
DISPOSAL OF INTERESTS IN SERVICED RESIDENCE BLOCK AND ANCILLARY FACILITY IN THE UNITED KINGDOM

1. INTRODUCTION

The Board of Directors of Lum Chang Holdings Limited (the "**Company**") wishes to announce that its subsidiary, Wembley Properties Pte Ltd ("**WPPL**") had on 24 September 2021 entered into a sale and purchase agreement ("**SPA**") with Crosstree Co-Living Holdings Limited (the "**Purchaser**"), to dispose of its 32,458,915 ordinary shares in Kelaty Holdings Limited ("**KHL**") representing 100% of the total issued share capital of KHL (the "**Sale Shares**") to the Purchaser (the "**Transaction**").

WPPL is a company incorporated in Singapore and held by the Company and Sin Heng Chan (1960) Private Limited in a 70%:30% ratio.

KHL and its wholly-owned subsidiaries, Kelaty Propco Limited and Kelaty Leaseco Limited ("**Subsidiaries**") are special-purpose companies incorporated in Jersey, Channel Islands. The Subsidiaries respectively own the freehold interest in a recently completed serviced residence block located at Kelaty House, First Way, Wembley HA9 0JD, London, United Kingdom and the long leasehold rights to an ancillary car park at the basement of the apartment block. The serviced residence block, which is located in the Wembley regeneration area, comprises an 11-storey building with 300 rooms and the car park has 45 lots (collectively, the "**Property**"). KHL and the Subsidiaries are collectively referred as KHL Group in this announcement.

The Transaction is in the ordinary course of the Company's business. Following the Transaction, the KHL Group will cease to be subsidiaries of the Company.

2. PRINCIPAL TERMS AND CONDITIONS

The consideration receivable for the Transaction (the "**Share Consideration**") is approximately £28.87 million (or approximately S\$53.12 million based on an exchange rate of (£1.00:S\$1.84), and shall be satisfied by the Purchaser in cash. The Share Consideration is arrived at following arm's length negotiations on a willing-buyer and willing-seller basis, taking into consideration, *inter alia*, the agreed value of the Property at £54.50 million and the proforma unaudited consolidated net asset value ("**NAV**") of the KHL Group as at the Completion Date which will take place on twenty (20) business days from the date of the SPA (the "**Completion Date**"). The Share Consideration is subject to post-completion review and adjustments (if any) which is expected to conclude at end of 2021 (the "**Completion**").

A deposit of £2,725,000 is payable upon the signing of the SPA and will be retained by the Seller's solicitors as stakeholder pending successful completion of the Transaction. The Share Consideration net of the deposit will be paid on Completion Date. WPPL and the Purchaser have provided the standard representations, warranties and undertakings for transactions in the nature of the Transaction in the SPA, under which the liability of the Company is limited to £1.00.

3. FINANCIAL EFFECTS

The Property's carrying value as at 30 June 2021 for accounting purposes is £52.50 million. Based on the proforma NAV of KHL Group at completion date, the estimated net gain after deducting related transaction costs is approximately S\$0.85 million. The Group's 70% share of the net gain is S\$0.60 million. This gain will be reported in the current financial year ending 30 June 2022 upon completion of the Transaction.

4. RATIONALE

The Transaction marks an opportunity for the Company to realize its investment in the Property and the Company's share of the proceeds will be used to partly fund future investments of the Company and its subsidiaries (the "**Group**") and for working capital purposes.

The Group's principal activities include property development and investment. The Transaction is in the ordinary course of business of the Group and will not therefore constitute a "transaction" for the purposes of Chapter 10 of the listing manual of Singapore Exchange Securities Trading Limited.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

BY ORDER OF THE BOARD

Tony Fong

Tan Eng Chan Gerald

Company Secretaries

25 September 2021