STARLAND HOLDINGS LIMITED
(Company Registration Number 201131382E)
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERY FROM SGX IN RESPECT OF THE ANNOUNCEMENT ON 5 FEBRUARY 2020 IN RELATION TO THE EXERCISE OF OPTION TO CONVERT PART OF THE CONVERTIBLE LOAN TO 51% EQUITY INTEREST IN LUMINOR CAPITAL (MALAYSIA) SDN. BHD.

The Board of Directors ("**Board**") of Starland Holdings Limited (“**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 7 February 2020, in relation to the Company’s announcement dated 5 February 2020 on exercise of option to convert part of the convertible loan to 51% equity interest in Luminor Capital (Malaysia) Sdn. Bhd. (“**Announcement**”).

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Announcement.

SGX-ST Query 1

On Luminor Malaysia, it was said in the Company's 22 Jul 2019 announcement that it "also acquired 49% interest in Fiscalab Capital Markets Sdn Bhd ("**Fiscalab**") on 6 March 2019, and that Fiscalab has a Capital Markets Services license granted by the Securities Commission of Malaysia". In the Company's announcement of 5 February 2020, it states that the Company has "an agreement to acquire 49% interest in Fiscalab as a start and subsequently to acquire another 31% interest in Fiscalab”.

Please explain the discrepancy.

Company Response

The information on Fiscalab was provided by Luminor Malaysia for the purpose of the announcement of 22 July 2019. Subsequently, the Company had commenced a due diligence review and noted that the shares of Fiscalab have not been transferred to Luminor Malaysia due to administrative reasons. Nonetheless, Luminor Malaysia had already taken over control over the operations of Fiscalab since the date of the agreement to acquire the 49% on 6 March 2019, hence the earlier representation. The Company had reflected the correct legal position of Fiscalab in the circular to the shareholders dated 10 October 2019 in relation to the diversification of the Group’s business into the financial solutions business and the directors had taken the view this discrepancy is not material and has no impact on the Company’s decision to exercise the option on Luminor Malaysia. (The Company confirmed that the above is in order)

SGX-ST Query 2(a)

The Company has on 4 Feb 2020 exercised its Option to convert RM1.96m of total convertible loan for 51% interest in enlarged share capital of Luminor Malaysia, the option price of which has been reduced from RM4m to RM1.96m following further negotiations.

Luminor Malaysia Group incurred a loss after tax of RM373,787 and had a net tangible asset of RM511,825 as at 31 December 2019.

It was stated that the acquisition represents an opportunity for the Company to diversify into Financial Solutions Business as Luminor Malaysia Group has the requisite licenses required for the Financial Solutions Business in Malaysia. We also note that the Company had sought the diversification mandate in Oct 2019.

(a) Please elaborate and explain the decision to exercise the option to convert RM1.96m of total convertible loan for 51% interest in enlarged share capital of Luminor Malaysia. Please explain and justify with bases on how this is in the best interests of the shareholders.

Company Response

Luminor Malaysia was incorporated on 23 July 2018, and with plans to enter into the Financial Solutions Business ("**FSB**"). A pre-requisite for entry and growth in the FSB is to have the relevant licenses. As at 4 February 2020, it is notable that Luminor Group has a Money Lending license (licensee is Luminor Credit Sdn Bhd), and exercise control over Fiscalab which holds a Capital Markets and Services license.

Initially, the Option price for the acquisition of the 51% interest in Luminor Malaysia was RM4 million, which was then reduced to RM1.96 million after negotiated at arms-length, as Luminor Malaysia had not completed the acquisition of a licensee to facilitate entry into the invoice factoring business.

The Management/Directors believe that it is in the best interest of the shareholders to exercise the option to convert RM1.96 million of total convertible loan for 51% interest in enlarged share capital of Luminor Malaysia as Luminor Malaysia already has the requisite licenses to enter into the FSB in Malaysia. Further Luminor Malaysia's founders and key employees are largely ex-bankers with experience in the FSB in Malaysia. By acquiring the 51% interest in Luminor Malaysia who already has the requisite licenses, the Group can immediately carry-out its plans to commence FSB operations in Malaysia; which involves exploring and pursuing avenues to identify, develop and roll-out new FSB products and services, targeting the underserved SMEs and individuals in Malaysia.

SGX-ST Query 2(b)

(b) Does the Company currently have the relevant expertise to carry out the Financial Solutions Business in Malaysia? Please elaborate.

Company response

The Company has determined and identified that Luminor Malaysia has the relevant expertise to manage the FSB in Malaysia. Luminor Malaysia's founders and key employees are largely ex-bankers with experience in the FSB in Malaysia. To further grow the business and to promote the roll-out of new products, the Company has, together with Luminor Malaysia, evaluated the needs for additional manpower and expertise for the FSB. The Company will continuously review for the needs and will, as and when required, hire suitably qualified personnel to manage the FSB.

SGX-ST Query 2(c)

(c) Was there any in-house or outsourced valuation exercise performed to justify the conversion price of RM1.96m of total convertible loan for 51% interest in Luminor Malaysia?

Company response

The conversion price is RM1.96 million for the acquisition of the 51% interest in Luminor Malaysia. The Company did not commission an independent valuation exercise and arrived at the conversion price, which was revised from the initial RM4 million after arms-length negotiations between the parties. In arriving at the consideration price, the Company took into consideration the licenses held by the target, experience and expertise of the management in the target and that the exercise of the option would allow the Group to commence FSB operations in an expedient and cost effective manner vis a vis the Group establishing a new FSB business without any licenses on hand.

BY ORDER OF THE BOARD

Peng Peck Yen
Executive Director
10 February 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.*

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