

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

CONVERTIBLE LOAN AGREEMENT

1. INTRODUCTION

The Board of Directors ("**Board**") of Starland Holdings Limited ("**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Starland Axis Pte. Ltd. ("**Axis**") had entered into a Convertible Loan Agreement ("**Agreement**") with Luminor Capital (Malaysia) Sdn. Bhd. ("**Luminor**").

Based on the Agreement, Axis is to provide a S\$2,333,333 (approximately RM7,000,000 at an agreed exchange rate of S\$1: RM3) loan to Luminor. The loan is to be repaid 12 months from the date of drawdown. The purpose of the loan is to facilitate Luminor's business growth and investment. Axis has the option to convert S\$1,333,333 (approximately RM4,000,000 at an agreed exchange rate of S\$1: RM3) of the principal amount for 51% interest in the enlarged share capital of Luminor ("**Option**"). The right to exercise the Option shall commence at any time from date of drawdown to the date of full repayment of the loan.

With the entering of this Agreement, Luminor will appoint the Company as an arranger ("**Arranger**") to the Agreement. As an Arranger, the Company will be paid an aggregate of RM350,000 arranger fee ("**Fee**") in cash for structuring the Agreement, and coordinating the drawdown and disbursement of the loan. The Fee will be paid in three tranches, as follows:

	Amount (RM)	S\$ equivalent	Timing
Tranche 1	75,000	25,000	Within two weeks from the drawdown of the loan
Tranche 2	75,000	25,000	Within six months from Tranche 1
Tranche 3 ⁽¹⁾	200,000	66,667	Upon the expiry of one year from the date of the Agreement
	350,000	116,667	

Note:

(1) In the event that Axis exercises its Option to convert S\$1,333,333 of the principal amount for 51% interest in the enlarged share capital of Luminor, Tranche 3 of the Fee, amounting to RM200,000 (equivalent to approximately S\$66,667) will be waived entirely.

2. RATIONALE AND BENEFIT

The Group has continued to be in the lookout for new business opportunities especially so now as the Group's projects in the People's Republic of China are towards its tail end. The Group currently has the investable funds and noted that the loan will generate a return of about 5% per annum in the form of Fee to the Group, which is above its current bank deposit rate. In addition, the Agreement provides the Group the Option to convert part of the loan into 51% of the enlarged shareholding in Luminor, and allows an opportunity for the Group to venture into money lending and corporate finance advisory businesses. The Company will duly evaluate this opportunity prior to exercising the Option for conversion of the partial loan into shares of Luminor.

3. ABOUT LUMINOR

Luminor is a financial service holding company incorporated in Malaysia on 23 July 2018. It acquired 80% interest in Venture Credit Sdn. Bhd. ("**Venture**") on 22 February 2019. The remaining 20% interest in Venture is owned by an unrelated third party. Venture has a Money Lending license granted by the Malaysia Ministry of Housing and Local Government. Luminor also acquired 49% interest in Fiscalab Capital Markets Sdn ("**Fiscalab**") on 6 March 2019. Fiscalab has a Capital Markets Services license granted by the Securities Commission of Malaysia.

Luminor 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**"). 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. The Directors of Luminor are Mr Soon and Mr Lim.

Based on its audited accounts for period from 23 July 2018 (date of incorporation to 31 December 2018, Luminor incurred a loss after tax of RM24,755 and had a net tangible liabilities of RM14,755 as at 31 December 2018.

The pro-forma consolidated loss of LCM Group, comprising of LCM, Venture and Fiscalab and on the assumption that the acquisition of Venture and Fiscalab took place on 1 January 2018, for period ended 31 December 2018 was RM481,600 (equivalent to approximately S\$160,533) and the net tangible liabilities of LCM Group was RM471,600 (equivalent to approximately S\$157,200) as at 31 December 2018.

4. INTERESTED PERSON TRANSACTION

Luminor 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 Venture but does not have any shareholding interest in Venture as at the date of this announcement.

Given that the effective interest held by both KCS and KYW (through LCPL) in Luminor is only 10%, Luminor is not considered an associate of KCS. In addition, KCS and KYW are not directors in Luminor, and they are not involved in nor control the day-to-day management of Luminor. As such, Luminor is not considered an interested person under Chapter 9 of the Catalist Rules, and the grant of the convertible loan to Luminor does not constitute an Interested Person Transaction.

5. CHANGE IN RISK PROFILE

In the event that the Group decides to exercise the Option, the Group will diversify its core business to money lending and provision of corporate advisory businesses. Prior to the exercise of the Option, an Extraordinary General Meeting will be convened so as to obtain shareholders' approval on the diversification of its core business, and as required under Chapter 10 of the Catalist Rules.

6. SOURCE OF FUNDS FOR THE LOAN

The loan amount will be funded through internal resources, and the loan is not expected to have any material impact on earnings per share or net tangible assets per share of the Group for the financial year ending 31 December 2019. The total of the loan of S\$2,333,333 and Fee of approximately S\$116,667 is about 7.11% and 0.36%, respectively of the Group's net tangible

assets of RMB166,685,000 (equivalent to approximately S\$32,827,000 as at 31 December 2018 and about 10.78% of the Company's market capitalisation of S\$22,723,081 as at 22 July 2019.

7. 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 Agreement, other than through their respective shareholdings (if any) in the Company.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9. CAUTIONARY STATEMENT

The Company wishes to highlight that the exercise of the Option is subject to conditions precedents being fulfilled and there is no certainty or assurance that the Option will be exercised or that no changes will be made to the terms of the Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants, and/or other professional advisers if they are in doubt about the actions that they should take.

10. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Option as appropriate or when there are any material developments relating to the Agreement.

BY ORDER OF THE BOARD

Peng Peck Yen
Executive Director
22 July 2019

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.

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