) entered into by the Group with Mr David Lum and his associates (as defined in Chapter 9 of the Listing Manual) for the current financial year commencing on 1 July 2020 up to the date of this Announcement is approximately S\$8.8 million, representing approximately 9.5% of the Group's latest audited net tangible assets as at 30 June 2020 of approximately S\$93.1 million.

Save as disclosed herein, there were no IPT (excluding transactions which are less than S\$100,000) entered into between the Group and other interested persons for the current financial year commencing on 1 July 2020 up to the date of this Announcement.

4.5 Exemption under Rule 916(2) of the Listing Manual

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

- (a) the risks and rewards of the joint venture are in proportion to the equity held by 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.

In accordance with the terms of the Investors' Agreement, the Offeror is incorporated based on the shareholding interests of the Company of 10%, and each of Mr Raymond Lum and Mr David Lum of 45%. The risks and rewards of the collaboration in the Offeror are in proportion

to the respective equity shareholdings of the Consortium Members. Mr Raymond Lum and Mr David Lum do not have any existing equity interest in the Offeror prior to the participation of the Company in the Offeror.

Pursuant to Rule 916(2)(b) of the Listing Manual, the Audit and Risk Committee of the Company, having reviewed the terms of the Investors' Agreement, is of the view that the risks and rewards of the Consortium Members in the Offeror are in proportion to their respective equity shareholdings in the Offeror, and the terms of the Investors' Agreement are not prejudicial to the Company's interests and the interests of its minority shareholders.

5. THE COMPANY'S PARTICIPATION IN THE OFFER

5.1 Rationale for participating in the Offer

The Company's participation in the Offer is strategic in nature to generate better returns through investment in LCH Shares for long-term investment purposes.

The Offeror's rationale for the Offer is stated in paragraph 6 of the Offer Announcement.

5.2 Funding for the Offer

Assuming full acceptance of the Offer Shares by public shareholders of LCH at the Offer Price, the Company's effective interest in LCH will be 5.73% (the "**Full Effective Stake**"), and the maximum amount for the Full Effective Stake is approximately S\$8.2 million (the "**Cash Consideration**").

The Offeror has obtained a loan facility of S\$87.2 million (the "**Loan**") from UOB for the Offer. The Loan is secured by various securities required by UOB. Among the securities are (i) a share charge over all the shares held by the Company in the Offeror, (ii) a charge provided by the Company of up to S\$8.72 million cash held in an account with UOB (equivalent to the Company's proportionate funding in the Offeror) and (iii) a share charge by Bevrian over its shares in the Company.

The Cash Consideration will be funded from the Loan.

5.3 Book value, Asset value, Market value and Net loss

(i) Book value and Asset value

The book value and net tangible asset value of LCH and its subsidiaries (the "**LCH Group**") based on its audited consolidated financial statements as at 30 June 2020 were approximately S\$270.4 million.

(ii) Market value

The market value of the Company's Full Effective Stake in LCH, calculated based on the volume weighted average price of S\$0.35 per LCH Share for all trades transacted on the SGX-ST on 16 November 2020, being the market day immediately preceding the date of this Announcement, is approximately S\$7.6 million.

(iii) Net loss

The net loss before income tax and non-controlling interests of the LCH Group, based on its audited consolidated financial statements for the financial year ended

30 June 2020 (“FY2020”), was approximately S\$2.9 million. Based on the Full Effective Stake, the net loss attributable to the Company was S\$168,000.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed based on Rule 1006 of the Listing Manual are as follows:

Listing Rule	Bases	Relative Figures (%)
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	-5.6% ⁽¹⁾
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares.	16.3% ⁽²⁾
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves.	Not applicable

Notes:

- (1) Computed based on the Company’s Full Effective Stake in the LCH Group’s FY2020 net loss of S\$168,000, compared with the Group’s net profit of S\$3.0 million. This results in the net loss attributable to the asset to be acquired to exceed 5% but does not exceed 10% of the Group’s net profit (taking into account only the absolute values).
- (2) Computed based on the aggregate of the Company’s equity interest in the Offeror, the Company’s charge of its account with UOB set out in paragraph 5.2 and the Company’s advancement of S\$100,000 to the Offeror set out in paragraph 4.4, compared with the Company’s market capitalisation of approximately S\$54.2 million, calculated based on 166,668,285 Shares multiplied by the volume weighted average price of S\$0.325 per Share on 16 November 2020, being the market day immediately preceding the date of the Offer on which Shares were traded on the SGX-ST.

The relative figures under Rules 1006(b) and Rule 1006(c) of the Listing Manual exceed 5% but do not exceed 20%. Under Practice Note 10.1 of the Listing Manual, in the acquisition of a loss-making asset by an issuer, where (i) the absolute relative figure computed on the basis of Rule 1006(c) does not exceed 20%; and (ii) the net loss attributable to the asset to

be acquired exceeds 5% (which involves a negative figure as stated in Rule 1007) but does not exceed 10% of the consolidated net profit or net loss of the issuer (in each case taking into account only the absolute values), an immediate announcement must be made by the issuer. Accordingly, the Offer, if undertaken and completed, does not constitute a transaction which requires shareholders' approval for the purposes of Chapter 10 of the Listing Manual.

7. PRO FORMA FINANCIAL EFFECTS

7.1 Bases and assumptions

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects set out below are purely for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following the close of the Offer.

The following *pro forma* financial effects have been prepared based on (i) the audited consolidated financial statements of the Group for FY2020; and (ii) the audited consolidated financial statements of the LCH Group for FY2020, and subject to the following assumptions:

- (i) completion of the Offer had occurred on 30 June 2020 for the purposes of illustrating the financial effect on the consolidated net tangible assets ("**NTA**") per Share of the Group;
- (ii) completion of the Offer had occurred on 1 July 2019 for the purposes of illustrating the financial effect on the consolidated earnings per Share ("**EPS**") of the Group;
- (iii) the Company's equity interest in the Offeror and the Company's advancement of S\$100,000 to the Offeror as set out in paragraph 4.4; and
- (iv) the transaction costs in relation to the Offer (including the LCH Shares acquired pursuant to the Acquisition) are disregarded for the purposes of computing the financial effects.

7.2 NTA per Share

Assuming that completion of the Offer had occurred on 30 June 2020, the financial effect on the NTA per Share as at 30 June 2020 would be as follows:

	Before completion of the Offer	After completion of the Offer
NTA (S\$'000)	93,069	93,069
Number of Shares (excluding treasury shares) ('000)	166,668	166,668
NTA per Share (cents)	55.84	55.84

7.3 EPS

Assuming that completion of the Offer had occurred on 1 July 2019, the financial effect on the EPS for FY2020 would be as follows:

	Before completion of the Offer	After completion of the Offer
Net loss attributable to shareholders of the Company (S\$'000)	(689)	(689)
Weighted average number of issued Shares (excluding treasury shares) ('000)	167,023	167,023
EPS (cents)	(0.41)	(0.41) ⁽¹⁾

Note:

(1) There is no impact on the *pro forma* EPS as the Company intends to designate the investment at fair value through other comprehensive income.

8. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER**

Save as disclosed in this Announcement and the Offer Announcement, none of the directors or the controlling shareholder of the Company has any interest, direct or indirect, in the Offer, other than through their respective shareholdings (if any) in the Company.

9. **SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Offer.

10. **RESPONSIBILITY STATEMENT**

The directors (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror or LCH (including, without limitation, in relation to the Offeror or LCH), the sole responsibility of the directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

The directors jointly and severally accept responsibility accordingly.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Investors' Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office¹ at 54 Serangoon North Avenue 4 #05-02 Singapore 555854 for a period of 3 months from the date of this Announcement.

By order of the Board
CHOW CHING SIAN
JOHNIE TAN WEE LIANG
Company Secretaries

17 November 2020

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast", "targets" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.

¹ Prior appointment with the Company is required.