

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

ENTRY INTO SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF LUMINOR CAPITAL (MALAYSIA) SDN. BHD.

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 announcement dated 28 January 2022, in relation to its wholly-owned subsidiary, Starland Axis Pte. Ltd. (“**SAPL**”)’s entry into a binding memorandum of understanding with Meridian Salute Sdn. Bhd. (“**MSSB**”) to set 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**”), 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**”).

The Board wishes to announce that SAPL has on 25 February 2022 entered into a sale and purchase agreement (“**LCM SPA**”) with MSSB in relation to the Proposed LCM Acquisition. As at the date of this announcement, 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.

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Company’s announcement dated 28 January 2022.

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 this announcement, LCM owns 100% shareholding in EI 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 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 FY2021 was RM4,108,574 (or equivalent to S\$1,330,066).

3. SALIENT TERMS OF THE LCM SPA

3.1 LCM Sale Shares

SAPL is not obliged (but is entitled) to complete the Proposed LCM Acquisition unless the purchase of all LCM Sale Shares held by MSSB is completed simultaneously.

3.2 LCM Purchase Consideration

The LCM Purchase Consideration, which was arrived at on a willing buyer and willing seller basis, is calculated based on 49% of 8 times audited consolidated earnings before interest, taxes, depreciation and amortization of LCM and its subsidiaries for FY2021 as ascertained from the consolidated 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 unaudited consolidated management accounts of LCM for FY2021, the LCM Purchase Consideration is estimated to be approximately S\$10,572,893 and such amount will be used in all the computations involving the LCM Purchase Consideration in this announcement. The Company does not expect any material difference between the audited and unaudited accounts of LCM. The Company will make further announcements on the LCM Purchase Consideration in due course.

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

- (i) 50% of the LCM Purchase Consideration by cash on LCM Completion; and
- (ii) 50% of the LCM Purchase Consideration through the allotment and issue of such number of LCM Consideration Shares at the Issue Price of S\$0.30 each by the Company to MSSB within three (3) business days after LCM Completion.

The Issue Price of S\$0.30 per LCM Consideration Share represents:

- (i) a premium of 235.95% to the volume weighted average price of the Company's shares ("**Shares**") ("**VWAP**") of S\$0.0893 on 28 January 2022, which is the full market day on which the Shares were traded on the date of the LCM MOU; and
- (ii) a premium of 174.73% to the VWAP of S\$0.1092 on 24 February 2022, which is the full market day on which the Shares were traded up to the date of the LCM SPA.

The Issue Price was arrived at after arm's length negotiations between SAPL and MSSB after taking into consideration, *inter alia*, the net asset value ("**NAV**") 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.

The LCM Consideration Shares will be free from all claims and encumbrances and with all rights, dividends, benefits and entitlements now or hereafter attaching to the LCM Consideration Shares with effect from the date of issue.

The number of LCM Consideration Shares to be allotted and issued pursuant to the Proposed LCM Acquisition is estimated to be 17,621,488 Shares. It represents approximately 12.18% of the existing issued and paid-up capital of the Company of 144,733,000 Shares and approximately 10.85% of the enlarged issued and paid-up capital of the Company of 162,354,488 Shares following the LCM Completion (assuming that the Company will not issue any new Shares including the consideration shares in relation to the acquisition of Funded Here Pte. Ltd. in the period up to the LCM Completion).

The LCM Consideration Shares are intended to be issued pursuant to the general mandate obtained at the annual general meeting of the Company held on 27 April 2021 (“**2021 AGM**”) which authorised the Directors to issue new Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares) as at the date of the 2021 AGM, in the case where new Shares are issued other than on a *pro-rata* basis to existing shareholders (“**Share Issue Mandate**”). As at the date of the 2021 AGM, the Company has 144,733,000 Shares and it has not issued any new Shares subsequent to the 2021 AGM. Accordingly, the proposed issuance of approximately 17,621,488 LCM Consideration Shares falls within the limit of the Share Issue Mandate. However, should the number of LCM Consideration Shares to be issued based on the final LCM Purchase Consideration exceeds the limit of the Share Issue Mandate, specific shareholders’ approval will be sought for the issue of the LCM Consideration Shares.

As at the date of this announcement, MSSB does not fall under the categories as set out in Rule 812(1) of the Catalist Rules, and MSSB and its shareholders, namely Mr Wisun Soon and Mr Lim Aik Teong do not hold any Shares.

The Company will, through its Sponsor, UOB Kay Hian Private Limited, make an application to the SGX-ST for the listing of and quotation for the LCM Consideration Shares on the Catalist. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for the LCM Consideration Shares on the Catalist.

3.3 Conditions Precedent

The LCM Completion is conditional upon, *inter alia*, the following conditions precedent being fulfilled or waived by SAPL 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 LCM;
- (ii) all consents, approvals and authorisations of the bankers, financial institutions, landlords of leases, any other relevant third parties, government or regulatory authorities which are necessary in connection with the transfer of the LCM Sale Shares from MSSB to SAPL and SAPL obtaining legal and beneficial title to the LCM Sale Shares and other transactions contemplated under the LCM SPA, and if subject to conditions, on such conditions acceptable to SAPL, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to the LCM Completion;
- (iii) the approval of the shareholder(s) of SAPL and the Company at an extraordinary general meeting being obtained for the transactions contemplated in the LCM SPA (if required), including but not limited to, *inter alia*, the proposed acquisition of the LCM Sale Shares and the allotment and issue of the LCM Consideration Shares (if required), and the approval and such other compliance requirements of the relevant authorities in Singapore (including but not limited to the listing and quotation notice from the SGX-ST for the admission to and listing of and quotation for the LCM Consideration Shares on the Catalist) (if required);
- (iv) no material contract, lease, licence or other similar commercial arrangement of LCM would be terminated or adversely affected as a result of a change in the legal and beneficial title to the LCM Sale Shares; and
- (v) there being no material adverse change (as determined by SAPL at its discretion) in the corporate structure, management team, principal activities, prospects, operations, assets, business, profits, financial condition of LCM occurring on or before LCM Completion.

If any of the conditions precedent set out in the LCM SPA is not fulfilled or otherwise waived by SAPL at its discretion within six (6) months after the date of the LCM SPA or such later date as the parties may agree in writing, the LCM SPA will cease and determine at the sole option of SAPL. No party will have any claim against the other for costs, damages, compensation or

otherwise, save for antecedent breaches of the terms of the LCM SPA and SAPL's rights under the LCM SPA.

3.4 Completion

Subject to the satisfaction or waiver of the conditions precedent, the LCM Completion will take place within fourteen (14) days after the fulfilment or waiver by SAPL at its discretion of the conditions precedent under the LCM SPA. In addition, the LCM Completion will take place only after the financial statements of LCM for FY2021 are audited.

3.5 Moratorium over LCM Consideration Shares

MSSB agrees and undertakes not to directly or indirectly sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose or sell or agree to sell any or all of the LCM Consideration Shares issued to it for a period of six (6) months from the date of allotment and issue of the LCM Consideration Shares, unless agreed otherwise by SAPL in writing.

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.

5. **FINANCING**

Part of the LCM Purchase Consideration will be satisfied by the allotment and issue of the LCM Consideration Shares. The LCM 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 Catalyst Rules upon finalisation of the terms and conditions of such loan, if required.

6. **FINANCIAL EFFECTS OF THE PROPOSED LCM ACQUISITION**

The tables illustrating the financial effects of the Proposed LCM Acquisition on (i) the NTA per Share of the Group (assuming the Proposed LCM Acquisition had been completed at the end of that financial year); and (ii) the earnings per Share ("**EPS**") of the Group (assuming that the Proposed LCM Acquisition had been completed at the beginning of that financial year), based on the latest audited consolidated financial statements of the Group for FY2020 are set out below.

For the avoidance of doubt, the financial effects of the Proposed LCM Acquisition on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the LCM Completion. 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 2021. The financial effects also do not take into account any fees and expenses to be incurred in relation to the Proposed LCM Acquisition.

6.1 NTA per Share of the Group

Assuming the Proposed LCM Acquisition had been completed on 31 December 2020, the financial effects on the NTA per Share of the Group as at 31 December 2020 are as follows:

	Before the Proposed LCM Acquisition	After the Proposed LCM Acquisition
NTA attributable to equity holders of the Company (RMB'000)	115,449	114,376
Number of Shares	144,733,000	162,354,488
NTA per Share (RMB cents)	79.77	70.45

6.2 EPS of the Group

Assuming the Proposed LCM Acquisition had been completed on 1 January 2020, the financial effects on the EPS of the Group for FY2020 are as follows:

	Before the Proposed LCM Acquisition	After the Proposed LCM Acquisition
Net profit attributable to equity holders of the Company (RMB'000)	(3,571)	(5,238)
Weighted average number of Shares	144,733,000	162,354,488
EPS (RMB cents)	(2.47)	(3.23)

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 the Proposed LCM Acquisition, computed on the bases set out in Rule 1006 of the Catalist Rules based on the latest announced unaudited consolidated financial statements of the Group for the nine-month period ended 30 September 2021 ("9M2021"), are set out below.

Rule	Bases	Relative Figures
1006 (a)	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
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	49.77% ⁽¹⁾
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	73.42% ^{(2),(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	12.18% ⁽⁴⁾
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 the unaudited profit before tax of RMB661,500 (or equivalent to S\$139,215 based on an exchange rate of S\$1:RMB4.75164) attributable to the LCM Sale Shares for 9M2021, and the unaudited profit before tax of the Group of RMB1,329,000 for 9M2021 (or equivalent to S\$279,693 based on an exchange rate of S\$1:RMB4.75164).
- (2) Pursuant to Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the NAV represented by such shares, whichever is higher. In this instance,
 - (a) the LCM Purchase Consideration is approximately S\$10,572,893 based on the unaudited consolidated management accounts of LCM for FY2021;
 - (b) the sum of 50% cash consideration of S\$5,286,447 and the market value of the 17,621,488 LCM Consideration Shares of S\$1,753,338 based on VWAP of S\$0.0995 on 27 January 2022 (which is the last full market day on which the Shares were traded prior to the date of the LCM MOU) is S\$7,039,785; and
 - (c) the sum of 50% cash consideration of S\$5,286,447 and the NAV represented by the 17,621,488 LCM Consideration Shares of S\$2,930,485 as at 30 September 2021 is S\$8,216,931.

Based on the above, the relative figure has been computed based on (a) of S\$10,572,893, being the highest of (a) to (c).
- (3) The Company's market capitalisation of S\$14,400,934 is based on the Company's issued ordinary share capital (excluding treasury shares and subsidiary holdings) of 144,733,000 Shares and VWAP of S\$0.0995 on 27 January 2022.

- (4) Based on 17,621,488 LCM Consideration Shares and the Company's issued ordinary share capital (excluding treasury shares and subsidiary holdings) of 144,733,000 Shares.

As the relative figures for the Proposed LCM Acquisition computed on the basis set out in Rule 1006 of the Catalist Rules exceed 5% but are less than 75%, the Proposed LCM Acquisition constitutes a disclosable transaction under Chapter 10 of the Catalist Rules and does not require the approval of shareholders of the Company. However, in the event that such relative figures exceed 75% based on the final LCM Purchase Consideration, the Proposed LCM Acquisition will be subject to the approval of shareholders of the Company unless waived by the SGX-ST.

8. SERVICE CONTRACT

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

9. 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 SPA, other than through their respective shareholdings (if any) in the Company.

10. DOCUMENT FOR INSPECTION

A copy of the LCM SPA is 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 (3) 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.

11. CAUTION IN TRADING

Shareholders and potential investors should note that the transactions contemplated in the LCM SPA are subject to the fulfilment of, *inter alia*, the conditions set out above, including obtaining the relevant regulatory approvals. There is no certainty or assurance that the Proposed LCM Acquisition 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.

The Company will keep shareholders updated on any material developments in relation to the Proposed LCM Acquisition by way of announcements as and when appropriate.

BY ORDER OF THE BOARD

Kwan Yu Wen
Executive Director
25 February 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 Catalyst.

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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