

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

**EXERCISE OF OPTION TO CONVERT PART OF THE CONVERTIBLE LOAN TO 51% EQUITY
INTEREST IN LUMINOR CAPITAL (MALAYSIA) SDN. BHD.**

1. INTRODUCTION

The Board of Directors ("**Board**") of Starland Holdings Limited ("**Company**") and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 22 July 2019 on the RM7,000,000 (approximately S\$2,333,333) convertible loan agreement ("**CLA**") between the Company's wholly-owned subsidiary, Starland Axis Pte. Ltd. ("**Axis**") with Luminor Capital (Malaysia) Sdn. Bhd. ("**Luminor Malaysia**") ("**Previous Announcement**"). Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning as ascribed to them in the Previous Announcement.

The Board wishes to announce that pursuant to the CLA, Axis has on 4 February 2020 issued a conversion notice to exercise the option to convert RM1,960,032 (approximately S\$653,344 at an agreed exchange rate of S\$1: RM3) of the total convertible loan for 51% interest in the enlarged share capital of Luminor Malaysia. The option price has been reduced from RM4,000,000 (approximately S\$1,333,333) as originally set out in the CLA to RM1,960,032 (approximately S\$653,344) following further negotiations between the parties. The remaining loan balance of RM5,039,968 (approximately S\$1,679,989) shall be repayable to the Company within 12 months from the loan drawdown date of 24 July 2019.

Following the exercise of the option, Luminor Malaysia will be a subsidiary of the Company.

2. ABOUT LUMINOR MALAYSIA

Luminor Malaysia is a financial services holding company incorporated in Malaysia on 23 July 2018. As at the date of announcement, Luminor Malaysia has 100% interest in Mornington Assets Sdn. Bhd. ("**Mornington**"); 80% interest in Venture Credit Sdn. Bhd. (now known as Luminor Credit Sdn. Bhd. ("**LCredit**")); and an agreement to acquire 49% interest in Fiscalab Capital Markets Sdn. Bhd. ("**Fiscalab**") as a start and subsequently to acquire another 31% interest in Fiscalab (collectively the "**Luminor Malaysia Group**").

Mornington is an investment holding, project management and consultancy related services company. It has not commenced operations since the date of incorporation.

LCredit is a licensed company under the Malaysia Moneylenders Act 1951 by Malaysia Ministry of Housing and Local Government. The principal business of LCredit is to provide financial assistance to borrowers.

Fiscalab is a licensed company under the Malaysia Capital Markets and Services Act 2007 by the Securities Commission Malaysia. The principal business of Fiscalab is to undertake corporate finance advisory services.

Luminor Malaysia is 19.99% owned by Luminor Capital Pte Ltd (“**LCPL**”) and 80.01% owned by Meridian Salute Sdn. Bhd (“**Meridian**”). Meridian is 62.5% owned by Mr Wisun Soon (“**Mr Soon**”) and 37.5% owned by Mr Lim Aik Teong (“**Mr Lim**”). The directors of Luminor Malaysia are Mr Soon and Mr Lim. Both Mr Soon and Mr Lim are directors of Meridian and they are not related to the Company, the Directors or controlling shareholders of the Company, and their respective associates.

Based on its management accounts for year ended 31 December 2019, Luminor Malaysia incurred a loss after tax of RM655,462 and had a net tangible asset of RM230,151 as at 31 December 2019. Based on its management accounts for the year ended 31 December 2019, 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.

Notwithstanding that Luminor Malaysia Group is loss making and the net tangible asset is below the option price, the Company is of the view 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.

3. RATIONALE AND BENEFIT

The Group had entered into the CLA as part of its efforts to identify new business opportunities and the Company had on 25 October 2019 obtained shareholders’ approval for the diversification of the Group’s business into Financial Solutions Business.

The exercise of the option under the CLA is a continuing part of the Group’s strategy to acquire a majority stake in Luminor Malaysia Group which has the requisite licenses required for the Financial Solutions Business in Malaysia.

4. INTERESTED PERSON TRANSACTION

As announced on 22 July 2019, Luminor Malaysia is 19.99% owned by LCPL. LCPL is 30% owned by Mr Kwan Chee Seng (“**KCS**”), 20% owned by Ms Kwan Yu Wen (“**KYW**”) and 50% owned by Dr Foo Fatt Kah (“**Dr Foo**”). Dr Foo is not related to the Company, the Directors or controlling shareholders of the Company, and their respective associates.

KCS is the Non-Executive Director and substantial shareholder of the Company. KYW is the daughter of KCS. Both KCS and KYW are Executive Directors of GRP Limited, the ultimate substantial shareholder of the Company. KYW is one of the directors in LCredit but does not have any shareholding interest in LCredit as at the date of this announcement.

Given that the deemed interest held by both KCS and KYW (through LCPL) in Luminor Malaysia is less than 20%, Luminor Malaysia is not considered an associate of KCS. In addition, KCS and KYW are not directors in Luminor Malaysia, and they are not involved in nor control the day-to-day management of Luminor Malaysia. As such, Luminor Malaysia is not considered an interested person under Chapter 9 of the Catalist Rules, and the exercise of the option to convert part of the convertible loan to 51% equity interest in Luminor Malaysia does not constitute an Interested Person Transaction.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above under paragraph 4, none of the Directors or controlling shareholders of the Company has any interest direct or indirect, in the CLA, other than through their respective shareholdings (if any) in the Company.

6. RELATIVE FIGURES ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

The relative figures for the transaction as computed on the bases set out in Rule 1006 of the Catalist Rules and the Group's latest audited consolidated financial statements for year ended 31 December 2018 are as follows:

Rule 1006	Bases	Relative figures
(a)	The net asset value 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.	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits ¹	1.90% ²
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	5.02% ³
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The 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.	Not applicable

¹ Net profits is defined to be profit or loss before income tax and non-controlling interests.

² Luminor Malaysia is incorporated on 23 July 2018 and it acquired 1 subsidiary, Mornington on 19 October 2018, another subsidiary, LCredit on 22 February 2019. Hence, it is more meaningful to use the management group accounts for year ended 31 December 2019 in this ratio computation. Luminor Malaysia Group incurred a loss before tax of approximately RMB514,000 (based on exchange rate of RM1: RMB1.7035) for year ended 31 December 2019. 51% share of the loss before tax is approximately RMB262,000 (based on exchange rate of RM1: RMB1.7035 and this is compared against Starland Group's profit before tax of RMB13,822,000 for year ended 31 December 2018.

³ Based on the value of S\$0.65 million (equivalent to approximately RM1.96 million) and the Company's market capitalisation of S\$13,025,970 (based on the Company's existing issued share capital of 144,733,000 Shares and the VWAP of the Shares on Catalist of S\$0.09 on 16 January 2020, being the market day preceding the date of exercise of convertible loan.

As the relative figure computed based on Rules 1006(c) of the Catalist Rules exceeds 5% but are less than 75%, the exercise of option to convert part of the convertible loan to 51% equity interest in Luminor Malaysia constitutes a “discloseable transaction” under Chapter 10 of the Catalist Rules. However, given that the relative figures computed under Rule 1006(b) are negative, pursuant to Catalist Rule 1007(1), the Company will, through its continuing sponsor, consult the SGX-ST on the applicability of Chapter 10 of the Catalist Rules.

7. FINANCIAL EFFECTS

The financial effects are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the exercise of option to convert part of the convertible loan to 51% equity interest in Luminor Malaysia.

The financial effects are based on Luminor Malaysia Group’s management accounts for year ended 31 December 2019.

7.1 Net tangible asset (“NTA”) per share

Assuming that the exercise of option to convert part of the convertible loan to 51% equity interest in Luminor Malaysia had been completed on 31 December 2018, the NTA per share of the Group would be as follows:

	Before the exercise of option	After the exercise of option
NTA (RMB’000)	166,685	167,130
Number of issued shares (‘000)	144,733	144,733
NTA per share (RMB)	1.15	1.15

7.2 Earnings per share (“EPS”)

Assuming that the exercise of option to convert part of the convertible loan to 51% equity interest in Luminor Malaysia had been completed on 1 January 2018, the EPS of the Group would be as follows:

	Before the exercise of option	After the exercise of option
Net profit attributable to shareholders (RMB’000)	9,162	8,837
Weighted average number of shares (‘000)	144,733	144,733
EPS (RMB cents)	6.33	6.11

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the conversion notice and CLA are available for inspection during normal business hours at the Company’s registered office at 80 Robinson Road #02-00, Singapore 068898, for a period of three (3) months following the date of this announcement.

BY ORDER OF THE BOARD

Peng Peck Yen
Executive Director
5 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. The Sponsor has not independently verified the contents of this announcement.*

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.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 65906881.