

LUMINOR FINANCIAL HOLDINGS LIMITED
(Company Registration Number: 201131382E)
(Incorporated in the Republic of Singapore)

ENTRY INTO BINDING MEMORANDUMS OF UNDERSTANDING IN RELATION TO:

- (1) **THE PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF LUMINOR CAPITAL (MALAYSIA) SDN. BHD.; AND**
 - (2) **THE PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF FUNDED HERE PTE. LTD.**
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1. BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF LUMINOR CAPITAL (MALAYSIA) SDN. BHD.

1.1 INTRODUCTION

The Board of Directors (the “**Board**”) of Luminor Financial Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Starland Axis Pte. Ltd. (“**SAPL**”), has on 28 January 2022 entered into a binding memorandum of understanding (“**LCM MOU**”) with Meridian Salute Sdn. Bhd. (“**MSSB**”).

The LCM MOU sets out the key understandings between SAPL and MSSB which form the basis for SAPL and MSSB to conclude SAPL’s proposed acquisition of such number of shares held by MSSB in Luminor Capital (Malaysia) Sdn. Bhd. (“**LCM**”) (“**LCM Sale Shares**”), representing 49% of the total number of issued shares in the capital of LCM as at the date of the completion of the Proposed LCM Acquisition (“**LCM Completion**”) (“**Proposed LCM Acquisition**”).

1.2 INFORMATION ON MSSB AND LCM

MSSB is a private company incorporated in Malaysia on 10 October 2017 and is principally an investment holding company. MSSB is 50% owned by Mr Wisun Soon and 50% owned by Mr Lim Aik Teong, both of whom are currently the directors of LCM. As at the date of this announcement, save as disclosed herein, MSSB is not related to the Company, the Directors and controlling shareholders of the Company, and their respective associates.

LCM is principally engaged in the business of financial services and offers financing solutions such as factoring and supply chain financing. As at the date of the LCM MOU, LCM is a 51%-owned subsidiary of SAPL and the balance 49% is owned by MSSB. Following the LCM Completion, LCM will become a wholly-owned subsidiary of SAPL. As at the date of this announcement, LCM owns 100% shareholding in El Nuwr Sdn. Bhd. and Luminor Credit Sdn. Bhd., 85% shareholding in SA Puncak Management Sdn. Bhd. and 49% shareholding in Fiscalab Capital Markets Sdn. Bhd..

The unaudited consolidated net tangible asset (“**NTA**”) of LCM as at 31 December 2021 was RM1,364,685 (or equivalent to S\$441,789 based on the exchange rate of S\$1:RM3.089). The unaudited consolidated profit before tax of LCM for the financial year ended 31 December (“**FY**”) 2021 was RM4,108,574 (or equivalent to S\$1,330,066).

1.3 SALIENT TERMS OF THE LCM MOU

- 1.3.1 The Proposed LCM Acquisition is conditional upon and subject to SAPL’s and MSSB’s entry into a definitive sale and purchase agreement (“**Definitive LCM SPA**”) within one (1) month from the date of the LCM MOU or such later date as may be requested by SAPL. SAPL will be entitled to extend the LCM MOU by another three (3) months upon the expiry of the LCM MOU by issuing a written request to MSSB, thereupon the LCM MOU will be extended automatically. The LCM MOU will expire automatically thereafter if the Definitive LCM SPA is not entered into within the validity period of the LCM MOU.

1.3.2 Purchase Consideration

The purchase consideration for the LCM Sale Shares ("**LCM Purchase Consideration**"), which was arrived at on a willing buyer and willing seller basis, is calculated based on 49% of 8 times the earnings before interest, taxes, depreciation and amortization of LCM for FY2021 as ascertained from the audited accounts of LCM, taking into account the visibility of existing loans signed to be disbursed and the expected rapid growth momentum for FY2022, future funding requirements to fund its growth and the value of taking full control to implement its strategic plans. As at the date of this announcement, the audited accounts of LCM for FY2021 are not available yet. Based on the management accounts of LCM for FY2021, the LCM Purchase Consideration is estimated to be approximately S\$10,411,520.

The LCM Purchase Consideration will be satisfied in the following manner on LCM Completion:

- (i) 50% of the LCM Purchase Consideration by cash; and
- (ii) 50% of the LCM Purchase Consideration through the issue of such number of new ordinary shares in the capital of the Company at the issue price of S\$0.30 per ordinary share by the Company to MSSB ("**LCM Consideration Shares**").

1.3.3 Conditions Precedent

The conditions precedent for the LCM Completion will include:

- (i) SAPL being satisfied with the results of the due diligence investigations (whether legal, financial, contractual, tax or otherwise) carried out by SAPL in respect of LCM;
- (ii) the approval from the shareholders of the Company being obtained for the transactions contemplated in the Definitive LCM SPA;
- (iii) the approval and other compliance requirements of the relevant authorities in Singapore (including the listing and quotation notice from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the admission, listing and quotation of the LCM Consideration Shares on the SGX-ST); and
- (iv) such other conditions as may be required by the board of directors of SAPL.

1.4 **RATIONALE FOR THE PROPOSED LCM ACQUISITION**

Since commencing operations in 2020, LCM has grown significantly. From a core team of 4 in 2020, LCM now has a total staff strength of 29. LCM has seen a steady growth in revenue, from RM1,440,840 (or equivalent to S\$466,442) for FY2020 to RM14,221,669 (or equivalent to S\$4,603,971) for FY2021 (unaudited). Given the continued growth of LCM, the proposed acquisition of LCM is an opportunity for the Company to hold 100% stake in LCM while it is still in early growth stage.

2. **BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF FUNDED HERE PTE. LTD.**

2.1 **INTRODUCTION**

The Board also wishes to announce that SAPL has on 28 January 2022 entered into a binding memorandum of understanding ("**FH MOU**" and together with the LCM MOU, the "**MOUs**") with Siaw Ten Ten, Tee Tsun Chiek and Ngiam Heng Jun Wendy (as the Court-appointed Deputy appointed to act for and on behalf of Lin Wei, Daniel) (collectively the "**FH Vendors**").

The FH MOU sets out the key understandings between SAPL and the FH Vendors which form the basis for SAPL and the FH Vendors to conclude SAPL's proposed acquisition of such number of shares held by the FH Vendors in Funded Here Pte. Ltd. ("**FH**"), representing approximately

71.55% of the total number of issued shares in the capital of FH as at the date of the completion of the Proposed FH Acquisition (“**FH Completion**”) (“**Proposed FH Acquisition**” and together with the Proposed LCM Acquisition, the “**Proposed Acquisitions**”). It is the intention of SAPL to acquire up to 100% of the entire issued shares in the capital of FH (“**FH Sale Shares**”) on the same terms and conditions as are applicable to the FH Vendors.

2.2 INFORMATION ON THE FH VENDORS AND FH

As at the date of the FH MOU, the FH Vendors collectively own approximately 71.55% of the total number of issued shares in the capital of FH. As at the date of this announcement, none of the FH Vendors are related to the Company, the Directors and controlling shareholders of the Company, and their respective associates.

FH is Singapore’s first MAS-licensed equity and debt crowdfunding platform that aspires to connect the most promising startups and companies to strategic investors through its regulated platform. The platform has close to 1,800 investors where more than 75% of them are accredited investors. Following the FH Completion, SAPL will own at least approximately 71.55% stake in FH.

The audited NTA of FH as at 31 December 2020 was S\$997,574. The audited loss before tax of FH for the financial year ended 31 December 2020 was S\$337,545.

2.3 SALIENT TERMS OF THE FH MOU

2.3.1 The Proposed FH Acquisition is conditional upon and subject to SAPL’s and the FH Vendors’ entry into a definitive sale and purchase agreement (“**Definitive FH SPA**”) within two (2) weeks from the date of the FH MOU or such later date as may be requested by SAPL or the FH Vendors. The FH MOU will expire automatically thereafter if the Definitive FH SPA is not entered into within the validity period of the FH MOU.

2.3.2 Purchase Consideration

The purchase consideration for the FH Sale Shares of S\$4,057,215 (“**FH Purchase Consideration**”) and together with the LCM Purchase Consideration, the “**Purchase Consideration**”) was arrived at on a willing buyer and willing seller basis and is the issued and paid-up share capital of FH as at the date of the FH MOU. The FH Vendors will be entitled to such amount of FH Purchase Consideration according to their respective shareholding percentage in FH.

The FH Purchase Consideration will be satisfied in the following manner on FH Completion:

- (i) 58% of the FH Purchase Consideration through the issue of such number of new ordinary shares in the capital of the Company at the issue price of S\$0.30 per ordinary share by the Company to the FH Vendors (“**FH Consideration Shares**” and together with the LCM Consideration Shares, the “**Consideration Shares**”); and
 - (ii) 42% of the FH Purchase Consideration:
 - (a) by cash; or
 - (b) through the issue of such number of FH Consideration Shares at the issue price of S\$0.30 per FH Consideration Share by the Company to the FH Vendors, at the option of the FH Vendors.
- 2.3.3 It is the intention of SAPL to acquire up to 100% of the entire issued shares in the capital of FH on the same terms and conditions as are applicable to the FH Vendors. Accordingly, the FH Vendors will use their best endeavours to assist SAPL to procure the other shareholders of FH to sell the remaining shares in FH owned by them to SAPL on the same terms and conditions.

2.3.4 Conditions Precedent

The conditions precedent for the FH Completion will include:

- (i) SAPL being satisfied with the results of the due diligence investigations (whether legal, financial, contractual, tax or otherwise) carried out by SAPL in respect of FH;
- (ii) the approval from the shareholders of the Company being obtained for the transactions contemplated in the Definitive FH SPA;
- (iii) the approval and other compliance requirements of the relevant authorities in Singapore (including the listing and quotation notice from the SGX-ST for the admission, listing and quotation of the FH Consideration Shares on the SGX-ST);
- (iv) all existing capital markets service license(s) held by FH necessary or desirable for its business have been validly obtained and are valid and subsisting and all conditions and requirements applicable to such license(s) have been complied with; and
- (v) waiver of the pre-emption rights of existing shareholders of FH (if any).

2.4 **RATIONALE FOR THE PROPOSED FH ACQUISITION**

FH is an equity and debt crowdfunding peer-to-peer platform headquartered in Singapore. It holds a Capital Markets Services License granted by the Monetary Authority of Singapore, which allows FH to match borrowers with both retail and accredited investors. As a non-bank financial institution, the Company could leverage on its experience to expand its financial solution business to include a peer-to-peer equity and lending based crowdfunding market place services regionally.

3. **ISSUE PRICE OF THE CONSIDERATION SHARES**

The issue price of the Consideration Shares of S\$0.30 per Consideration Share (“**Issue Price**”) represents a premium of 235.95% to the volume weighted average price of the Company’s shares of S\$0.0893 on 28 January 2022, which is the full market day on which the Company’s shares were traded on the date of the MOUs. The Issue Price was arrived at after arm’s length negotiations between SAPL and MSSB and between SAPL and the FH Vendors after taking into consideration, *inter alia*, the net asset value of the Company as at 30 September 2021, after adjusting for the repossession of the Company’s land bank in Fuling, Chongqing, People’s Republic of China, the potential gain on sale of the Company’s remaining properties held for sale and provision for income tax payable.

4. **FINANCING**

Part of the Purchase Consideration will be satisfied by the allotment and issue of the Consideration Shares. The Purchase Consideration payable by the Group in cash may be partly funded through a shareholder’s loan to be granted by Mr Kwan Chee Seng, the non-executive Director and controlling shareholder of the Company to the Company. The Company will make the relevant announcement(s) in compliance with the requirements of Chapter 9 of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the SGX-ST upon finalisation of the terms and conditions of such loan, if required.

5. **SERVICE CONTRACT**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisitions. Accordingly, no service contract is proposed to be entered into in connection with the Proposed Acquisitions.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the LCM MOU and/or the FH MOU, other than through their respective shareholdings (if any) in the Company.

7. DOCUMENTS FOR INSPECTION

Copies of the MOUs are available for inspection at the registered office of the Company at 30 Cecil Street, #10-01/02 Prudential Tower, Singapore 049712 for a period of three months from the date of this announcement.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company at investor@luminorfinancialholdings.com prior to making any visits to arrange for a suitable time slot for the inspection.

8. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of Chapter 8 and 10 of the Catalist Rules upon the execution of the Definitive LCM SPA and Definitive FH SPA and/or when there are material developments in relation to the LCM MOU and/or the FH MOU.

9. CAUTION IN TRADING

Shareholders and potential investors should note that the LCM MOU and FH MOU are subject to the fulfilment of, *inter alia*, the conditions set out above, including entering into the definitive sale and purchase agreements and obtaining the relevant regulatory approvals. There is no certainty or assurance that the definitive sale and purchase agreements will be entered into, or that the Proposed LCM Acquisition or Proposed FH Acquisition will be completed. Shareholders and potential investors should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial tax or other professional advisers.

BY ORDER OF THE BOARD

Kwan Yu Wen
Executive Director
28 January 2022

This announcement has been prepared by Luminor Financial 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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