

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

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**EMPHASIS OF MATTER BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 AND CESSATION OF QUARTERLY REPORTING**

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In compliance with Rule 704(4) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of the Catalist, the Board of Directors ("**Board**") of Luminor Financial Holdings Limited (formerly known as Starland Holdings Limited) (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to inform shareholders of the Company ("**Shareholders**") that the independent auditor of the Company, Baker Tilly TFW LLP (the "**Independent Auditor**"), has included an emphasis of matter in the Independent Auditor's Report ("**Report**") on the audited financial statements of the Group for the financial year ended 31 December 2021 (the "**Financial Statements**") in respect of fund transfers relating to certain subsidiaries in the People's Republic of China ("**PRC**"). The audit opinion in the Report is unqualified.

A copy of the Independent Auditors' Report together with the extract of the relevant note to the Financial Statements are annexed to this announcement as Appendix I. The Independent Auditor's Report and a complete set of the audited Financial Statements can be found in the Company's Annual Report for the financial year ended 31 December 2021 ("FY2021") released via the SGXNet on 12 April 2022. Shareholders of the Company are advised to read this announcement in conjunction with the FY2021 Annual Report.

**Cessation of Quarterly Reporting**

Following the issue of the unqualified audit opinion, the Board wishes to inform shareholders that the Company is no longer required pursuant to Rules 705(2) and 705(2)(A) to perform quarterly reporting and the Company will cease to do so to redistribute its resources to other matters. The Company's next financial results release shall be with respect of the half year ending 30 June 2022, which will be announced via SGXNET on or before 14 August 2022.

**BY ORDER OF THE BOARD**

Kwan Yu Wen  
Executive Director  
12 April 2022

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*This announcement has been prepared by Luminor Financial Holdings Limited (formerly known as 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.*

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

## INDEPENDENT AUDITOR'S REPORT

To the Members of Luminor Financial Holdings Limited

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Luminor Financial Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 79 to 158 which comprise the balance sheets of the Group and of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ["SFRS(I)"] so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We draw attention to Note 22 to the financial statements which describes the case of bank accounts and fund transfers relating to certain subsidiaries in the People's Republic of China ("PRC").

In June 2020, the Group was informed that certain PRC banks had frozen certain PRC bank accounts of the Group's subsidiaries which were used in various fund transfers aggregating RMB68.0 million. Subsequently in November 2020, the Group had noted that the relevant frozen bank accounts have been "unfrozen" and that the affected subsidiaries may continue to use the funds in the bank accounts for normal business operations.

In November 2021, the affected subsidiaries have received Notices of Administrative Penalty from the State Administration of Foreign Exchange ("SAFE"), Hanzhong City Central Branch. The Notices serve as a warning not to repeat such transactions and to impose a penalty of 10% of the funds transferred in accordance with Article 45 of the Regulations of the People's Republic of China on Foreign Exchange Administration. The Group paid the final settlement of RMB6,803,000 to SAFE. The final settlement is recognised as penalty under other expenses as disclosed in Note 22 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Luminor Financial Holdings Limited

## Report on the Audit of the Financial Statements (cont'd)

### Emphasis of Matter (cont'd)

Consequent to the settlement, the case relating to the bank accounts and fund transfers of certain subsidiaries in the PRC has been resolved.

Our opinion is not qualified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Emphasis of Matter section, we have determined the matter below to be the key audit matter to be communicated in our report.

#### *Impairment assessment of trade receivables and factoring receivables from the Group's financial solutions business*

As disclosed in Note 7 to the financial statements, the carrying amounts of the Group's trade and factoring receivables from the Group's financial solutions business amounted to RMB3,683,000 and RMB55,480,000 respectively as at 31 December 2021, after recognising expected credit loss ("ECL") of RMB25,000 and RMB1,064,000 respectively.

The measurement of allowance for ECL of trade and factoring receivables is considered a key audit matter because the carrying amounts of trade and factoring receivables is material to the consolidated financial statements. The determination of ECL is highly dependent on the Group's estimation of the likelihood of default by the debtor and the estimated future cash flows that the Group would expect to receive. As disclosed in Note 3.2 and Note 4(b)(iii), in determining the ECL, management considers both quantitative and qualitative information that is reasonable and supportable, including the creditworthiness of each individual debtor and their recent financial conditions and ability to repay.

#### *Our procedures to address the key audit matter:*

Our audit procedures include understanding the Group's processes and controls relating to the credit evaluation of the debtor, ongoing monitoring of the credit risk of the debtor and action plans taken by the Group when the credit risk of the debtor has increased significantly. In addition, we have evaluated reasonableness of management's judgement in identifying debtors with increased credit risk by considering both quantitative and qualitative information that is reasonable and supportable. These information include historical payment trend of the debtors and ability of the debtors to settle the outstanding receivables.

Our audit procedures also include reviewing and testing the accuracy of the debtor ageing analysis, corroborating representation and explanations from management to assess the recoverability of outstanding debts, where applicable. In addition, we also considered the adequacy of the disclosures made in the financial statements.

## INDEPENDENT AUDITOR'S REPORT

To the Members of Luminor Financial Holdings Limited

### **Report on the Audit of the Financial Statements (cont'd)**

#### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### ***Responsibilities of Management and Directors for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## INDEPENDENT AUDITOR'S REPORT

To the Members of Luminor Financial Holdings Limited

### **Report on the Audit of the Financial Statements (cont'd)**

#### ***Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)***

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITOR'S REPORT

To the Members of Luminor Financial Holdings Limited

### **Report on the Audit of the Financial Statements (cont'd)**

#### ***Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)***

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Chee Sum Gilbert.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

11 April 2022

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 21. INTEREST INCOME

	Group	
	2021 RMB'000	2020 RMB'000
Interest income from fixed deposits	640	2,195
Interest income from current accounts with banks	72	–
	<u>712</u>	<u>2,195</u>

## 22. OTHER EXPENSES

	Group	
	2021 RMB'000	2020 RMB'000
Impairment loss on goodwill [Note 13(a)]	–	2,099
Impairment loss on investment in associate	781	–
Penalty – Bank accounts and fund transfers relating to certain subsidiaries in the People's Republic of China ("PRC")	6,803	–
	<u>7,584</u>	<u>2,099</u>

*Bank accounts and fund transfers relating to certain subsidiaries in the People's Republic of China ("PRC")*

During the financial year ended 31 December 2019, certain of the Group's subsidiaries in PRC made various fund transfers aggregating RMB68.0 million to unrelated third-party PRC entities, and a Singapore subsidiary of the Group received fund transfers aggregating S\$12.9 million from a Singapore licensed remittance agent.

In June 2020, the Group was informed that certain PRC banks had frozen certain PRC bank accounts of the Group's subsidiaries which were used in the aforementioned fund transfers.

In November 2020, management was informed verbally by the officer-in-charge ("OIC") of the case in Yan Ta police station, Shanxi Province, Xi'an City, PRC, that the affected bank accounts have been "unfrozen" and that those bank accounts can be used for "normal business operations".

2021

In October 2021, the Group was informed that the case has been taken over by the State Administration of Foreign Exchange ("SAFE"), Hanzhong City Central Branch. The SAFE officer in-charge (the "SAFE OIC") had requested the Group to submit supporting documents relating to certain payments made in the PRC for their investigation.

In November 2021, the affected subsidiaries have received Notices of Administrative Penalty from SAFE. The Notices serve as a warning not to repeat such transactions and to impose a penalty of 10% of the funds transferred in accordance with Article 45 of the Regulations of the People's Republic of China on Foreign Exchange Administration. The Group paid the final settlement of RMB6,803,000 to SAFE. Consequent to the settlement, the case relating to the bank accounts and fund transfers of certain subsidiaries in the PRC has been resolved.