

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

ENTRY INTO EXCHANGEABLE AND CONVERTIBLE NOTE AGREEMENT

1 INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Luminor Financial Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 31 March 2022, 29 April 2022 and 30 June 2022, and wishes to announce that the Company’s wholly-owned subsidiary, Starland Axis Pte. Ltd. (“**SAPL**”), has on 16 August 2022 entered into:

- (a) an exchangeable and convertible note agreement (“**ECNA**”) with PT Adiwisista Daya Investama (“**PT ADI**”), PT Adiwisista Daya Pratama (“**PT ADP**”) and the other investors (including SAPL, the “**Investors**”) in relation to the Investors’ proposed subscription of:
 - (i) exchangeable notes of an aggregate principal amount of US\$1,662,500 which is exchangeable into such number of ordinary shares in PT Adiwisista Finansial Teknologi (“**PT AFT**”) representing 17.5% of the total number of shares in PT AFT (the “**Exchange Shares**”) issued by PT ADI (the “**Exchangeable Notes**”), in which SAPL will subscribe for an Exchangeable Note with principal amount of US\$950,000 which is exchangeable into 10.0% of PT AFT; and
 - (ii) convertible notes of an aggregate principal amount of US\$87,500 which is convertible into such number of ordinary shares in PT ADI representing 17.5% of the total number of shares in PT ADI (the “**Conversion Shares**”) issued by PT ADI (the “**Convertible Notes**”), in which SAPL will subscribe for a Convertible Note with principal amount of US\$50,000 which is convertible into 10.0% of PT ADI.
- (b) a collaboration agreement with PT ADP, under which SAPL and PT ADP shall share certain capabilities and knowledge including product and technological knowledge and operations know-how.

2 INFORMATION ON PT ADP

PT ADP is a private company incorporated in Indonesia on 27 April 2018 and is principally an investment holding company. PT ADP is 50% owned by PT Laplace Danadipa Group (“**LDP**”) and 50% owned by PT Anugrah Aditama Wisista (“**AAW**”). As at the date of this announcement, save as disclosed herein, PT ADP is not related to the Company, the Directors and controlling shareholders of the Company, and their respective associates.

PT ADP is principally engaged in the business of financial services through its subsidiary, PT AFT, which holds a license as an information technology-based borrowing-lending service provider by the Otoritas Jasa Keuangan, the financial services authority of Indonesia (“**OJK**”) and operates a peer-to-peer lending platform marketed as danai.id. Based on the latest management accounts of PT AFT for the six-month period ended 30 June 2022, the net loss after taxes and net assets value is IDR2.7 billion and IDR6.5 billion respectively.

PT ADP also operates a cloud-based employee payroll administration system called “**URUS**” that is integrated with Danai.id to offer employee benefits services accessible from mobile applications, through its subsidiary, PT ADI, which was recently incorporated on 19 April 2022.

As at the date of this announcement, PT ADP owns 90% shareholding in PT AFT (with the remaining 10% shareholding held by AAW), and 99.8% shareholding in PT ADI (with remaining 0.2% shareholding held by AAW).

3 RATIONALE

PT ADP operates a peer-to-peer lending platform headquartered in Jakarta, Indonesia. It holds a license as an Information Technology-Based Borrowing-Lending Service Provider issued by the Financial Services Authority of Indonesia, which allows PT AFT to match borrowers with lenders. The subscription of the Exchangeable Notes and Convertible Notes, together with the Collaboration Agreement, will give the Group an opportunity to enter the Indonesian financial services market, in line with the Group's strategy to expand its financial services in the region and create business and operational synergies with the Group's existing financial services business in Singapore and Malaysia. Given the foregoing, the Board believes that the entry into the ECNA and Collaboration Agreement will enhance shareholder value for the Group.

4 SALIENT TERMS OF THE ECNA

4.1 Conditions Precedent

The Investors' subscription of the Exchangeable Notes and the Convertible Notes is conditional upon, *inter alia*, the following conditions precedent being fulfilled or waived by SAPL (as lead investor) at its discretion:

- (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 PT ADP, PT AFT and PT ADI;
- (ii) all necessary corporate approvals of PT ADI as required in accordance to its Articles of Association in relation to the issuance of the Exchangeable Notes and the Convertible Notes in such form acceptable to SAPL having been obtained and duly executed;
- (iii) (in respect of the Exchangeable Notes) deeds or resolutions of the board of shareholders, commissioners and directors of PT ADP and PT AFT authorising acceptance of the Exchangeable Notes and approval of its respective shareholders for the transactions contemplated in the ECNA;
- (iv) (in respect of the Exchangeable Notes) if required, waivers of the pre-emption rights from all existing shareholders of PT AFT or third parties and the necessary approvals or consents from banks, financial institutions or third parties for the issuance of shares upon exchange of the Exchangeable Notes;
- (v) (in respect of the Convertible Notes) deeds or resolutions of the board of commissioners and directors and shareholders of PT ADI authorising acceptance of the Convertible Notes and approval of its respective shareholders for the transactions contemplated in the ECNA;
- (vi) (in respect of the Convertible Notes) if required, waivers of the pre-emption rights from all existing shareholders of PT ADI or third parties and the necessary approvals or consents from banks, financial institutions or third parties for the issuance of shares upon conversion of the Convertible Notes;
- (vii) a pledge over shares in over 100% of the total number of shares in PT AFT, in favour of the Investors (the "**Share Pledge**");

- (viii) a joint and several personal guarantee given by the controlling founders as guarantee for the obligations of PT ADI under the ECNA (the “**Personal Guarantee**”);
- (ix) scanned copy of amendment to the Articles of Association of PT AFT that change its KBLI code to the applicable code under KBLI 2020 including its receipt of approval or notification to MLHR (as applicable) and copy of the updated Business Identification Number (Nomor Induk Berusaha/NIB), in such form acceptable to SAPL; and
- (x) duly updated Taxpayer’s Identification Number or Nomor Pokok Wajib Pajak of PT AFT.

If any of the conditions precedent set out in the ECNA is not fulfilled or otherwise waived by SAPL at its discretion on or before sixty (60) days after the date of the ECNA or such later date as the parties may agree in writing, the ECNA will cease and determine at the sole option of SAPL.

4.2 Completion

Subject to the satisfaction or waiver of the conditions precedent, completion of the Investors’ subscription of the Note shall take place within one (1) week after the fulfilment or waiver of the conditions precedent under the ECNA (the “**Completion Date**”).

4.3 Exchangeable Notes

The key terms of the Exchangeable Notes are as follows:

- (i) The Exchangeable Notes shall bear simple interest at the rate of 6% per annum accruing on a daily basis based on the principal amount of the Exchangeable Notes, which is payable in advance by PT ADI every 3 months commencing on the Completion Date;
- (ii) SAPL shall be entitled to require all noteholders to exchange the Exchangeable Notes into the Exchange Shares at any time prior to the date falling 36 months from the Completion Date (the “**Maturity Date**”);
- (iii) If the Exchangeable Notes are not exchanged into Exchange Shares, the Exchangeable Notes shall be automatically redeemed on the Maturity Date and PT ADI shall pay the principal amount of the Exchangeable Notes together with all interest accrued thereon to the noteholders in cash.

4.4 Convertible Notes

The key terms of the Convertible Notes are as follows:

- (i) The Convertible Notes shall bear simple interest at the rate of 6% per annum accruing on a daily basis based on the principal amount of the Convertible Notes, which is payable in advance by PT ADI every 3 months commencing on the Completion Date;
- (ii) SAPL shall be entitled to require all noteholders to exchange the Convertible Notes into the Conversion Shares at any time prior to the Maturity Date;

- (iii) If the Convertible Notes are not exchanged into Conversion Shares, the Convertible Notes shall be automatically redeemed on the Maturity Date and PT ADI shall pay the principal amount of the Convertible Notes together with all interest accrued thereon to the noteholders in cash.

4.5 Security

By way of security, to secure the obligations of PT ADI under the ECNA, PT ADI has agreed to procure:

- (i) the shareholders of PT AFT to provide the Share Pledge, in favour of the Investors; and
- (ii) the controlling founders to provide the Personal Guarantee, as guarantee for the obligations of PT ADI under the ECNA, in favour of the Investors.

4.6 Collaboration Agreement

In connection with the terms of the ECNA, SAPL and PT ADP have also entered into a collaboration pursuant to which they have agreed to work with and collaborate with SAPL to explore potential business opportunities within the financial services industry in Indonesia, Malaysia and Singapore on the terms and conditions set out therein.

5 **SOURCE OF FUNDS FOR THE SUBSCRIPTION OF THE NOTES**

The principal amount of the Exchangeable Note and the Convertible Note subscribed by SAPL is an amount of US\$950,000 and US\$50,000 respectively (the “**Subscription Consideration**”), in which the balance of the principal amount of the Exchangeable Notes and the Convertible Notes are subscribed by the remaining Investors. The Subscription Consideration will be satisfied by the Group in cash which 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.

6 **FINANCIAL EFFECTS OF THE SUBSCRIPTION OF THE EXCHANGEABLE NOTES AND CONVERTIBLE NOTES**

The tables illustrating the financial effects of SAPL’s subscription of the Exchangeable Notes and the Convertible Notes on (i) the NTA per Share of the Group (assuming SAPL’s subscription of the Exchangeable Notes and the Convertible Notes had been completed at the end of that financial year); and (ii) the earnings per Share (“**EPS**”) of the Group (assuming that the SAPL’s subscription of the Exchangeable Notes and the Convertible Notes had been completed at the beginning of that financial year), based on the latest audited consolidated financial statements of the Group for FY2021 are set out below.

For the avoidance of doubt, the financial effects of SAPL’s subscription of the Exchangeable Notes and the Convertible Notes on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after SAPL’s subscription of the Exchangeable Notes and the Convertible Notes. These financial effects do not take into account (i) any other corporate actions announced and undertaken by the Group; and (ii) any issuance of new Shares, on or after 1 January 2022. The financial effects also do not take into account any fees and expenses to be incurred in relation to SAPL’s subscription of the Exchangeable Notes and the Convertible Notes.

6.1 NTA per Share of the Group

Assuming SAPL's subscription of the Exchangeable Notes and the Convertible Notes had been completed on 31 December 2021, the financial effects on the NTA per Share of the Group as at 31 December 2021 are as follows:

	Before SAPL's subscription of the Exchangeable Notes and Convertible Notes	After SAPL's subscription of the Exchangeable Notes and Convertible Notes
NTA attributable to equity holders of the Company (RMB'000)	105,870	105,870
Number of Shares	144,733,000	144,733,000
NTA per Share	73.15	73.15

6.2 EPS of the Group

Assuming SAPL's subscription of the Exchangeable Notes and the Convertible Notes had been completed on 1 January 2021, the financial effects on the EPS of the Group for FY2021 are as follows:

	Before SAPL's subscription of the Exchangeable Notes and Convertible Notes	After SAPL's subscription of the Exchangeable Notes and Convertible Notes
Net profit attributable to equity holders of the Company (RMB'000)	(6,063)	(5,681)
Weighted average number of Shares	144,733,000	144,733,000
EPS (RMB cents)	(4.19)	(3.93)

7 RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

For the purposes of Chapter 10 of the Catalist Rules, the relative figures for SAPL's subscription of the Exchangeable Notes and Convertible Notes, computed on the bases set out in Rule 1006 of the Catalist Rules based on the latest unaudited consolidated financial statements of the Group for the six-month period ended 30 June 2022 ("6M2022"), are set out below.

Rule	Bases	Relative Figures
1006 (a)	Net asset value ⁽¹⁾ of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	6.15% ⁽¹⁾⁽²⁾
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not applicable
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	6.51% ⁽³⁾
1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006 (e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) Based on Rule 1003(4)(a), in any provision of financial assistance, for Rule 1006(a), the reference to "net asset value of the assets to be disposed of" shall mean the aggregate value of the financial assistance.
- (2) Based on the Subscription Consideration of US\$1,000,000 (or equivalent to S\$1,390,750 based on an exchange rate of S\$1:US\$0.71904) and the unaudited net asset value of the Group of RMB108,840,000 for 6M2022 (or equivalent to S\$22,611,405 based on an exchange rate of S\$1:RMB4.8135).
- (3) The Company's market capitalisation of S\$21,354,655 is based on the Company's issued ordinary share capital (excluding treasury shares and subsidiary holdings) of 158,182,630 Shares and VWAP of S\$0.135 on 12 August 2022, being the last traded market day prior to the date of the exchangeable and convertible note agreement.

As the relative figures under Rules 1006(a) and 1006(c) exceed 5% but is less than 75%, SAPL's subscription of the Exchangeable Notes and the Convertible Notes constitutes a "Discloseable Transaction" under Rule 1010 of the Catalist Rules.

8 SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with SAPL's subscription of the Exchangeable Notes and the Convertible Notes and Collaboration Agreement. Accordingly, no service contract is proposed to be entered into in connection with SAPL's subscription of the Exchangeable Notes and the Convertible Notes and Collaboration Agreement.

9 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated in the ECNA and the Collaboration Agreement, other than through their respective shareholdings (if any) in the Company.

10 DOCUMENTS FOR INSPECTION

Copies of the ECNA and the Collaboration Agreement 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 3 months from the date of this announcement.

Please contact the Company at investor@luminorfinancialholdings.com prior to making any visits to arrange for a suitable time slot for the inspection.

12. CAUTION IN TRADING

Shareholders and potential investors should note that the transactions contemplated in the ECNA and the Collaboration Agreement are subject to the fulfilment of, *inter alia*, the conditions set out above, including obtaining the relevant regulatory approvals (if required). There is no certainty or assurance that SAPL's subscription of the Exchangeable Notes and Convertibles Notes will be completed. Shareholders and potential investors should exercise caution when trading in the Shares. 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
16 August 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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