



LUMINOR  
FINANCIAL  
THE FUTURE GLOWS

Luminor Financial Holdings Limited

**Profile Presentation**

*15 March 2023*

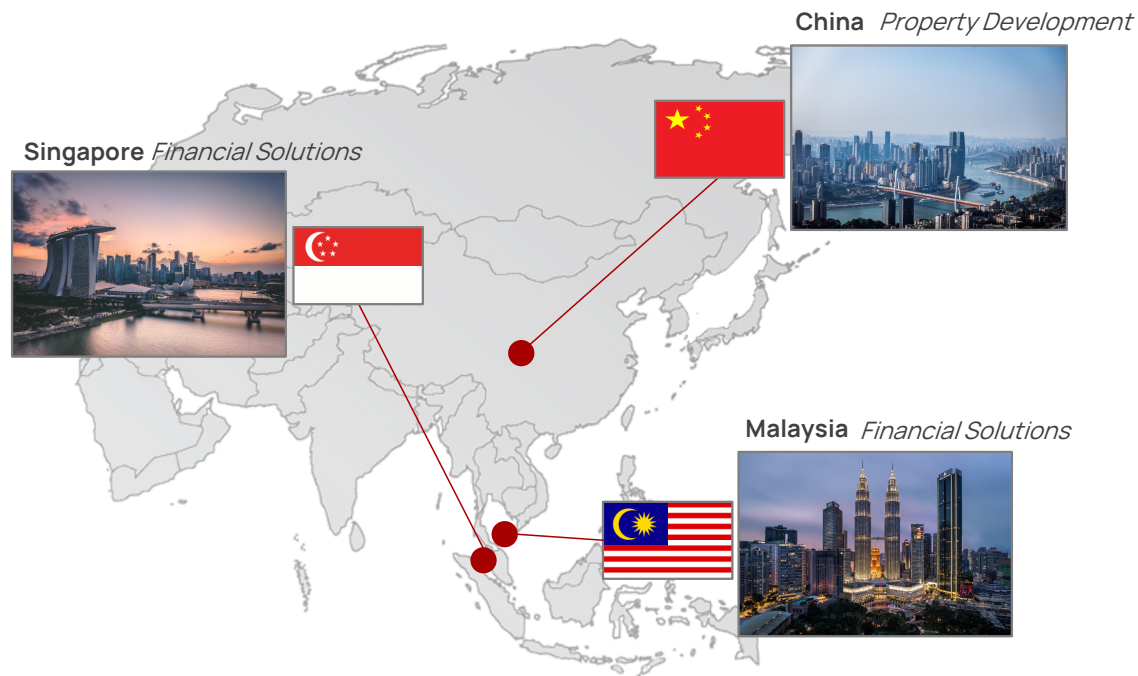


## INTRODUCTION

Luminor Financial Holdings Limited is a **non-bank financial institution** committed to providing **financing solutions to SMEs regionally**.

We are headquartered in Singapore and are listed on the Catalist Board of the Singapore Exchange (“**SGX**”). Formerly known as Starland Holdings Limited, Luminor Financial Holdings Limited (together with its subsidiaries, the “**Group**”), is a financial services company that provides business owners with access to capital through simple yet innovative financial solutions.

### Our Presence

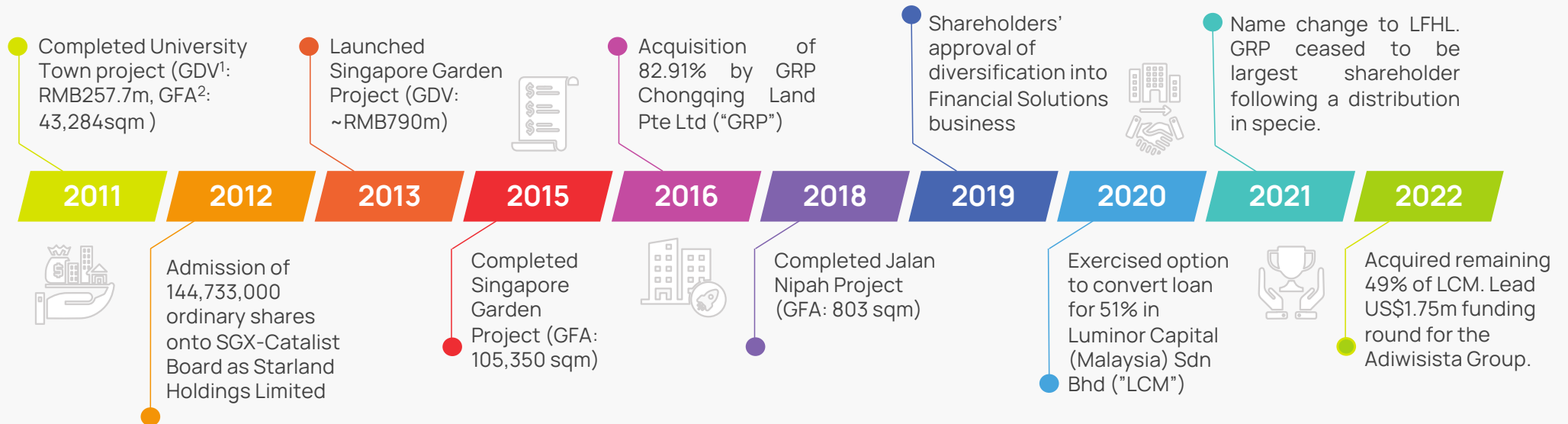




## INTRODUCTION

We started off as a **property developer in China** and **diversified into the financial solutions business in 2019.**

### Our Milestones





## PROPERTY BUSINESS

# We plan to **turn all remaining property inventory into cash.**

We have completed 3 projects. We have also sold off our last land bank in China. Following our restructuring in 2021, we will sell off our remaining residential, commercial & parking spaces to turn inventory into cash and focus on the financial solutions business.

### Our Projects



#### Singapore Garden

**Status:** Completed, 2016

**Location:** Fuling, Chongqing

**GDV:** ~RMB790,000,000

**Remaining Inventory**

**(as at 31 Dec'22):** 9

residential, 23 commercial, 19  
carparks



#### Jalan Nipah

**Status:** Completed, 2018

**Location:** Singapore

**GDV:** S\$12,000,000



#### University Town

**Status:** Completed, 2011

**Location:** Fuling, Chongqing

**GDV:** ~RMB257,700,000

**Remaining Inventory**

**(as at 31 Dec'22):** 2 commercial,

28 carparks



#### Royal Waterhouse

**Status:** Land bank, Sold 2022

**Location:** Fuling, Chongqing

**Area:** 25,560m<sup>2</sup>





## FINANCIAL SOLUTIONS

# Problem: SMEs account for an average **97.2%** of all enterprises in Southeast Asia. Yet, they are **unable to obtain financing**.

Based on national firm classifications, MSMEs in Southeast Asia accounted for an average 97.2% of all enterprises, 69.4% of the total workforce, and 41.1% of a country's gross domestic product (GDP) during 2010–2019<sup>1</sup>.

No. of SMEs in Southeast Asia<sup>1</sup>

**71 million**

Contribution to country's GDP<sup>1</sup>

**41.1%**

Bank Lending to country's SMEs<sup>1</sup>

**14.8%**

Funding Gap in Southeast Asia<sup>2</sup>

**US\$300 billion**

### Reasons behind funding gap:

- Lack of data available – more costly to carry out full due diligence and credit analysis
- SMEs unable to provide security – loans considered high risk to banks
- Reducing credit to SMEs — one of the riskier lending categories (asset classes) — could represent one adjustment mechanism through which a bank can improve its capitalization in response to stricter capital regulation ie. Basel III requirements<sup>3</sup>

<sup>1</sup> Asian Development Bank – Asia Small And Medium-sized Enterprise Monitor 2020

<sup>2</sup> <https://knowledge.insead.edu/economics-finance/corporate-funding-gap-and-role-fintech>

<sup>3</sup> <https://blogs.worldbank.org/allaboutfinance/basel-iii-implementation-and-sme-financing-evidence-emerging-markets-and-developing>



## FINANCIAL SOLUTIONS

# We understand **cashflow** and the **importance** of it.

We are unable to solve structural problems. What we do is provide SMEs with solutions. We help businesses grow and succeed through our supply chain, residential/commercial property finance solutions as well as our financial advisory services.



### **INVOICE FINANCING**

A healthy cashflow is critical to sustainability and growth of every business. Our factoring solution lets businesses monetise its receivables and receive cash upfront (versus a typical collection period of three months), allowing them to maintain a smaller ongoing cash balance and leave more liquidity available for investment in the business' growth.



### **CORPORATE ADVISORY**

We provide comprehensive financial advice and execution expertise, encompassing mergers, acquisitions, divestitures, capital raising, project finance, privatisations and Public Private Partnership services to corporates.



### **SUPPLY CHAIN FINANCING**

Corporates consistently need to manage working capital against their cash conversion cycle. We offer trade finance solutions through accounts receivable purchase with credit protection. This allows clients to free up valuable cash stuck in the supply chain by offering clients a line of credit while mitigating buyer credit risks.



### **SECURED LENDING**

Secured lending allows business owners to unlock the value of their residential or commercial properties/assets, channeling the additional cash flow to their business.



## FINANCIAL SOLUTIONS

# Our Brands.

We offer our services through various licenses held in Malaysia and Singapore.

### Malaysia

#### Invoice Financing/Supply Chain Financing



Approved by Ministry of Finance (Malaysia) as one of ~30 financial institutions with access to e-Perolehan, Malaysia's e-procurement platform



One of the 14 financial institutions approved for Perintis, Telekom Malaysia's vendor financing programme<sup>1</sup>



Member of the Malaysian Factors Association

#### Financial Advisory



LUMINOR CAPITAL  
MARKETS

Capital Markets Service  
Licence issued by Securities  
Commission Malaysia

#### Secured Lending



LUMINOR CAPITAL  
CREDIT

Moneylending Licence  
issued by Ministry of Local  
Government Development  
Malaysia

### Singapore

#### Equity & Debt Crowdfunding



Capital Markets Service Licence issued by  
the Monetary Authority of Singapore



<sup>1</sup> <https://www.thestar.com.my/business/business-news/2020/09/07/tm-partners-with-14-financial-institutions-in-vendor-financing-programme>



## FINANCIAL SOLUTIONS

# Our **Portfolio** of Clients' Contract Awarders.

We specialise in offering Shariah-compliant factoring solutions to SMEs that provide goods and services to various government ministries and state agencies ("GMAs"), Government-Linked Companies ("GLCs") and Multi-national Corporations ("MNCs"). These are some of our clients' contract awarders:



Malaysian Public Works Department

*Construction, roadworks*



MINISTRY OF EDUCATION MALAYSIA

Ministry of Education Malaysia

*Security & cleaning services*



MINDEF

Ministry of Defence Malaysia

*Supply of combat equipment*



Royal Malaysia Police

*Supply works*




Tenaga Nasional Berhad (Utilities)

*Supply works*



Mubadala Petroleum LLC

*Supply of site equipment*



Permodalan Nasional Berhad

*Paving of roads for highways*



Panasonic Malaysia

*Produce TV & air-con components*



Telekom Malaysia

*Network maintenance supply of steel poles*



Shell Malaysia

*Supply of material*



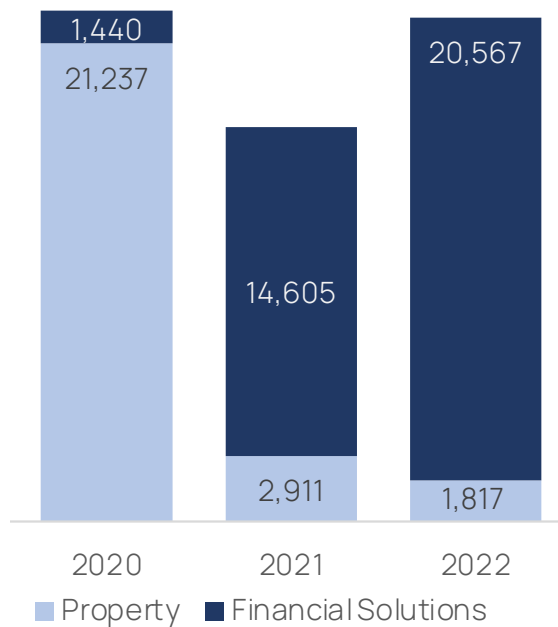


## 2022 FINANCIAL HIGHLIGHTS

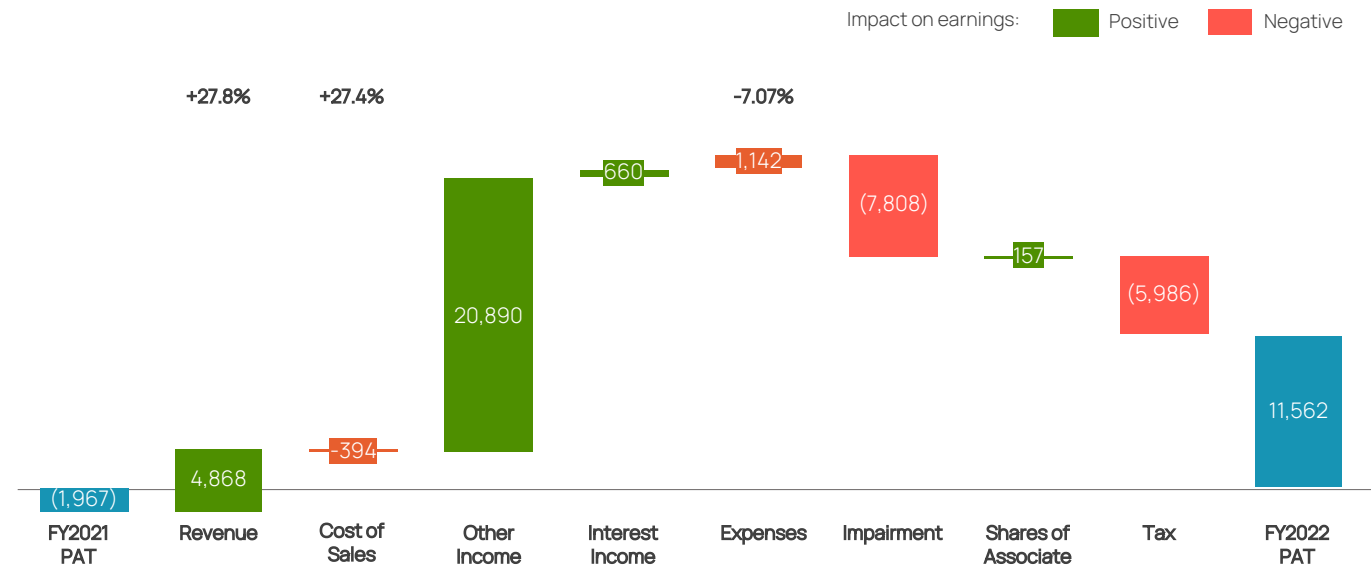
# Net Profit after Tax of RM11.6m

The Group's intention is to fully transform into the Financial Solutions Business (FSB). Presently, the Group's priority is building and expanding its business in Malaysia and in Singapore. In the long term, our strategy is for growth by acquisition in Singapore, Hong Kong, Australia (consumer short term loan market), Indonesia & Vietnam and build NBFIs in the region.

**Figure 1: Revenue (MYR'000)**



**Earnings Analysis**





# FY2022 FINANCIAL HIGHLIGHTS

## FINANCIAL SOLUTIONS BUSINESS

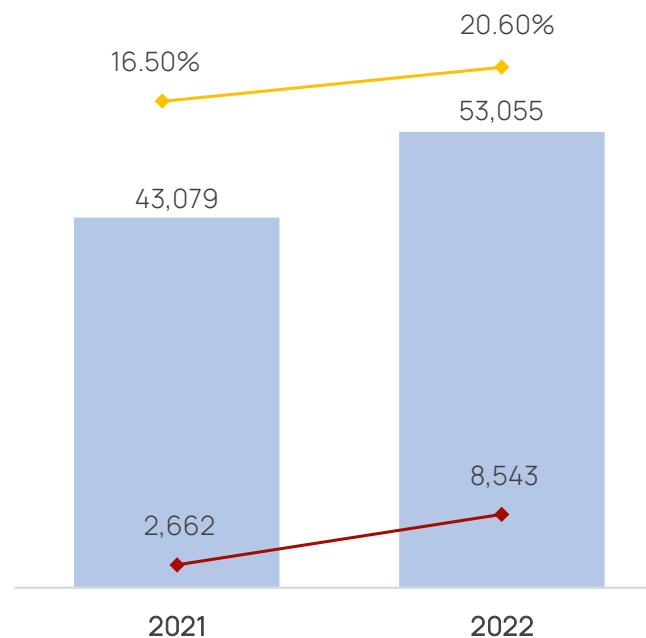
**Income (Financial Solutions)**  
**RM18.9 million**

**Net Interest Margin**  
**20.6%**

**Non-Performing Loans**  
**4.95%**

### Key Figures

■ *Loan Book (as at 31 December)*  
 ◆ *Impairment*  
 ◆ *Net Interest Margin*



### Commentary

- For each loan extended, revenue is generated through

#### 1. Interest

Interest Income : Revenue generated from interest-bearing assets

Interest Expense : Expenses on interest-bearing liabilities

Net Interest Income : Excess revenue from interest earned on assets over interest paid out

#### 2. Fees

Administrative fees, Processing fees

- $$Net\ Interest\ Margin = \frac{Net\ Interest\ Income}{Interest\ Earning\ Assets}$$
- Loan Book (as at 31 December) (net of impairments): Value of trade and other receivables that have a typical collection period of 3-4 months
- Impairment related to loans in FY2021



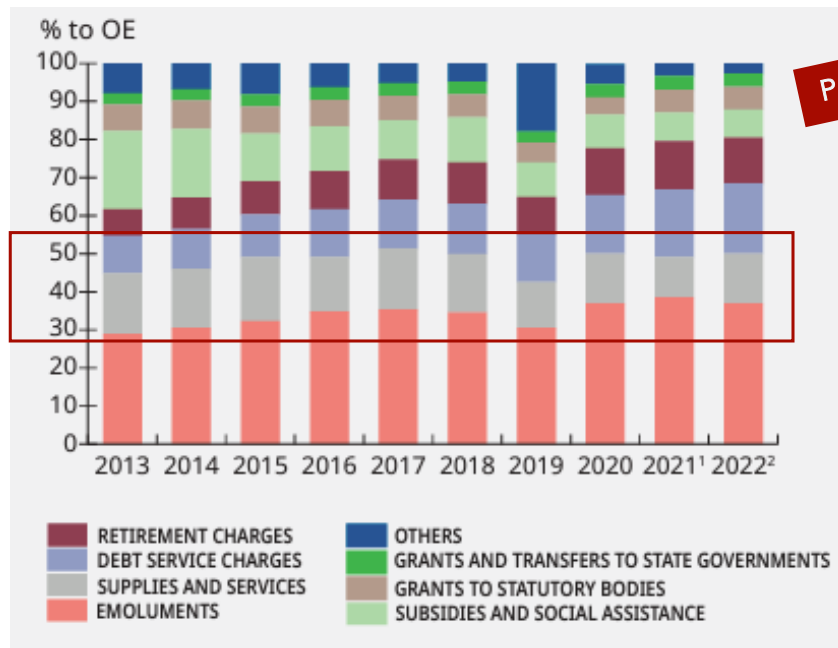
## FOCUS FOR FY2023

# We expect **steady organic growth** of our Malaysian business.



The bulk of our clients provide goods and services to various GMAs and GLCs. The Budget allocation represents the market size just for government-linked entities alone.

**Figure 2: Allocation of Operating Expenditure, Malaysia**



Passed by Malaysian Parliament on 9 March 2023

RM32 billion allocated to supplies and services for 2023

<sup>1</sup> Figure 2 taken from <https://budget.mof.gov.my/pdf/2022/revenue/section3.pdf>



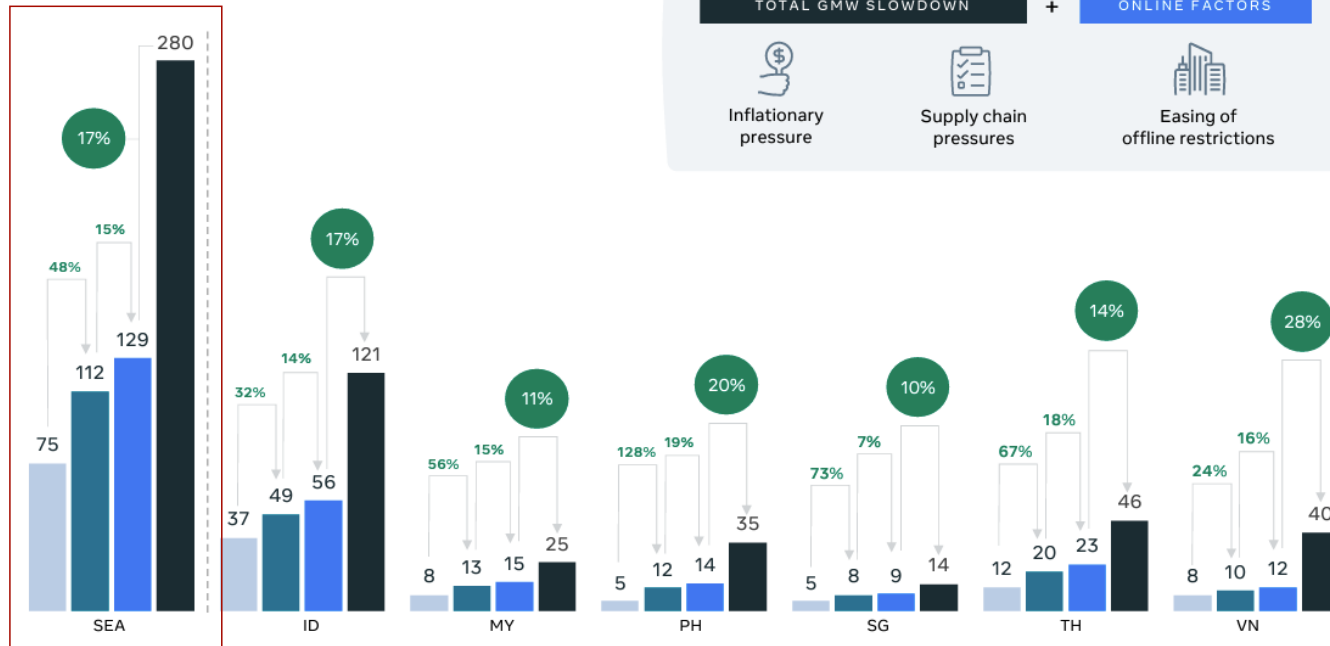
## FOCUS FOR FY2023

# We will enter the e-Commerce space with invoice & inventory financing.

 Gross Merchandise Value ("GDV") in Southeast Asia expected to grow from US\$112 billion in 2021 to US\$280 billion in 2027<sup>1</sup>

eCommerce GMV (US\$ B)

2020 2021 2022 2027F



10. Note: eCommerce GMV includes B2B2C/B2C selling of physical products through online channels, not including digital products (e.g. sim-top-ups), nor alternative commerce; \*GMV estimation methodology - eCommerce GMV was estimated by players by country from multiple sources for 2021,2022. Growth of GMV by country by 2027 was estimated through expected digital penetration growth and eCommerce order success rate growth estimates on a grocery/non-grocery category split using Forrester data for total retail market growth rates which were extended to 2027. Source: Lit search, Expert interview, Forrester, Bain analysis

<sup>1</sup> [https://www.bain.com/globalassets/noindex/2022/meta\\_bain\\_syncsea\\_2022.pdf](https://www.bain.com/globalassets/noindex/2022/meta_bain_syncsea_2022.pdf)



FOCUS FOR FY2023

We will focus on **growing Funded Here.**



Alternative type of revenue – fee-based platform model vs current balance sheet lending

FundedHere

Founders Raise About Team Ecosystem Press Academy Log in

# Fund your vision from an ecosystem of investors


FundedHere helps you realise your startup's vision by backing your startup with financing, mentorship and guidance.

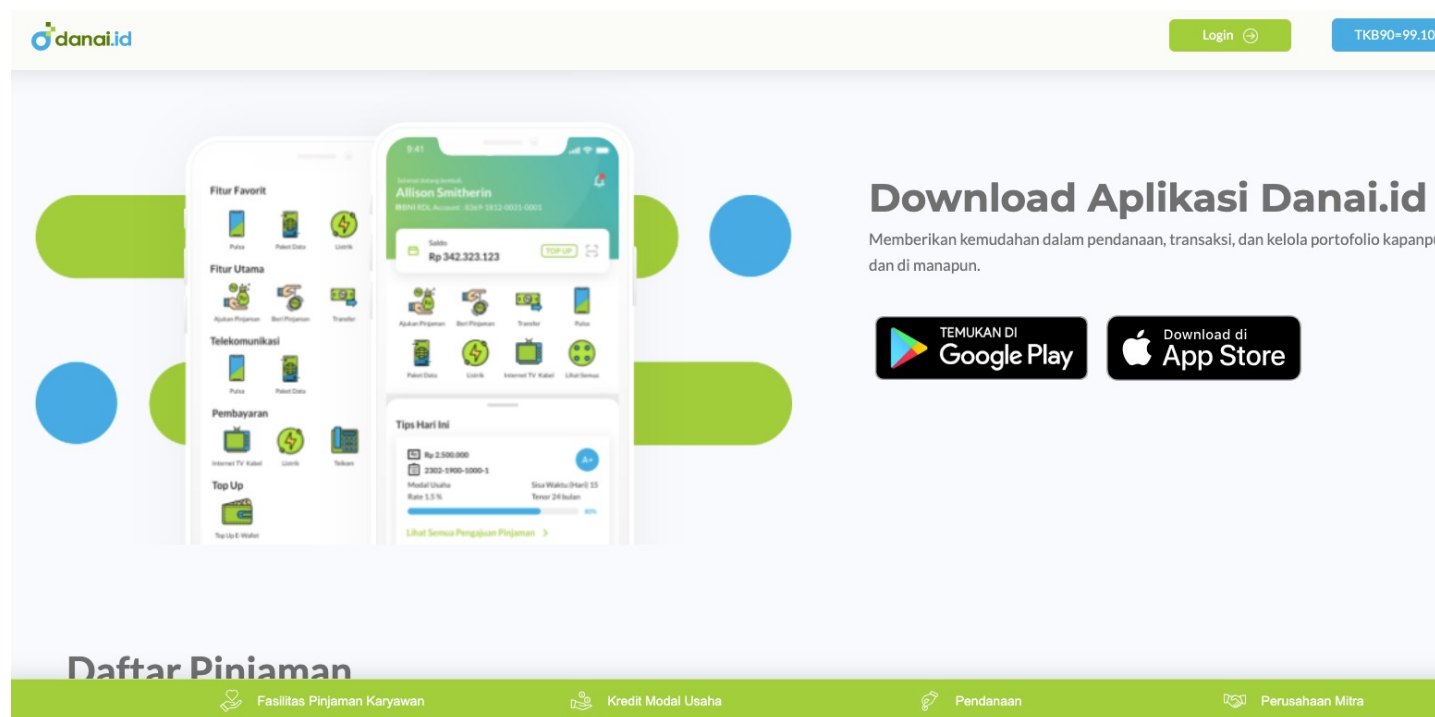
I'm interested



FOCUS FOR FY2023

## We will look to **Southeast Asia** for regional expansion.

 We have taken the first step into Indonesia through an investment. We were the lead Investor for US\$1.75m funding round for the AdiWisista Group. We will continue to explore opportunities to enter into new markets.



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LUMINOR FINANCIAL HOLDINGS LIMITED

## INVESTMENT HIGHLIGHTS

### **Growth for invoice financing and lending business in Malaysia to remain strong**

- Malaysia is the largest significant growth driver. Since 2020, revenue for the financial solutions business has been increasing at a CAGR of 25.74%

### **Proven ability to continuously recycle capital to achieve net income margin of 20.60%**

- The higher net income margin demonstrates the Group's effectiveness in deploying its capital continuously to decrease its average cost of funds

### **Growth acceleration through FundedHere**

- Acquired crowdfunding platform FundedHere to capitalise on strengths in loan origination
- Established track record - Singapore's first MAS-licensed equity and debt crowdfunding platform
- Complementary to core business segment – providing SMEs alternative fund raising solutions

### **Attractive valuation – trading at below cash position**

- Share price trading at a 34% discount to NAV, with cash and cash equivalents greater than market cap as at 13 March 2023



# Thank You.



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