

l u m i n o r
the future glows

NEWSLETTER
RECAP OF 2024



In this newsletter you can expect:

Company Information

Executive Summary

The Growth of Our Factoring Business

New Major Achievements

Market and Industry Outlook

Client and Market Engagement

Team Activities





Company name

Luminor Capital
(Malaysia) Sdn. Bhd.

Shareholder

Luminor Financial Holdings Limited
[201131382E]

Incorporation year

2018

Panel banks

CIMB Bank Berhad
RHB Bank Berhad
MBSB Bank Berhad
Bank Islam Malaysia Berhad

Paid-up Capital

RM10,000,000.00

Auditor

Baker Tilly Malaysia

Executive Directors

Ivanna Loh
Richard Lim

Shariah advisor

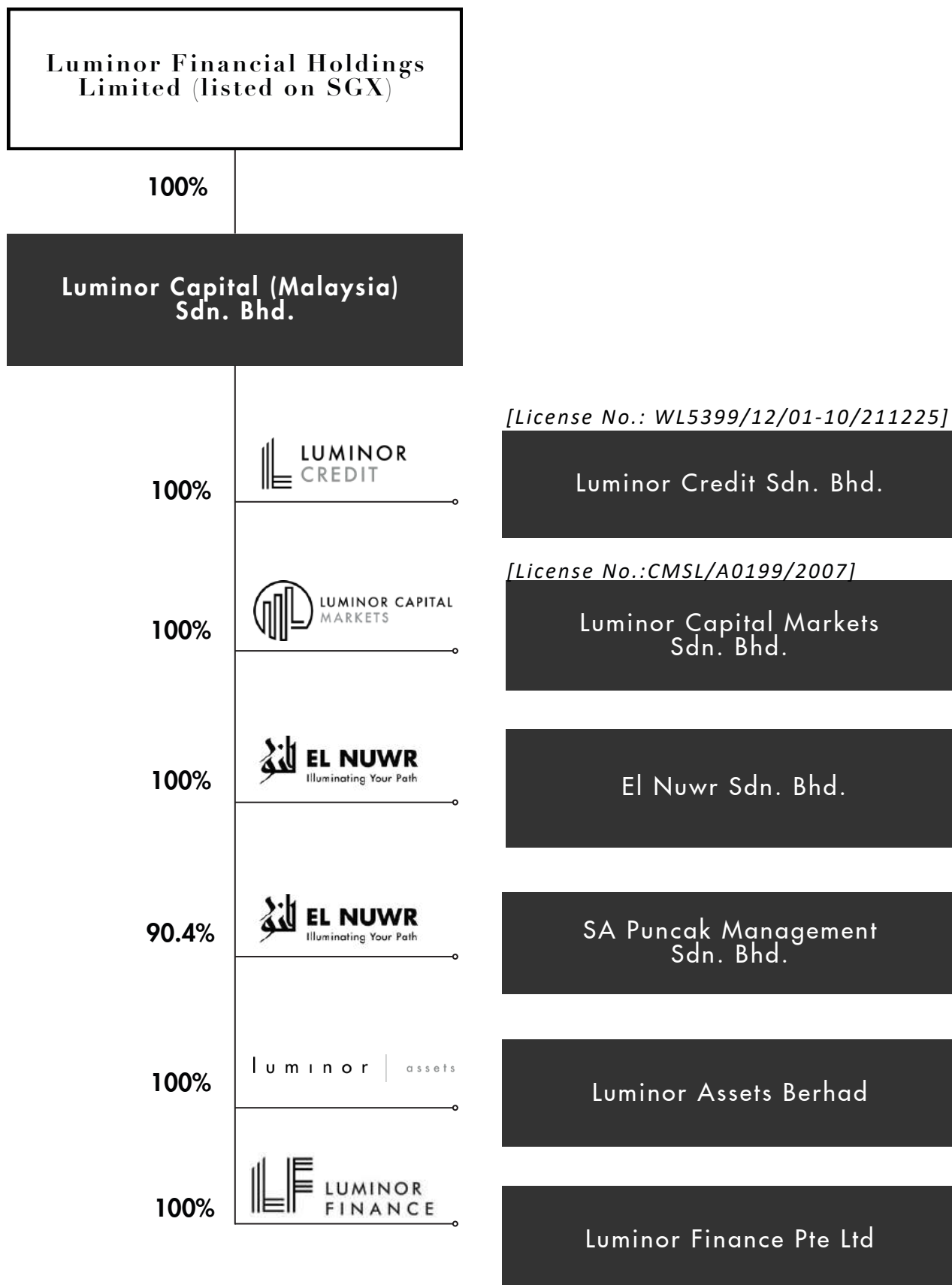
ISRA International
Consulting Sdn. Bhd.

Headquarter

Kuala Lumpur, Malaysia

Subsidiaries

Luminor Credit Sdn. Bhd.
Luminor Capital Markets Sdn. Bhd.
El Nuwr Sdn. Bhd.
SA Puncak Management Sdn. Bhd.
Luminor Assets Berhad
Luminor Finance Pte Ltd





l u m i n o r | c a p i t a l

Luminor Capital (Malaysia) Sdn. Bhd. (LCMSB) has achieved significant growth and milestones in 2024, solidifying its position as a leading financial services provider. Focused on underserved markets, LCMSB offers innovative financing solutions such as trade financing, corporate advisory, and invoice factoring.

Key highlights include:

1. **Shariah-Compliant Solutions:** Through SA Puncak Management Sdn. Bhd., the company provided over RM 922 million in contract financing, focusing on government, government-linked and multinational companies as the paymasters.
2. **Financial Performance:** Successful fundraising initiatives raised RM93.95 million through redeemable preference shares (RPS), supporting disbursement for factoring and lending operations.
3. **Earned Wage Access:** Introduced a program enabling employees to access up to 50% of their earned wages instantly, promoting financial flexibility and supporting workforce well-being.
4. **Operational Expansion:** LCMSB extended its international reach into Singapore and Thailand, leveraging its expertise in cross-border trade financing.
5. **Economic Context:** Growth was bolstered by Malaysia's strong economic performance, with GDP growth reaching 5.9% in Q2 2024.
6. **Market Leadership:** Active engagement in industry events, partnerships with industry players for co-funding collaborations, and leadership roles in associations like the Malaysia Factors Association.

LCMSB remains committed to innovation, fostering partnerships, and driving financial inclusion, setting a strong foundation for continued growth in 2025.

Kuala Lumpur . Singapore



The Growth of Our Factoring Business





SA Puncak Management Sdn. Bhd. or better known as **EL Nuwr**, is a factoring company that offers Shariah compliant financial products in particular Islamic Factoring, involving account receivables.

The company is authorized by the Ministry of Finance Malaysia to finance government contracts in the supply and services sector and has access to the Malaysian government's e-procurement system (E-perolehan) for contract and invoice verification and direct receivables collection. These contracts typically involve substantial budgets and have durations of 1 to 3 years, with payment periods generally ranging from 60 to 90 days.

The invoices factored for the contracts under the government and selected government linked companies are deemed as secured as the payment obligations under factoring is acknowledged by the awarders via the Notice of Assignment, and the legal arrangement under factoring, submitted on the Government's e-procurement system, allowing the financier to receive payment directly from the Government.



SME delivers goods and produce invoice as agreed in commercial contract



Financier releases up to 80% cash advance to the SME based on the invoice



Buyer pays the full invoice amount to the Financier on due date as stipulated in the notice of assignment

Government's e-procurement system (E-perolehan).

SME and financiers benefit from early detection of fraud and commercial disputes by engaging with the government through the e-procurement system. Wider, it develops trust and strengthens relationships between the government entities and the transactional parties involved, promoting a collaborative environment.

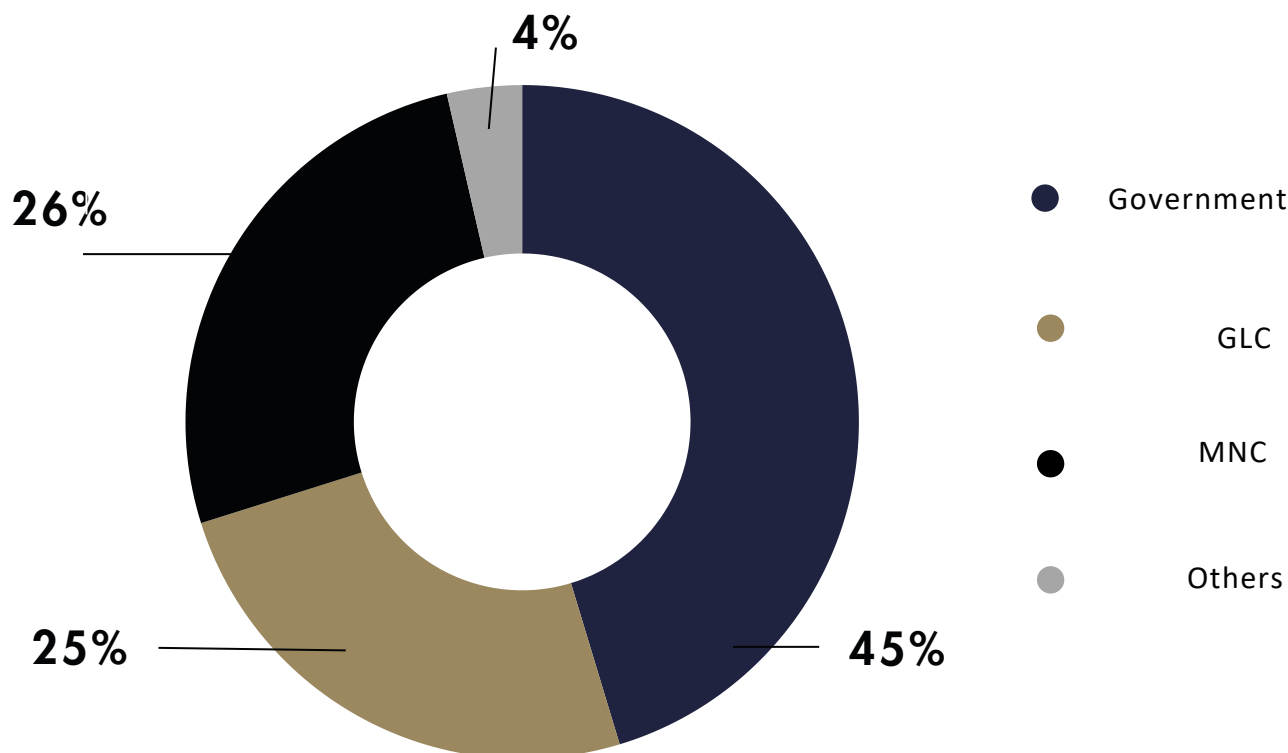
Recognition of invoice and confirmation of the related work order

Encourage a collaborative environment among the financier, paymasters, and SME

Acceptance with the payment instructions as stipulated in the notice of assignment

Debtors Portfolio

Our factoring facility revolves around the government, government linked companies, multinational companies, and equivalent reputable paymasters.



GOVERNMENT GOVERNMENT LINKED MULTINATIONAL OIL & GAS			
	Ministry of Malaysia	Royal Police Force	Fire and Rescue Department
			
	FGV Holdings Berhad	Tenaga Nasional Berhad	Prasarana Malaysia Berhad
			
	Lotte Chemical Titan Holdings Berhad	DKSH Holdings (Malaysia) Berhad	Shopee Express Malaysia Sdn. Bhd.
			
	Petronas Nasional Berhad	ExxonMobil Exploration and Production Malaysia Inc.	Vestigo Petroluem Sdn. Bhd.

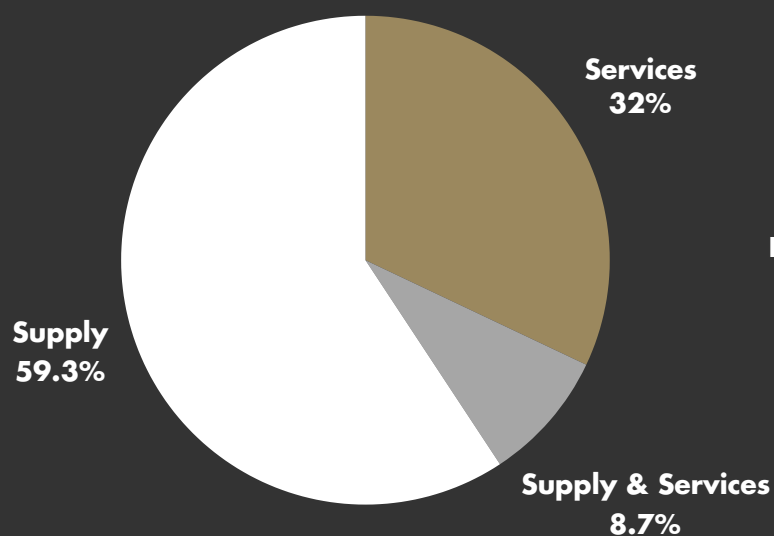
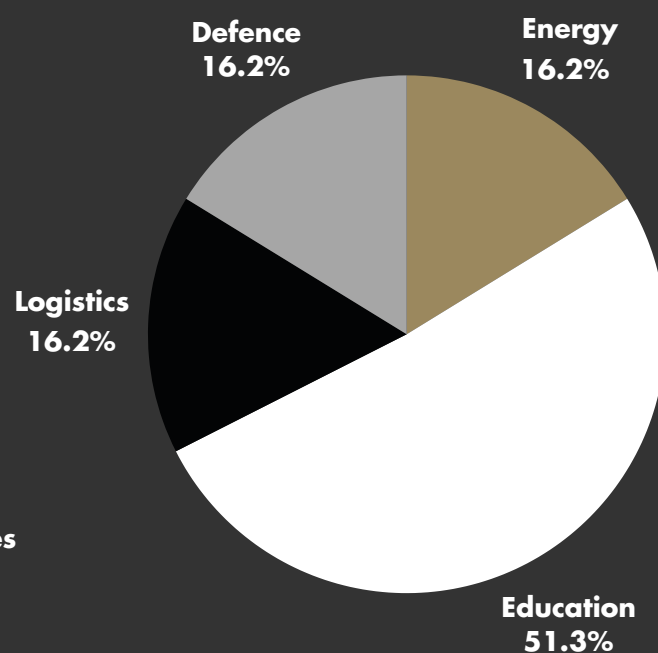
Our Performance



Annual Figures

in MYR ('000)

	<u>YR 2022</u>	<u>YR 2023</u>	<u>YR 2024</u>
TOTAL CONTRACTED VALUE	368,000	427,000	1,441,767
GROSS DISBURSEMENT VALUE	177,000	253,816	422,962
	<u>YR 2022</u>	<u>YR 2023</u>	<u>YR 2024</u>
COUNT OF NEW CONTRACTS FINANCED	53	72	105
TOTAL OF ACTIVE CLIENTS	37	47	60

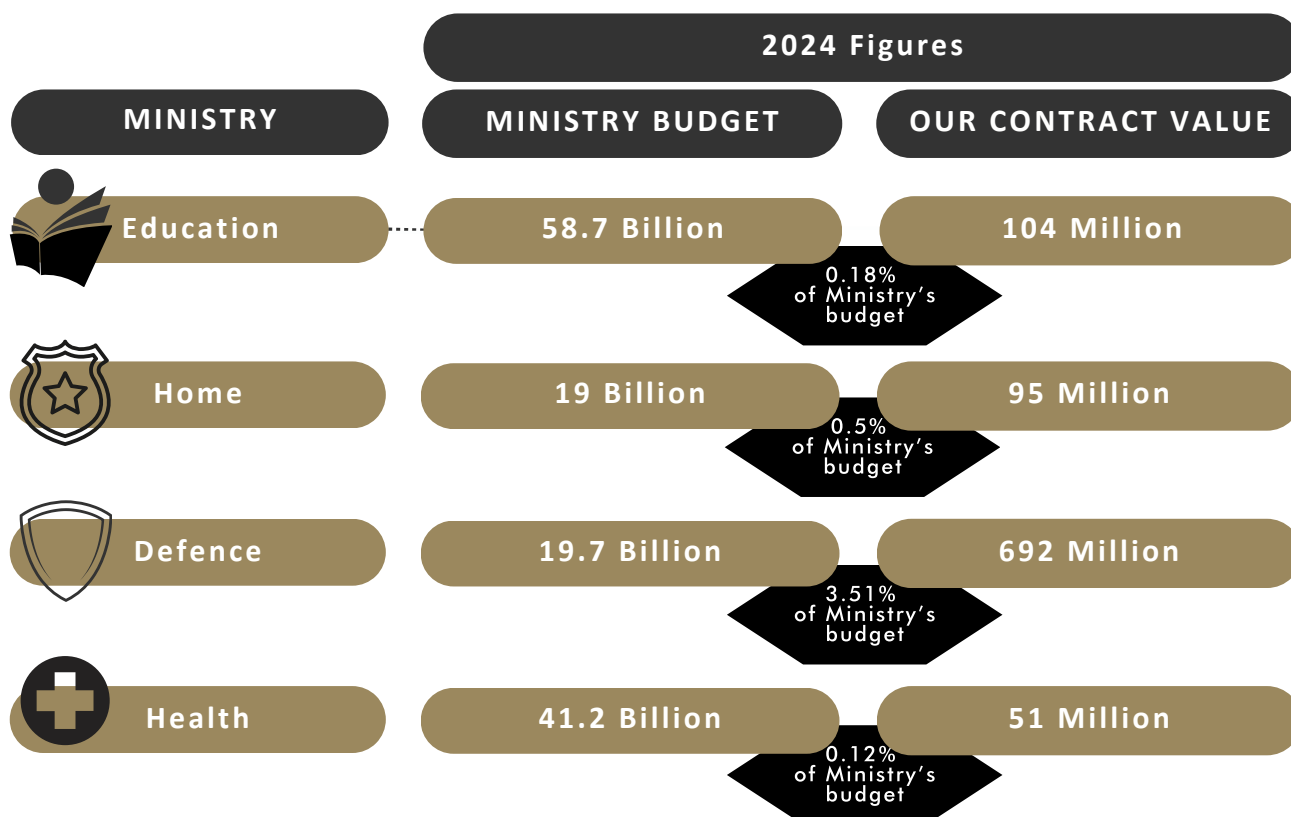
Type of contracts financedMain industry served



Supporting Bumiputera

Malaysian Government Projects

Categorised into 4 main ministries, the following is a comparison of Malaysia's government budget allocations for the year 2024 and the total contract value factored by us in the same year. Values are in Malaysian Ringgit.



Bumiputera in Oil and Gas Sector



Our definition of Bumiputera status is >51% Bumiputera equity.

Source:

<https://www.mof.gov.my/portal/en/news/press-citations/budget-2024-highlights>

New Major Achievements





This year, Luminor Assets Berhad is established as an unlisted public company, and a wholly-owned subsidiary company of Luminor Capital (Malaysia) Sdn. Bhd. for the purpose of raising funds through issuance of redeemable preference shares (RPS).

The proceeds raised from the RPS issued are advanced to Luminor's operating entities to fund respective disbursement requirements as well as to defray estimated expenses related to the proposed RPS issue.

The disbursement requirements relate to the following financing businesses operated through Luminor's Operating entities:

- Factoring business;
- Secured money lending; and
- Conventional invoice financing.

Summary of RPS Issuance as of September 2024

Total of MYR 93,950,000

TRANCHE 1

Amount Raised

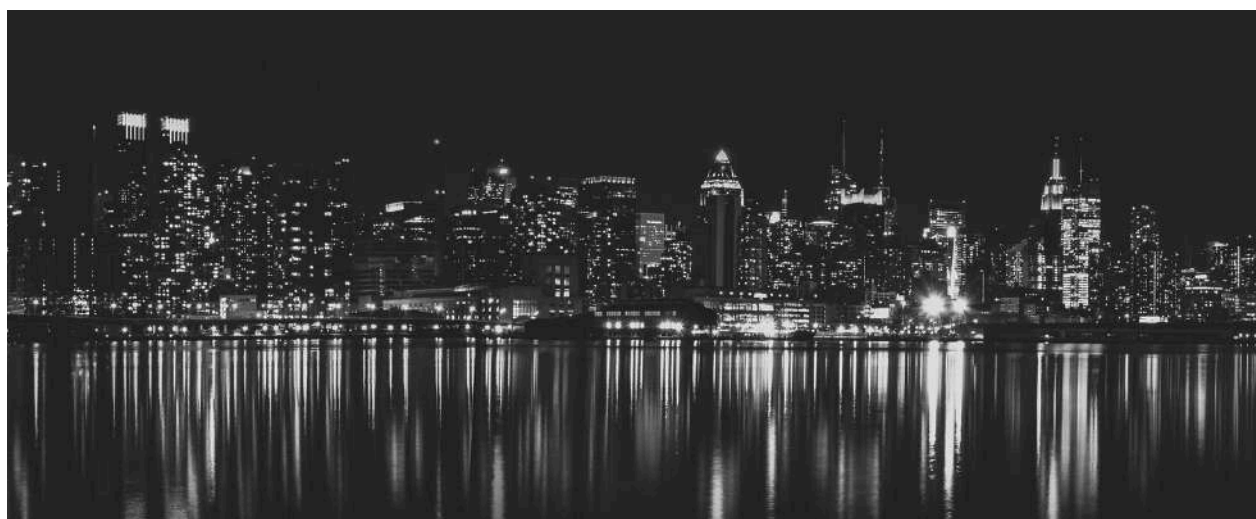
MYR 56,650,000

The dividend for all sub-tranches under Tranche 1 has been declared and paid to RPS holders.

TRANCHE 2

Amount Raised

MYR 37,300,000



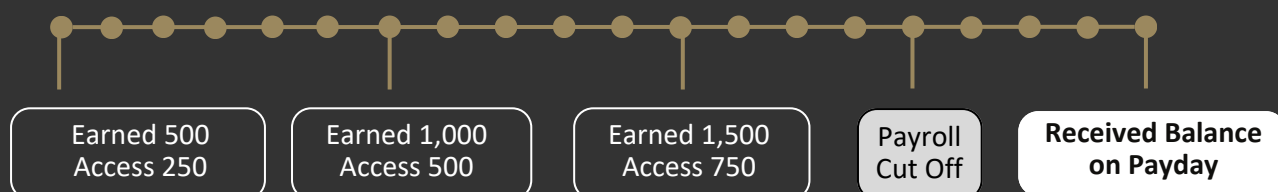


Earned Wage Access (EWA) provides employees instant access to their earnings.

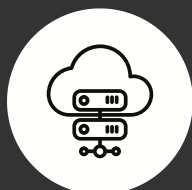
We work with financial services providers with the technology that connects into the employers payroll system, allowing employees to request for 50% of their earned salary.



Illustration showing the timeframe and capability of the EWA payout. The values are in Malaysian Ringgit.



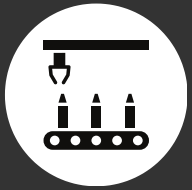
PARTICIPATING EMPLOYERS by industry



IoT



Healthcare



Manufacturing



Retail



E commerce

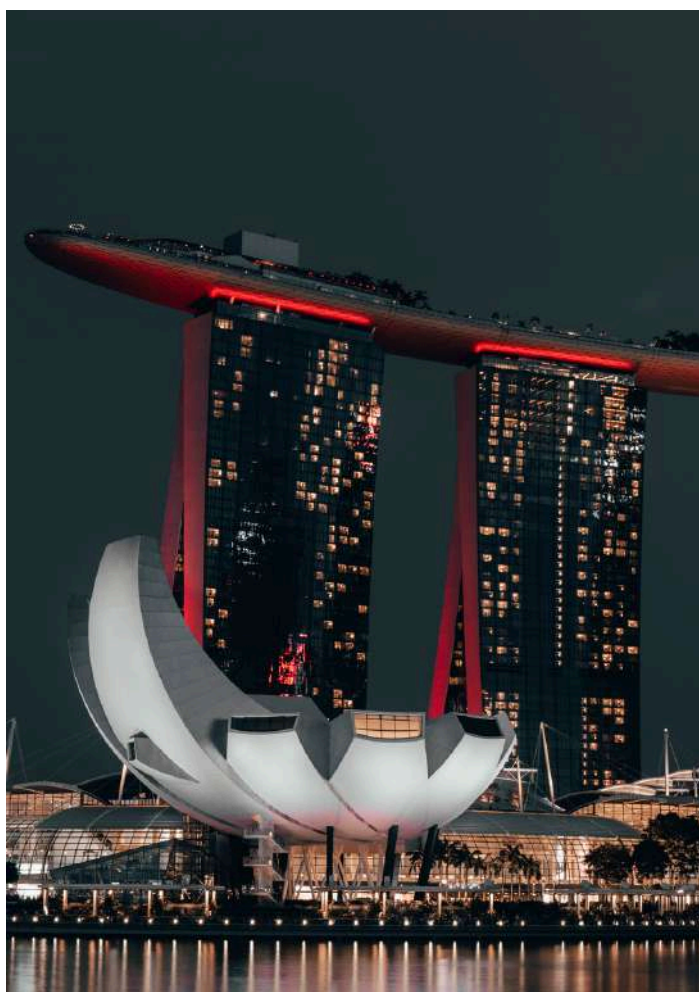




Our company continues to achieve remarkable growth by exploring new opportunities to expand our services outside of Malaysia. One of the key areas of focus in our strategic development is international factoring, also known as cross-border factoring, targeting international buyers and sellers in markets such as Singapore and Thailand.

This expansion into international factoring positions us to provide enhanced financial solutions for businesses engaged in cross-border trade. By leveraging our expertise and current infrastructure, we aim to facilitate smooth, efficient, and reliable transactions, empowering businesses to manage their cash flow effectively.

Our foray into international factoring marks an exciting chapter in our growth story, setting the stage for further opportunities across the global financial landscape.



OVERVIEW OF DEBTORS FOR SINGAPORE PORTFOLIO

ALLURE
& Co.



L'ORÉAL
PROFESSIONNEL



Aēsop.



BOXYCHARM BY IPSY



RM 18,178,139

Total Contract Value



Invited to write an article with **Trade Finance Global** to publish an article How Malaysia's digital procurement system empowers SMEs and factoring companies

Since 1999, the Malaysian government has introduced several initiatives to modernise its procurement processes and enhance economic inclusivity. Among these is the e-Perolehan system, which translates to the e-Procurement system, also known as "eP".

The digital procurement system has positively impacted Malaysian small and medium-sized enterprises (SMEs) and factoring companies, enabling greater access to public sector projects and viable financing opportunities.

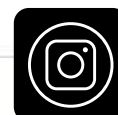
In this article, El Nuwr further explains the payment or debt assignment system functions within the Malaysian government's digital procurement framework.



How Malaysia's digital procurement system empowers SMEs and factoring companies

Since 1999, the Malaysian government has introduced several initiatives to modernise its procurement processes and enhance economic inclusivity. Among these is the e-Perolehan system, which translates to...

 Trade Finance Global / Dec 30, 2024



Malaysia's Market and Industry Outlook





First Quarter of 2024

Economic overview of the Malaysian Economy

The Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024 (4Q 2023:2.9%), driven by stronger private expenditure and positive turnaround in exports. Better investment activities were supported by higher capital spending by both private and public sectors.

Exports rebounded amid higher external demand. On the supply side, most sectors registered higher growth. The manufacturing sector was lifted by a rebound across both electrical and electronic (E&E) and non E&E industries. The stronger growth in the services sector was driven by higher retail trade activities and continued support from the transport and storage subsector.



Higher household spendings



Stronger investment activities



Higher wholesale and retail growth in February



Ringgit depreciated amid strong US dollar



Source:

Economic and Financial Developments in Malaysia in the First Quarter of 2024, 17 May 2024



Second Quarter of 2024

Economic growth of 5.9% in the second quarter

The Malaysian economy advanced by 5.9% in the second quarter of 2024 (1Q 2024: 4.2%). The growth is driven by stronger domestic demand and further expansion in exports. Household spending increased amid sustained positive labour market conditions and larger policy support. Investment activity was underpinned by continued progress in multi-year projects and capacity expansion by firms.

Exports improved amid higher external demand and positive spillovers from the global tech upcycle. Most supply-side sectors registered higher growth. The manufacturing sector was supported by broad-based improvement across all clusters, particularly in electrical and electronics (E&E). The services sector recorded strong growth, driven by consumer and business-related subsectors. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.9% (1Q 2024: 1.5%).



Ringgit appreciated against the US dollar and on a NEER basis

For the year until 13 August 2024, the ringgit has appreciated by 3.1% against the US dollar. On a nominal effective exchange rate (NEER) basis, the ringgit also appreciated by 5.3%. This was in part due to growing expectations among financial market participants on US policy rate cuts, which has alleviated pressure on regional currencies, including the ringgit.

The coordinated initiatives by the Government and BNM with the Government-Linked Companies (GLCs) and Government-Linked Investment Companies (GLICs) alongside engagements with corporates, exporters and investors continue to provide support to the ringgit. These efforts have resulted in greater and more consistent flows into the foreign exchange market. The daily average foreign exchange (FX) trading volume has risen to USD18.0 billion during the period of 26 February – 13 August 2024 (2 January – 23 February 2024: USD15 billion). The bid-ask spread is also narrower, indicating improved liquidity in the domestic FX market.

Malaysia's economic growth to be supported by firm domestic demand and further improvement in external demand

Source:

Economic and Financial Developments in Malaysia in the Second Quarter of 2024, 16 August 2024



Third Quarter of 2024

The economy grew by 5.3% in the third quarter

The Malaysian economy expanded by 5.3% in the third quarter of 2024 (2Q 2024: 5.9%), driven by strong investment activity and continued improvement in exports. Investment activity was underpinned by strong spending on structures and machinery and equipment (M&E), while household spending sustained its expansion amid positive labour market conditions and policy support. In the external sector, exports continued to strengthen on the back of recovering external demand and positive spillovers from the global tech upcycle.

Meanwhile, imports also grew at a faster pace, following strong demand for capital and intermediate goods to support rising investments and trade. On the supply side, most sectors remained supportive of growth. In particular, the improvement in the manufacturing sector was driven by export-oriented clusters. However, growth was partly offset by maintenance activities in the mining sector. On a quarter-on-quarter, seasonally-adjusted basis, growth momentum moderated to 1.8% (2Q 2024: 2.9%). Overall, the Malaysian economy expanded by 5.2% in the first three quarters of 2024.



Continued strong expansion in investment activities



Inflation remains stable at 1.9%



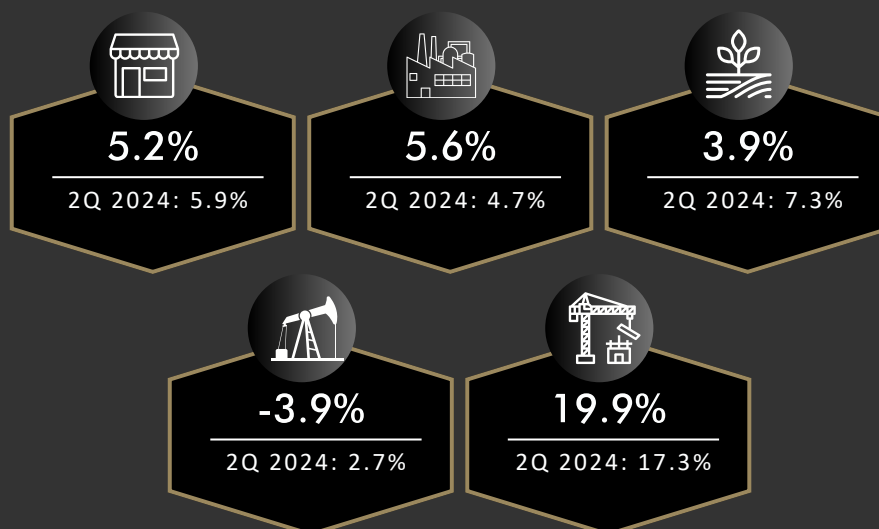
Continued improvement in the labour market



Lower oil and gas production amid maintenance activity

Growth supported by services and manufacturing sectors

Annual change, %



Source:

Economic and Financial Developments in Malaysia in the Third Quarter of 2024, 15 November 2024
Department of Statistics, Malaysia



First Quarter of 2024

Financing Conditions

Credit growth to the private non-financial sector increased to 5.2% (4Q 2023: 4.8%). This was supported by higher growth in outstanding loans to both businesses (4.9%; 4Q 2023: 3.7%) and households (6.2%; 4Q 2023: 5.7%) while outstanding corporate bonds growth grew at a more moderate pace (3.2%; 4Q 2023: 4.2%).

The higher business loan growth was driven mainly by higher growth in investment-related loans. By sector, the stronger growth was supported by the construction and services sectors. For households, outstanding loan growth was higher across most loan purposes, reflecting continued demand for loans, particularly for the purchase of housing and cars.



Bond yields increased
MGS 10Y yield +11 bps



Equity markets rose
KLCI +5.6% QOQ



The Monetary Policy Committee maintained the OPR at 3.00%

Second Quarter of 2024

Banks continue to lend

Credit growth to the private non-financial sector increased to 5.4% (1Q 2024: 5.2%), following higher growth in outstanding business loans (5.6%; 1Q 2024: 5.1%) and outstanding corporate bonds (3.4%; 1Q 2024: 3.2%). Outstanding business loan growth increased amid higher growth in both investment-related and working capital loans. By sector, the stronger growth was recorded in the construction and manufacturing sectors. For households, outstanding loan growth was sustained across most loan purposes (6.2%; 1Q 2024: 6.2%). Demand for household loans remained forthcoming, particularly for mortgages.



Bond yields increased
MGS 10Y yield +1 bps



Equity markets rose
KLCI +3.5% QOQ



Credit growth

[illegible]

By sector, loan growth to the services sector was sustained, while loan growth for the manufacturing and construction sectors moderated. For households, loan growth remained steady, driven by loans for the purchase of housing and cars. Growth in household loan applications remained robust with sustained approval rates.



MGS 10Y yield -15 bps



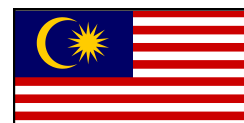
KLCI +3.7% QOQ



Total Factoring Volume



MALAYSIA



Factoring Volume in the Last 7 Years (in Million of EUR)

2017	2018	2019	2020	2021	2022	2023
1,650	4,459	4,459	4,459	4,459	4,459	4,459

ASIA PACIFIC

Factoring Volume in the Last 7 Years (in Million of EUR)

	2017	2018	2019	2020	2021	2022	2023
	44,000	44,000	39,600	29,034	29,034	44,000	60,000
	405,537	411,573	403,504	433,162	469,575	576,885	634,574
	46,945	53,500	48,150	45,743	44,000	45,000	35,920
	4,269	4,532	5,089	3,562	8,600	15,771	17,378
	682	458	458	458	458	458	682
	37,284	49,348	49,446	51,225	58,666	57,277	60,622
	13,094	25,645	26,927	25,604	25,604	25,604	25,604
	5,600	5,877	5,877	5,877	6,105	6,105	4,310
	700	1,100	1,100	904	1,030	1,144	1,144

Source: FCI: Total Factoring Volume by Country/Region in the Last 7 Years (in Millions of EUR)

Client and Market Engagement



First Quarter 2024



In 2024, our company achieved significant milestones through a series of impactful events and initiatives, demonstrating our commitment to industry leadership, regional engagement, and global connections. In the **first quarter**, we strengthened ties in East Malaysia, collaborating with *Malaysia Petroleum Resources Corporation*, an agency under the Ministry of Economy for an event in Sabah, participating actively in Miri community activities, and engaging with the Sabah Development Corridor to explore growth opportunities. These efforts set the tone for our ongoing focus on regional partnerships and development.

The **second quarter** saw us connecting with diverse stakeholders, including hosting a grand Hari Raya celebration, exhibiting at the prestigious *Defence Services Asia* exhibition in May, and we delivered a talk at the *National Film Development Corporation Malaysia* (Finas) Annual General Meeting, fostering connection with the leader within the industry. Moving into the **third quarter**, we expanded our global footprint by participating as a panel speaker at a trade credit insurance event alongside *CTOS*, Malaysia's leading credit reporting agency and *NCI*, a trade credit insurance broker with presence throughout Australia, New Zealand, and Asia. We also attended the FCI Annual Meeting in Seoul, an influential global forum that brought together experts in factoring and receivables finance. Tapping into new growth opportunities, we continue to extend our services to Singapore-based companies, showcasing our ability to cater to diverse markets. Another key milestone during this quarter was our election to a key leadership role within the *Malaysia Factors Association*. This recognition reflects our growing influence in the factoring and receivables finance sector and positions us to play a pivotal role in shaping the industry's direction and advocating for its advancement in Malaysia.

In the **fourth quarter**, we continued to build momentum by expanding our presence and strengthening connections in key market i.e. Sarawak. A stand out achievement during this quarter was our support of the growth for a client, enabling them to successfully listed on the Hong Kong Stock Exchange, reinforcing our reputation as a trusted partner for businesses with ambitious growth and expansion plans.



Second Quarter 2024



Second Quarter 2024



Third Quarter 2024



Fourth Quarter 2024



Team Activities









THANK YOU FOR CHOOSING US



As we close the chapter on 2024, we extend our heartfelt thanks to our valued clients and partners. Your trust and support have been key to our growth, innovation, and success this year. Your partnership inspires us to push boundaries, deliver excellence, and continuously strive to create impact in our industry. Whether it was through shared success, or insightful feedback, you have been an integral part of our success story.

Thank you for choosing to work with us and for being a part of our journey. We look forward to continuing this partnership in 2025, as we aim to achieve even greater milestones together.



The Next Generation Investment Bank



l u m i n o r

the future glows

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