

STARLAND HOLDINGS LIMITED
Company Registration No.: 201131382E
(Incorporated in the Republic of Singapore)

**ACQUISITION OF 85% INTEREST IN A COMPANY
BY 51% OWNED SUBSIDIARY LUMINOR CAPITAL (MALAYSIA) SDN. BHD.
- RESPONSE TO QUERIES FROM SGX-ST**

The Board of Directors (“**Board**”) of Starland Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) to the Company on the Company’s announcement dated 14 July 2020 (the “**Announcement**”) in relation to the acquisition of 85% interest in a company by 51% owned subsidiary, Luminor Capital (Malaysia) Sdn. Bhd. Unless otherwise defined in this announcement, all capitalised terms used herein bear the same meanings as in the Announcement.

SGX-ST Query 1

Puncak recorded profit before tax of RM15,427, profit after tax of RM12,475 and a net tangible liability of RM150,209 for year ended 31 December 2019. The purchase price is negotiated on an arm’s length basis after evaluating the business and licenses of Puncak for the financial solutions business in Malaysia.

- (a) Please explain and elaborate on how the Board derived and agreed on a consideration of RM600,000 for 85% in Puncak?
- (b) Were there cashflow projections performed for Puncak and if so, what were the key assumptions?
- (c) Please elaborate on the licenses of Puncak, and the validity of such licenses.

Company’s Response

Luminor had identified and evaluated a number of companies having rights and approvals granted by relevant authorities to conduct and provide factoring facilities to suppliers of goods and services to government and government related entities (**Factoring Transactions**). Such Factoring Transactions are facilitated for payment through a government designated payment platform (**Payment Platform**).

- (a) The negotiations for the price and the terms for the acquisition of the interest of Puncak were conducted between parties on an arms-length and on a willing-buyer willing-seller basis, and having considered the following matters:
 - (i) Puncak was unable to expand their business due to insufficient capital, and so recorded a revenue of RM52,940 and profit after tax of only RM12,475 for the year ended 31 December 2019.

- (ii) Puncak had negative equity of RM150,209 as at 31 December 2019. However, on 18 June 2020, Puncak has increased its share capital by the issue of an additional 120,000 shares at RM1 per share. Accordingly, the adjusted net tangible liability is reduced to RM30,209. In addition, Puncak has no contingent liabilities.
 - (iii) As Puncak's actual results have been low, Luminor negotiated for a lower purchase price of RM600,000 for the initial stake of 85% interest and for higher price for the remaining stake by granting Luminor the Call Option for the balance 15% interest at RM1,000,000.
 - (iv) One of a conditions precedent prior to the completion of the 85% interest in Puncak is that Puncak shall demonstrate successful completion of at least one Factoring Transaction.
 - (v) Luminor will evaluate the performance of the factoring business before exercising its rights on the Call Option, during the option period.
- (b) Cash flow projections for the factoring business were performed, and the general assumptions used are typical for the factoring business in Malaysia, including but not limited to adequate funding, new clients obtained, and rates charged. Management have assessed the assumptions used to be reasonable and the returns on investment are attractive based on the projections.
- (c) To clarify, there are no specific named licenses issued by regulatory authorities required for Puncak's business, however, certain rights and approvals are required for the operating of Puncak's Factoring Transactions on the designated Payment Platform and these are the "licenses" referred to in the announcement when arriving at the purchase consideration. Such rights and approvals currently held by Puncak (which have no expiry date but subject to review from time to time) include:
- (i) Letter from Bank Negara Malaysia stating the company has complied with provisions provided under the Banking and Financial Institutions Act 1989 in relation to businesses of leasing, factoring and building credit; and
 - (ii) Letter from Ministry of Finance Malaysia granting approval in relation to application of the Company as a factoring company.

SGX-ST Query 2

Similarly, how did the Company arrive at and agree on the price of the Call Option price of RM1,000,000 for remaining 15% interest in Puncak? Please elaborate on the measures of performance that the Board will look at before exercising the option to acquire the remaining 15% interest in Puncak.

Company's Response

Please refer to above Company response to SGX Query 1

SGX-ST Query 3

Please explain on the number of staff and level of staff in the Company dedicated to its financial solution business. Specifically, does the Company have appropriate expertise in the factoring, leasing and building credit business (business of Puncak)?

Company's Response

Luminor currently has 10 staff employed for the purpose of the factoring business. They comprise of a Head of Factoring, an Operations Manager, a Credit Manager and seven sales and marketing staff. They have the appropriate working experience and expertise, and collectively they have many years of working experience and expertise in financial institutions and factoring business. Upon the successful completion of acquisition of the 85% equity interest in Puncak, these 10 staff shall be transferred to Puncak. Luminor does not intend to pursue the leasing and building credit businesses at this point in time, and an entry to this business will be subject to the appropriate expertise being acquired or available.

BY ORDER OF THE BOARD

Peng Peck Yen
Executive Director
16 July 2020

*This announcement has been prepared by Starland Holdings Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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