
PROPOSED SALE OF PROPERTY UNIT TO AN INTERESTED PERSON

1. Introduction

The Board of Directors (the “**Board**”) of Lum Chang Holdings Limited (the “**Company**”) and its subsidiaries, collectively the “**Group**”) wishes to announce that Lum Chang Auriga Pte. Ltd. (“**LCA**”), a wholly owned subsidiary of the Company, has today granted an option to sell a completed unit located at 62 Jalan Arnap, Singapore 249374 in the development project comprising a total of 14 landed units known as One Tree Hill Collection (the “**Proposed Transaction**”), situated at One Tree Hill, Singapore to Mr David Lum Kok Seng (“**Mr David Lum**” or the “**Purchaser**”), for a consideration of S\$8,388,000 (the “**Sale Price**”).

2. Interested Person Transaction

Mr David Lum is the Managing Director and controlling shareholder of the Company and is regarded an “interested person” as defined under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) and thus, the Proposed Transaction is regarded as an interested person transaction (“**IPT**”).

3. Rationale for the Proposed Transaction

LCA is principally engaged in the business of residential property development. The Proposed Transaction is entered into in the ordinary course of the business of LCA. The Proposed Transaction was entered into on an arm’s length basis and the Sale Price was negotiated on a willing-buyer and willing-seller basis, taking into consideration the prevailing market rates and the pricing offered to the other units in the same development project that had been sold. The usual discounts applicable to other third-party purchasers were also extended to Mr David Lum. No other special discounts were given to him.

4. Terms of the option

- 4.1 The option is exercisable within 2 weeks from the date of grant.
- 4.2 The Sale Price shall be payable by the Purchaser in the following manner:
 - (i) an option fee of S\$83,880 (the “**Option Fee**”), equivalent to 1% of the Sale Price, which had been paid by the Purchaser to LCA upon the grant of the option;
 - (ii) a deposit of S\$1,593,720, equivalent to 20% of the Sale Price less the Option Fee, which is to be paid upon the Purchaser’s exercise of the option;

- (iii) a further deposit of S\$3,355,200, equivalent to 40% of the Sale Price, which is to be paid by the Purchaser no later than 12 weeks from the date of exercise of the option; and
- (iv) the balance sum of S\$3,355,200, equivalent to 40% of the Sale Price, which is to be paid by the Purchaser no later than 24 weeks from the date of exercise of the option, being the completion of the sale and purchase.

If the option is not exercised within 2 weeks from the date of grant, the option shall be null and void and the Option Fee shall be forfeited and retained by LCA absolutely.

4.3 The sale is subject to The Law Society of Singapore's Conditions of Sale 2020 (the "**Conditions of Sale**") in so far as the same are applicable to a sale by private treaty and in so far as the Conditions of Sale and the terms and conditions of the sale and purchase are not contrary to or in conflict with the following:

- (i) Conveyancing & Law of Property (Conveyancing) Rules 2011 as promulgated under the Conveyancing & Law of Property Act; and
- (ii) Singapore Academy of Law (Conveyancing Money) Rules 2011 as promulgated under the Singapore Academy of Law Act 1988 (if applicable).

4.4 Upon the exercise of the option by the Purchaser, there shall constitute a binding contract for the sale and purchase of the unit at the Sale Price and no further contracts or agreements shall be signed by LCA and the Purchaser.

5. Amount at Risk to the Group

5.1 The amount at risk to the Group arising from the Proposed Transaction is 4% based on the Group's latest audited net tangible assets of S\$209,705,000 as at 30 June 2022.

5.2 The current total of all transactions with Mr David Lum and his associates after the Proposed Transaction is S\$8,388,000, excluding transactions which are less than S\$100,000. The current total of all interested person transactions, excluding transactions which are less than S\$100,000 after the Proposed Transaction, is S\$8,388,000.

6. SGX Listing Manual

Under Rule 905 of the Listing Manual, an issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the Group's latest audited net tangible assets ("**NTA**"). Shareholders' approval is required under Rule 906 of the Listing Manual if the value of interested person transaction is equal to or more than 5% of the Group's latest audited NTA.

The Proposed Transaction falls under Rule 905.

7. Statement of the Audit and Risk Committee and Board of Directors

The Audit and Risk Committee of the Company has reviewed and approved the Proposed Transaction and is satisfied that the terms of the Proposed Transaction are on normal commercial terms, fair and reasonable and are not prejudicial to the interests of the Company and its minority shareholders. Similarly, the Board is also satisfied that the terms and conditions of the Proposed Transaction are not prejudicial to the interests of the Company and its minority shareholders. Mr David Lum and his alternate Mr Adrian Lum, his associates Mr Raymond Lum and Mr Kelvin Lum, and Mr Peter Sim whose law firm is acting for Mr David Lum in the Proposed Transaction, who are directors of the Company, had abstained from making any recommendation and approval in respect of the Proposed Transaction.

8. Interests of Directors and Controlling Shareholders

Save as disclosed herein, none of the other Directors or controlling shareholders of the Company has any interest, direct or indirect (other than by reason of their shareholdings and/or directorships in the Company), in the Proposed Transaction.

BY ORDER OF THE BOARD

Tony Fong
Company Secretary
12 January 2023