

JOINT VENTURE TO UNDERTAKE FINANCIAL LEASING BUSINESS IN CHONGQING, THE PEOPLE'S REPUBLIC OF CHINA

1 INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of MoneyMax Financial Services Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a joint venture with AP Oil International Limited (“**AP Oil**”), 重庆宗申动力机械股份有限公司 (“**Zongshen**”) and 重庆保税港区开发管理集团有限公司 (“**Free Trade Port Co**”, and collectively with the Company, AP Oil and Zongshen, the “**JV Partners**”) for the purpose of undertaking financial leasing business in Chongqing, the People's Republic of China (“**PRC**”) (the “**Joint Venture**”).

Pursuant to the legal documentation entered into between the Company and the JV Partners in relation to the Joint Venture on 18 October 2016 (the “**JV Agreement**”), the Company will participate in the Joint Venture through the subscription of equity interest in a joint venture company to be incorporated (the “**JV Company**”), representing 12.5% of the equity interests of the JV Company, for a cash consideration of RMB25.0 million (equivalent to approximately S\$5.1 million based on the exchange rate of RMB1.00:S\$0.2058) (the “**Capital Contribution**”).

2 INFORMATION ON THE JOINT VENTURE

2.1 Information on the JV Company

The JV Company shall be incorporated as a limited liability company under the laws of the PRC. It will principally be engaged in the business of financial leasing (including consulting and guarantee of leasing, as well as related technology development and services) in Chongqing, PRC. The JV Company will service the various fast-growing industries in the PRC.

The JV Company shall have an initial registered capital of RMB200 million, and the shareholding structure will be as follows:

JV Partner	% equity interests in the JV Company
The Company	12.5%
AP Oil	12.5%
Zongshen	70.0%
Free Trade Port Co	5.0%

2.2 Information on the JV Partners

The information on the JV Partners was provided by the respective JV Partners. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company's and the Directors' responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

AP Oil is a company limited by shares incorporated in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). It is an investment holding

company, with businesses in the manufacture and supply of lubricants and specialty chemical products in Asia Pacific. AP Oil is a trusted supplier of world-class quality and competitive lubricants and specialty chemical products for automotive, industrial and marine applications.

Zongshen is a company incorporated in the PRC and listed on the Shenzhen Stock Exchange. It is a subsidiary of the Zongshen Industrial Group, a large PRC-based manufacturing group making a variety of specialised small-size thermal power machinery. Zongshen's businesses include provision of financial services and manufacture of motorcycle engines.

Free Trade Port Co is a company incorporated in the PRC, under the Chongqing State-Owned Assets Supervision and Administration Commission. It is responsible for the development and management of the Chongqing Free Trade Port Area, investing directly in businesses and assets located within such area.

The aforementioned JV Partners are independent third parties and are not related to the Company, the Directors or controlling shareholders of the Company and their respective associates.

2.3 Principal terms of the Joint Venture

(a) Capital Contribution

The Capital Contribution is to be satisfied within 60 days after the JV Company obtains its business licence from the relevant authorities in the PRC.

The Capital Contribution was determined based on arm's length negotiations between the Company and the other JV Partners, and arrived at after taking into account, *inter alia*, the capital requirements of the JV Company.

(b) Directors

The board of directors of the JV Company (the "**JV Company Board**") shall comprise seven (7) directors, where the Company, AP Oil and Free Trade Port Co shall each be entitled to nominate one (1) director, and Zongshen shall be entitled to nominate four (4) directors. The chairman of the JV Company Board (who shall also be the legal representative of the JV Company) shall be designated by Zongshen and the vice-chairman of the JV Company Board shall be jointly designated by the Company and AP Oil.

(c) Put Option

Under the JV Agreement, Zongshen has granted to the Company and AP Oil a put option ("**Put Option**"), pursuant to which the Company and AP Oil may, at any time commencing from 1 January 2018, sell to Zongshen all or part of their respective equity interests in the JV Company for a consideration based on an agreed market valuation, as determined by an approved valuer, which shall not be less than the initial capital contribution of the Company and AP Oil (as the case may be).

(d) Tag-along Right

If Zongshen wishes to transfer all or part of its equity interests in the JV Company to any third party, the Company and AP Oil shall have the right to transfer all or part of their respective equity interests in the JV Company together with Zongshen at the same price and on the same terms and conditions ("**Tag-Along Right**").

In the event the Company is to exercise the Put Option or the Tag-Along Right, such exercise shall be subject to approval from shareholders of the Company, to the extent required under Chapter 10 of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Catalist Rules").

2.4 Rationale for and benefits of the Joint Venture

The Directors are of the view that the PRC is one of the largest global financial services leasing market with a relatively low penetration rate as compared to other more developed markets. Accordingly, the Directors see growth potential, as financial leasing is an important tool in equipment investment and technology upgrades. In addition, the PRC government is believed to be taking steps to develop this industry further.

The Joint Venture therefore offers the Group a good opportunity to invest in the growing financial services industry in the PRC, and a stepping stone to expand its business into the PRC.

Having considered, *inter alia*, the terms of the Joint Venture and the business potential of the Joint Venture, the Directors are of the view that the Joint Venture is in the best interests of the Group.

3 SOURCE OF FUNDS

The Capital Contribution will be funded by the Group's internal resources and/or bank borrowings.

4 FINANCIAL EFFECTS OF THE JOINT VENTURE

4.1 Net tangible assets ("NTA") and earnings per share ("EPS")

As the JV Company will be newly incorporated, the Joint Venture will not have any impact on the NTA per share as at 31 December 2015 (assuming that the Joint Venture was entered into on 31 December 2015) and the EPS of the Group for the financial year ended 31 December 2015 (assuming that the Joint Venture was entered into on 1 January 2015).

4.2 Gearing

The Joint Venture is not expected to have any material impact on the gearing of the Group.

5 RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

Based on the latest unaudited financial statements of the Group for the six-month period ended 30 June 2016, the relative figures for the entering into of the Joint Venture by the Company computed on the bases set out in Rule 1006 of the Catalist Rules are set out below:

Rule 1006 of the Catalist Rules	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits	Not applicable
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	9.4% ⁽¹⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The 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	Not applicable

Note:

- (1) The market capitalisation of the Company of approximately S\$54.5 million was computed based on the Company's existing issued and paid-up share capital of 353,800,000 shares and the volume-weighted average price of S\$0.1540 per share on 9 September 2016, being the last market day on which the shares were traded prior to the date of the JV Agreement.

Having regard to the above, as the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 5.0% but not 75.0%, the Joint Venture constitutes a “discloseable transaction” under Rule 1010 of the Catalist Rules.

6 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Joint Venture other than through their respective shareholding interests in the Company (if any).

7 SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company, and no service contracts will be entered into by the Company in connection with the Joint Venture.

8 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JV Agreement will be available for inspection during normal business hours at the Company’s registered office at 7 Changi Business Park Vista, #01-01, Singapore 486042 for a period of three (3) months from the date of this announcement.

9 DIRECTORS’ RESPONSIBILITY STATEMENT

Save as otherwise provided in this Announcement, 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 Joint Venture, 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.

10 FURTHER ANNOUNCEMENTS AND UPDATES

The Company will make further announcements on the Joint Venture as appropriate or when there are further developments on the same.

BY ORDER OF THE BOARD

Dato’ Sri Dr. Lim Yong Guan
Executive Chairman and Chief Executive Officer

18 October 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. 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 correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.