



Lum Chang Holdings Limited and its subsidiaries

Company Registration Number: 198203949N

Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 31 December 2022

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	22

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

	Note	Group		
		6 months ended	6 months ended	Increase/
		31 December 2022	31 December 2021	(decrease)
		("1H2023") \$'000	("1H2022") \$'000	%
Revenue	4.2	196,718	204,939	(4%)
Cost of sales		(182,588)	(183,974)	(1%)
Gross profit		14,130	20,965	(33%)
Other income	5.1	1,878	1,823	3%
Other (losses)/gains – net	5.1	(126)	1,686	NM *
Expenses				
- Distribution and marketing		(364)	(1,345)	(73%)
- Administrative and general		(12,417)	(13,745)	(10%)
- Finance		(1,465)	(2,459)	(40%)
Share of profits/(losses) of:				
- associated companies		39	414	(91%)
- joint ventures		(1,332)	(2,061)	(35%)
Profit before income tax	5.1	343	5,278	(94%)
Income tax credit/(expense)	6	592	(1,247)	NM *
Net profit		935	4,031	(77%)
Net profit attributable to:				
Equity holders of the Company		684	4,577	(85%)
Non-controlling interests		251	(546)	NM *
		935	4,031	(77%)
Earnings per ordinary share attributable to the equity holders of the Company (cents per share)	8			
- Basic		0.18	1.22	(85%)
- Diluted		0.18	1.19	(85%)

Note * : "NM" denotes not meaningful

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

	Group		
	6 months ended 31 December 2022 ("1H2023") \$'000	6 months ended 31 December 2021 ("1H2022") \$'000	Increase/ (decrease) %
Net profit	935	4,031	(77%)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Losses	(1,898)	(601)	216%
– Reclassification	(113)	(146)	(23%)
	<u>(2,011)</u>	<u>(747)</u>	169%
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Losses	(56)	(425)	(87%)
Financial assets, at fair value through other comprehensive income ("FVOCI")			
– Fair value losses	<u>(2,580)</u>	<u>(993)</u>	160%
	<u>(2,636)</u>	<u>(1,418)</u>	86%
Other comprehensive loss for the period, net of tax	<u>(4,647)</u>	<u>(2,165)</u>	115%
Total comprehensive (loss)/income for the period	<u>(3,712)</u>	<u>1,866</u>	NM *
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(3,907)	2,837	NM *
Non-controlling interests	195	(971)	NM *
	<u>(3,712)</u>	<u>1,866</u>	NM *

Lum Chang Holdings Limited and its subsidiaries

Condensed Interim Balance Sheet

	Note	Group		Company	
		31 December	30 June	31 December	30 June
		2022	2022	2022	2022
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents		95,680	79,264	30,057	28,087
Trade and other receivables		52,543	45,021	39,752	49,944
Contract assets		50,932	64,136	-	-
Other financial assets		4,000	4,000	-	-
Tax recoverable		842	195	-	-
Properties held for sale		7,499	15,918	-	-
Development properties		22,463	21,463	-	-
Other current assets		8,424	14,198	5	3
		<u>242,383</u>	<u>244,195</u>	<u>69,814</u>	<u>78,034</u>
Non-current assets					
Trade and other receivables		109,040	103,939	131,295	132,457
Club memberships		277	288	303	311
Other financial assets		18,660	21,241	-	-
Investments in subsidiaries		-	-	35,828	35,828
Investments in joint ventures		19,134	21,069	-	-
Investments in associated companies		6,046	6,470	-	-
Investment properties	10	19,988	19,286	-	-
Property, plant and equipment	11	33,207	36,480	2,096	2,626
Deferred income tax assets		5,908	6,391	-	-
Other non-current assets		375	840	126	126
		<u>212,635</u>	<u>216,004</u>	<u>169,648</u>	<u>171,348</u>
Total assets		<u>455,018</u>	<u>460,199</u>	<u>239,462</u>	<u>249,382</u>
LIABILITIES					
Current liabilities					
Trade and other payables		83,905	93,441	97,095	98,482
Contract liabilities		19,370	6,330	-	-
Provision for other liabilities		30,761	33,007	-	-
Current income tax liabilities		334	1,428	88	160
Other financial liabilities, at FVPL	12.1	20,547	-	20,547	-
Borrowings	12	55,565	48,442	20,506	512
		<u>210,482</u>	<u>182,648</u>	<u>138,236</u>	<u>99,154</u>
Non-current liabilities					
Trade and other payables		27,030	24,731	-	-
Other financial liabilities, at FVPL	12.1	-	20,547	-	20,547
Borrowings	12	14,567	22,345	578	20,827
Deferred income tax liabilities		223	223	-	-
		<u>41,820</u>	<u>67,846</u>	<u>578</u>	<u>41,374</u>
Total liabilities		<u>252,302</u>	<u>250,494</u>	<u>138,814</u>	<u>140,528</u>
NET ASSETS		<u>202,716</u>	<u>209,705</u>	<u>100,648</u>	<u>108,854</u>
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	13	86,572	86,572	86,572	86,572
Treasury shares	13	(2,845)	(2,845)	(2,845)	(2,845)
Capital and other reserves		31,664	36,255	3,182	3,182
Retained profits		84,452	87,535	13,739	21,945
Shareholders' equity		<u>199,843</u>	<u>207,517</u>	<u>100,648</u>	<u>108,854</u>
Non-controlling interests		2,873	2,188	-	-
Total equity		<u>202,716</u>	<u>209,705</u>	<u>100,648</u>	<u>108,854</u>

Lum Chang Holdings Limited and its subsidiaries

Condensed Interim Statement of Changes in Equity – Group

← Attributable to equity holders of the Company →							
Note	Share capital	Treasury shares	Capital and other reserves	Retained profits	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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	-	-	-	(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
1H2022							
Balance as at 1 July 2021	86,572	(2,845)	41,528	113,431	238,686	19,360	258,046
Net profit/(loss)	-	-	-	4,577	4,577	(546)	4,031
Other comprehensive loss	-	-	(1,740)	-	(1,740)	(425)	(2,165)
Total comprehensive (loss)/income	-	-	(1,740)	4,577	2,837	(971)	1,866
Final dividend for FY2021	-	-	-	(3,767)	(3,767)	-	(3,767)
Capital contribution by a non-controlling interest	-	-	-	-	-	300	300
Interim dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	(1,629)	(1,629)
Transaction with non-controlling interests	-	-	-	-	-	(14,774)	(14,774)
Total transactions with owners, recognised directly in equity	-	-	-	(3,767)	(3,767)	(16,103)	(19,870)
Balance as at 31 December 2021	86,572	(2,845)	39,788	114,241	237,756	2,286	240,042

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 and other reserves	Retained profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
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
1H2022						
Balance as at 1 July 2021		86,572	(2,845)	3,182	6,940	93,849
Net profit		-	-	-	36,801	36,801
Total comprehensive income		-	-	-	36,801	36,801
Final dividend for FY2021	7	-	-	-	(3,767)	(3,767)
Total transactions with owners, recognised directly in equity		-	-	-	(3,767)	(3,767)
Balance as at 31 December 2021		86,572	(2,845)	3,182	39,974	126,883

Lum Chang Holdings Limited and its subsidiaries

Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		1H2023 \$'000	1H2022 \$'000
Cash flows from operating activities			
Net profit		935	4,031
Adjustments for:			
Income tax (credit)/expense	6	(592)	1,247
Share of losses of associated companies and joint ventures		1,293	1,647
Allowance for impairment of receivables	5.1	28	27
Amortisation of club memberships	5.1	12	12
Depreciation of property, plant and equipment	5.1	3,028	3,180
Dividend income from financial assets, at FVOCI		(903)	(880)
Gain on disposal of subsidiaries	5.1	-	(857)
Gain on disposal of property, plant and equipment – net	5.1	(130)	(8)
Interest income	5.1	(500)	(88)
Finance expense	5.1	1,465	2,459
Property, plant and equipment written off	5.1	9	15
Operating cash flow before working capital changes		4,645	10,785
Change in working capital, net of effects from disposal of a subsidiary:			
- Trade and other receivables		(11,747)	(3,720)
- Contract assets		13,204	(5,779)
- Contract liabilities		13,041	(1,125)
- Other current assets		6,239	(223)
- Development properties/properties held for sale		6,816	38,530
- Trade and other payables		(9,654)	6,128
Cash generated from operations		22,544	44,596
Income tax paid		(720)	(450)
Net cash provided by operating activities		21,824	44,146

Lum Chang Holdings Limited and its subsidiaries

Condensed Interim Consolidated Statement of Cash Flows (continued)

		Group	
		1H2023	1H2022
		\$'000	\$'000
Cash flows from investing activities			
Investment in an associated company		(26)	(343)
Dividends received from financial assets, at FVOCI		903	-
Increase in other current assets in relation to investment properties		-	984
Interest income received		405	61
Proceeds from disposal of subsidiaries, net of cash disposed	14	-	51,309
Proceeds from disposal of property, plant and equipment		341	163
Proceeds from dissolution of a joint venture		235	-
Purchase of property, plant and equipment		(249)	(682)
Purchase of investment property		(702)	-
Advances to joint ventures		-	(2,950)
Repayment from a joint venture		-	49
Net cash provided by investing activities		907	48,591
Cash flows from financing activities			
Cash and cash equivalents pledged		11	(4)
Dividends paid	7	(3,767)	(3,767)
Dividends paid to non-controlling shareholders of subsidiaries		-	(1,722)
Distributions to non-controlling interest of a subsidiary		-	(14,774)
Bank facility fees		(10)	(10)
Interest paid		(1,432)	(3,075)
Proceeds from bank loans		6,050	43,218
Proceeds from issuance of shares to non-controlling interest by a subsidiary		458	-
Repayment of bank loans		(5,958)	(97,817)
Repayment of lease liabilities		(886)	(1,165)
Repayment to a non-controlling shareholder of a subsidiary		-	(1,107)
Net cash used in financing activities		(5,534)	(80,223)
Net change in cash and cash equivalents		17,197	12,514
Cash and cash equivalents at beginning of financial period		78,675	99,480
Effect of changes in currency translation rates on cash and cash equivalents		(770)	(502)
Cash and cash equivalents at end of financial period		95,102	111,492

Cash and cash equivalents comprised the following:

		Group	
		1H2023	1H2022
		\$'000	\$'000
Cash at bank and on hand		52,678	107,697
Short-term bank deposits		43,002	4,397
Less: Cash and cash equivalents pledged		(578)	(602)
Cash and cash equivalents at end of financial period		95,102	111,492

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 2022 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 2022 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 2022.

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 2022. The application of these standards did not have a material effect on the condensed interim consolidated financial statements.

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.

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 (continued)

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 2022.

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 segment based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Executive Chairman, the Managing Director, and the Executive 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

	Construction \$'000	Property development and investment \$'000	Investment holding and others \$'000	Total \$'000
1H2023				
Revenue from external customers	183,622	12,011	1,085	196,718
Inter-segment revenue	-	677	1,465	2,142
	<u>183,622</u>	<u>12,688</u>	<u>2,550</u>	<u>198,860</u>
Elimination				(2,142)
Revenue				<u>196,718</u>
Segment results	3,405	79	(1,649)	1,835
Elimination				(27)
				<u>1,808</u>
Finance expenses				(1,465)
Profit before income tax				<u>343</u>
Income tax credit				<u>592</u>
Net profit				<u>935</u>
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)
1H2022				
Revenue from external customers	150,460	53,454	1,025	204,939
Inter-segment revenue	-	673	35,923	36,596
	<u>150,460</u>	<u>54,127</u>	<u>36,948</u>	<u>241,535</u>
Elimination				(36,596)
Revenue				<u>204,939</u>
Segment results	3,393	5,342	(974)	7,761
Elimination				(24)
				<u>7,737</u>
Finance expenses				(2,459)
Profit before income tax				<u>5,278</u>
Income tax expense				(1,247)
Net profit				<u>4,031</u>
Segment results include:				
Interest income	11	9	68	88
Depreciation of property, plant and equipment	(2,517)	(360)	(303)	(3,180)
Share of losses of associated companies and joint ventures	(5)	(1,642)	-	(1,647)

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>	<u>Property development and investment</u>	<u>Investment holding and others</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2022				
Segment assets	176,658	218,145	58,019	452,822
Elimination				(4,554)
Tax recoverable				842
Deferred income tax assets				5,908
Consolidated total assets				<u>455,018</u>
Segment assets include:				
Investment in associates and joint ventures	-	25,180	-	25,180
Capital expenditure on property, plant and equipment	206	102	11	319
Capital expenditure on investment properties	-	701	-	701
Segment liabilities	(153,659)	(6,641)	(21,651)	(181,951)
Elimination				338
Borrowings				(70,132)
Deferred income tax liabilities and current income tax liabilities				(557)
Consolidated total liabilities				<u>(252,302)</u>
	<u>Construction</u>	<u>Property development and investment</u>	<u>Investment holding and others</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2022				
Segment assets	168,308	232,152	58,284	458,744
Elimination				(5,131)
Tax recoverable				195
Deferred income tax assets				6,391
Consolidated total assets				<u>460,199</u>
Segment assets include:				
Investment in associates and joint ventures	235	27,304	-	27,539
Capital expenditure on property, plant and equipment	3,411	435	605	4,451
Segment liabilities	(147,359)	(9,397)	(21,621)	(178,377)
Elimination				321
Borrowings				(70,787)
Deferred income tax liabilities and current income tax liabilities				(1,651)
Consolidated total liabilities				<u>(250,494)</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 1H2023		
	At a point in time \$'000	Over time \$'000	Total \$'000
Revenue from construction contracts			
- Related party *		50	50
- Non-related parties	-	183,260	183,260
Revenue from sale of properties			
- Non-related parties	10,385	1,010	11,395
Management and advisory fees from			
- Related party *	-	92	92
- Non-related parties	-	120	120
- Joint ventures	-	90	90
Total revenue from contracts with customer	10,385	184,622	195,007
Rental income			808
Dividend income from financial assets, at FVOCI			903
Total revenue			196,718

	Group 1H2022		
	At a point in time \$'000	Over time \$'000	Total \$'000
Revenue from construction contracts			
- Non-related parties	-	150,120	150,120
Revenue from sale of properties			
- Related party *	-	780	780
- Non-related parties	18,355	33,680	52,035
Management fees from			
- Non-related parties	-	143	143
- Joint ventures	-	99	99
Total revenue from contracts with customer	18,355	184,822	203,177
Rental income			882
Dividend income from financial assets, at FVOCI			880
Total revenue			204,939

* Related party refers to a company with common director of a subsidiary or an associate of a director and controlling shareholder of the Company.

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

5. Profit before taxation

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

	Group	
	1H2023	1H2022
	\$'000	\$'000
Other income		
Interest income	500	88
Government grants	878	1,345
Sundry income	500	390
	<u>1,878</u>	<u>1,823</u>
Other (losses)/gains – net		
Allowance for impairment of receivables	(28)	(27)
Gain on disposal of property, plant and equipment – net	130	8
Gain on disposal of subsidiaries	-	857
Currency translation (loss)/gain – net	(228)	848
	<u>(126)</u>	<u>1,686</u>
Expenses		
Interest expense and bank facility fees	(1,465)	(2,459)
Depreciation of property, plant and equipment	(3,028)	(3,180)
Amortisation of club memberships	(12)	(12)
Property, plant and equipment written off	(9)	(15)

5.2 Significant related party transactions

In addition to the related party information shown elsewhere in the financial statements, the following transactions between the Group and a related party took place during the financial year:

	Group	
	1H2023	1H2022
	\$'000	\$'000
(i) Consultancy fee paid to a director of the Company	58	64
(ii) Interests on medium term notes paid to directors and their associates	-	119

During the 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.

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

6. Income tax (credit)/expense

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

	Group	
	1H2023	1H2022
	\$'000	\$'000
Current income tax		
- Singapore	269	580
- Foreign	30	-
	299	580
Deferred income tax	435	740
	734	1,320
Over provision in prior financial years		
- Current income tax	(1,326)	(73)
	(592)	1,247

7. Dividends

	Group and Company	
	1H2023	1H2022
	\$'000	\$'000
<u>Ordinary dividends paid during the period:</u>		
Final dividend of 1.0 cents (2021: 1.0 cents) per ordinary share	3,767	3,767

8. Earnings per share – basic and diluted

	Group	
	1H2023	1H2022
	\$'000	\$'000
Net profit attributable to equity holders of the Company	684	4,577
Profit impact of conversion of the potential dilutive shares	-	373
Adjusted net profit attributable to equity holders of the Company	684	4,950
	No. of shares ('000)	No. of shares ('000)
Weighted average number of ordinary shares in issue for basic earnings per share	376,688	376,688
Adjustments for convertible loan	-	40,514
Weighted average number of ordinary shares for diluted earnings per share	376,688	417,202
Earnings per share (in cents per share)		
- Basic	0.18	1.22
- Diluted	0.18	1.19

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.

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

9. Net Asset Value

	Group		Company	
	As at 31 December 2022	As at 30 June 2022	As at 31 December 2022	As at 30 June 2022
Net asset* value per ordinary share based on issued share capital excluding treasury shares	53.05 cents	55.09 cents	26.72 cents	28.90 cents

* Net asset is defined as shareholders' equity.

10. 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 2022 \$'000	As at 30 June 2022 \$'000
Beginning of financial period/year	19,286	119,833
Addition	702	-
Reversal of expenditure for re-development of investment property	-	(67)
Reclassification to property, plant and equipment	-	(2,509)
Disposal	-	(97,483)
Fair value gains recognised in profit or loss	-	100
Currency translation differences	-	(588)
End of financial period/year	19,988	19,286

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

10.1 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 2022. Changes in fair values as assessed by the external valuers are reviewed by the directors.

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

10. Investment properties (continued)

10.1 Valuation (continued)

Valuation techniques and inputs used in 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 2022, management reviewed the valuation prepared by professional valuers as at 30 June 2022 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 2022 valuations.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties that are material to the Group at 31 December 2022:

Fair value at 31 December 2022 ('000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Commercial properties in Singapore				
\$19,286 (30 June 2022: \$19,286)	Direct Market Comparison Method	Adopted value per square meter of lettable floor area	\$6,620 to \$28,800 per sq.m.	The higher the adopted value, the higher the fair value

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

11. Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired assets amounting to \$319,000 (31 December 2021: \$682,000) and disposed of assets amounting to \$234,000 (31 December 2021: \$169,000).

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

12. Borrowings

Borrowings excluding lease liabilities and finance leases:

	Group		Company	
	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
<u>Amount repayable within one year</u> <u>(net of transaction costs)</u>				
Secured	31,058	42,602	-	-
Unsecured	22,000	4,000	20,000	-
<u>Amount repayable after one year</u> <u>(net of transaction costs)</u>				
Secured	13,307	-	-	-
Unsecured	-	20,000	-	20,000

The secured borrowings of the Group as at 31 December 2022 are secured by the Group's development properties and a leasehold property.

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

	Group and Company	
	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
Beginning of financial period/year	20,547	-
Addition	-	20,000
Fair value loss (Note 5.1)	-	547
End of financial period/year	20,547	20,547
Unlisted debt instruments		
<i>At fair value - Singapore*</i>		
Current	20,547	-
Non-current	-	20,547

* 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 13.1).

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

13. 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 2022				
Beginning and end of financial period	385,030	(8,342)	86,572	(2,845)
30 June 2022				
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 2022 comprised 376,688,104 (31 December 2021: 376,688,104) ordinary shares with voting rights and 8,341,500 (31 December 2021: 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 2022 and 30 June 2022.

The Company did not issue and/or purchase any ordinary shares during the financial period/year ended 31 December 2022 and 30 June 2022.

13.1 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 2022	As at 30 June 2022
Number of shares that may be issued on conversion of all outstanding loan (Note 12.1)	45,454,546	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. As at the date of this announcement, no conversion of the convertible loan has taken place.

Lum Chang Holdings Limited and its subsidiaries

Notes to the Condensed Interim Financial Statements (continued)

14. Disposal of subsidiaries

On 21 October 2021, the Group disposed of its subsidiaries that owned a freehold property in the United Kingdom to a third party. The effect of the disposal on the cash flows of the Group were:

	Group As at 31 December 2021 \$'000
Carrying amounts of assets and liabilities as at the date of disposal:	
Cash and cash equivalents	301
Investment property	97,483
Trade and other receivables	3,070
Total assets	<u>100,854</u>
Trade and other payables	1,378
Borrowings	<u>49,570</u>
	<u>50,948</u>
Net assets disposed of	<u>49,906</u>
Cash inflows arising from disposal:	
Net assets disposed of (as above)	49,906
Reclassification of currency translation reserve	847
Total assets	<u>50,753</u>
Gain on disposal (Note 5.1)	857
Cash proceeds on disposal	<u>51,610</u>
Less: Cash and cash equivalents in subsidiary disposed of	<u>(301)</u>
Net cash inflow on disposal as reflected in the consolidated statement of cash flow	<u>51,309</u>

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 2022 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 2022 ("1H2023") compared to the financial period ended 31 December 2021 ("1H2022")

Condensed Consolidated Income Statement

Revenue

The Group reported revenue of \$196.7 million in 1H2023, a decrease of 4% or \$8.2 million from \$204.9 million in 1H2022. The decrease was mainly attributable to lower revenue generated from the Property segment of \$41.4 million partially offset by higher revenue generated from the Construction segment of \$33.2 million.

The decrease in revenue from the Property segment by 78% from \$53.4 million to \$12.0 million in 1H2023 arose mainly from less units sold for the Group's residential developments in Singapore and Malaysia. One of the last two units of the Group's residential development in Singapore, One Tree Hill Collection, was sold in October 2022.

The increase in revenue from the Construction segment was 22% from \$150.5 million to \$183.6 million in 1H2023. The increase reflected the improvement in level of construction activities from the various on-going projects post Covid-19 pandemic as well as commencement of some new projects during this financial period.

Gross Profit

Gross profit fell by 33% from \$21.0 million to \$14.1 million in 1H2023. The drop was mainly due to lower sales from the Property segment in 1H2023.

Other (losses)/gains – net

Other losses – net was \$0.1 million in 1H2023 compared to other gains – net of \$1.7 million in 1H2022.

The other gains – net in 1H2022 relates mainly to net gain on disposal of subsidiaries (\$0.9 million) and realisation of currency translation gains (\$0.8 million) arising from distribution of capital from the net sales proceeds in Sterling of the abovementioned.

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 2022 ("1H2023") compared to the financial period ended 31 December 2021 ("1H2022") (continued)

Condensed Consolidated Income Statement (continued)

Expenses

Distribution and marketing expenses fell by 73% from \$1.3 million to \$0.4 million in 1H2023 mainly due to decreased sales commission paid as less units were sold from the Group's residential developments in Singapore and Malaysia in 1H2023.

Administrative and general expenses fell by 10% from \$13.8 million to \$12.4 million in 1H2023. Higher expenses reported in 1H2022 was mainly due to the operating costs of the subsidiaries that owned a freehold property in the United Kingdom that was disposed in the same financial period.

The Group's finance expenses have decreased 40% (\$1.0 million) from \$2.5 million to \$1.5 million mainly due to full repayment of the development loan for One Tree Hill Collection during 2H2022 and replacement of the medium term notes redeemed in September 2021 with a term loan and convertible loan at lower fixed rates.

Share of profits of associated companies

The share of profits of associated companies in 1H2023 was \$39,000 compared to \$414,000 in 1H2022. The lower share of profits in 1H2023 was mainly due to lower 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 1H2023 was \$1.3 million compared to \$2.1 million in 1H2022. These losses mainly arose from a joint venture company which owns the integrated development, Tekka Place in Singapore. The lower loss in 1H2023 was mainly due to better operation performance from both hotel and retail mall spurred by the easing of Covid-19 pandemic travel restrictions since beginning of 2022.

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 2022 ("1H2023") compared to the financial period ended 31 December 2021 ("1H2022") (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 various foreign operations in Malaysia, the United Kingdom, and Indonesia. Foreign currency translation loss of \$1.9 million for 1H2023 was mainly due to loss recognised as a result of the depreciation of the Malaysian Ringgit and Indonesian Rupiah. The translation loss of \$1.0 million for 1H2022 arose mainly from the depreciation of the Sterling Pound.

Fair value losses on financial assets, at FVOCI

Fair value losses on financial assets, at FVOCI for 1H2023 and 1H2022 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 \$161.6 million as at 31 December 2022 increased by \$12.6 million compared to \$149.0 million as at 30 June 2022 mainly due to higher billings for on-going construction projects totaling \$17.1 million partially offset by collection from construction projects of \$5.7 million.

Contract assets

Contract assets as at 31 December 2022 was \$50.9 million compared to \$64.1 million as at 30 June 2022. The decrease of \$13.2 million was mainly due to progressive billings raised for completed residential development in Singapore amounting to \$18.0 million partially offset by increase in work carried out but not yet billed for several construction projects amounting to \$4.8 million.

Development properties

Development properties of \$22.5 million as at 31 December 2022 increased by \$1.0 million compared to \$21.5 million as at 30 June 2022 mainly due to additional development costs incurred on the Group's residential development in Malaysia.

Other current assets (Current + Non-current)

Total other current assets as at 31 December 2022 was \$8.8 million compared to \$15.0 million as at 30 June 2022. The drop of \$6.2 million was mainly due to decrease of advances extended to subcontractors previously against claim on work done for some of the on-going construction projects.

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)

Investment properties

Investment properties increased by \$0.7 million to \$20.0 million as at 31 December 2022 (30 June 2022: \$19.3 million). The increase was related to purchase of a freehold residential property in Bangkok, Thailand.

Trade and other payables (Current + Non-current)

Total trade and other payables of \$110.9 million as at 31 December 2022 decreased by \$7.3 million compared to \$118.2 million as at 30 June 2022. The decrease was mainly due to net decrease in payables to subcontractors of construction projects of \$7.9 million.

Contract liabilities

Contract liabilities increased from \$6.3 million as at 30 June 2022 to \$19.4 million as at 31 December 2022, mainly due to higher progressive billings received of \$12.7 million for a construction project ahead of revenue recognition.

Provision for other liabilities

Provision for other liabilities decreased from \$33.0 million as at 30 June 2022 to \$30.8 million mainly due to recognition of foreseeable losses that was previously provided for a construction project (\$1.6 million) and reversal of defect provisions for several completed construction projects (\$0.6 million).

(c) Review of Consolidated Statement of Cash Flows

Cash and cash equivalent as at 31 December 2022 was \$95.7 million compared to \$79.3 million as at 30 June 2022. The increase of \$16.4 million takes into account net cash from operations of \$21.8 million and net cash generated from investing activities of \$0.9 million, offset by net cash outflow for financing activities of \$5.5 million.

Net cash from investing activities of \$0.9 million was generated mainly from dividends received from the Group's unquoted investments of \$0.9 million, interest income received of \$0.4 million and proceeds from dissolution of a joint venture \$0.2 million, offset by \$0.7 million for purchase of a freehold residential property in Bangkok, Thailand.

Net cash used for financing activities of \$5.5 million was mainly attributable to dividends paid to shareholders of \$3.8 million and interest paid of \$1.4 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 3 January 2023, Singapore's economy grew by 3.8% in 2022, slower than the 7.6% growth recorded in 2021. In the fourth quarter of 2022, the economy expanded by 2.2% on a year-on-year basis, moderating from the 4.2% growth in the previous quarter.

As both public and private sector construction output continued to recover, the construction sector expanded by 10.4% year on year growth in the fourth quarter, accelerating from the 7.8% growth in the previous quarter.

Meanwhile, the Building and Construction Authority (BCA) in a statement released on 12 January 2023, projects the total construction demand in 2023 to range between \$27 billion and \$32 billion, similar to that of 2022. More than half (60%) of the projected demand, is expected to come from public sector projects, with between \$16 billion and \$19 billion worth of infrastructure and public housing projects in the pipeline. Of these, civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works. Private sector demand is expected to reach between \$11 billion and \$13 billion in 2023, supported by new residential and high-specification industrial buildings, and commercial asset-enhancement redevelopment projects.

The Group's construction arm succeeded in securing a contract for the construction of a hotel development at Orchard Road. Valued at \$110 million, its scope of works includes the erection of a 19-storey hotel comprising 246 rooms with ancillary facilities.

The outstanding value of construction projects in progress as at 31 December 2022 stood at \$1.46 billion. We anticipate that the operating environment will remain challenging amid rising labour and raw material costs and the Group continues to exercise prudent financial discipline while working to improve operational performance and cost efficiency. The Group will closely monitor the delivery of its construction projects, while tendering for public and private sector contracts prudently.

The last unit at the Group's landed development, One Tree Hill Collection, was sold in January 2023.

In Malaysia, the Group launched 24 semi-detached units in December 2022 and have since sold 5 units (as at 28 January 2023). Another 7 units had been sold to date from other phases of the same development since the beginning of the current financial year. Another phase comprising 24 bungalow units is slated to be launched in the second half of this financial year 2023.

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	0.75 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	Special Dividend
Dividend type	Cash	Cash
Dividend per share	0.75 cents per ordinary share	2.25 cents per ordinary share
Tax Rate	Tax exempt (1-Tier)	Tax exempt (1-Tier)

(c) Date payable

The interim dividend will be paid on 16 March 2023.

(d) Record date

The Transfer Books and the Register of Members of the Company will be closed at 5.00 p.m. on 28 February 2023 (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 80 Robinson Road, #02-00, Singapore 068898 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 2022 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 set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

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

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

(A) Incorporation of Subsidiary:

Date	Details		Announcement Reference No.
30 August 2022	Name:	Lum Chang Brandsbridge Pte Ltd (“LCBB”)	SG220830OTHR3VXH dated 30 August 2022
	Principal activities:	Retrofitting and Interior Finishing	
	Issued & Paid-up Share Capital:	\$1,000,000	
	Effective Interest Held by The Group:	40.8%	
	LCBB has increased the share capital from \$2 (initial paid-up capital) to \$1,000,000 on 18 October 2022.		

(B) Dissolution of Joint Venture:

Date	Details		Announcement Reference No.
18 August 2022	Name:	Nishimatsu-Lum Chang JV	-
	Principal activities:	General Building Engineering Design and Consultancy Services	
	Issued & Paid-up Share Capital:	\$20,000	

BY ORDER OF THE BOARD
TONY FONG
COMPANY SECRETARY
10 FEBRUARY 2023