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## EXPANSION OF BUSINESS

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### INTRODUCTION

The Board of Directors (the "**Board**") of ValueMax Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that the Company has decided to undertake an expansion of its business to include unsecured moneylending (the "**New Business**").

### DETAILS OF THE NEW BUSINESS

The Group has identified unsecured lending as a potential area of business expansion. It believes that the New Business is complementary to the existing businesses and skill sets of the Group, and is in line with the Group's strategy to expand into the provision of alternative forms of debtor financing services. Presently, the Group is principally engaged in the provision of pawnbroking services, as well as the retail and trading of pre-owned jewellery and gold. In September 2014, the Group had acquired VM Credit Pte. Ltd. ("**VM Credit**"), which holds a moneylending licence in Singapore and carries out the business of granting loans secured against collaterals. The new unsecured moneylending business will be conducted through VM Credit, and will continue to be regulated and licensed under the Moneylenders Act (Cap. 188) of Singapore. By providing a broader range of services to existing and new customers, the Group hopes to have a more diversified business and income base for future growth.

The Group intends to be selective with the type of borrowers it lends to, especially during the initial stages of its New Business. The unsecured moneylending business is not targeted at the mass market, but at individuals with high annual income and/or high net worth who require such loans for business/commercial reasons. While the interest rates chargeable by the Group may be higher than unsecured loans offered by banks and financial institutions, the Board is confident that the New Business has potential for growth due to its nimble size as well as the speed of processing/disbursements it can offer to its customers.

## **RISK MANAGEMENT MEASURES**

The Credit Risk Management Committee which was previously set up to oversee the secured moneylending business undertaken by VM Credit, will also oversee the New Business. The Board intends to task the Credit Risk Management Committee with the responsibility of overseeing the risk management activities of the New Business, approving appropriate risk management procedures and measures, as well as identifying and managing the various business risks for the New Business. The main risk management measures with respect to the New Business include (i) screening of borrowers, where due diligence checks (both compliance-based and credit-based) will be duly performed before any loan is disbursed, (ii) putting in place a loan approval matrix, where, depending on the loan amount, various levels of internal approvals would be required before a loan is approved, and (iii) proper record-keeping, in accordance with the applicable laws and regulations.

## **FINANCIAL EFFECT OF THE NEW BUSINESS**

The expansion of business is not expected to have a material impact on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 31 December 2015.

## **INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the expansion of the Group's business.

By Order of the Board

Lotus Isabella Lim Mei Hua  
Company Secretary  
24 March 2015

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The initial public offering of ValueMax Group Limited was sponsored by Canaccord Genuity Singapore Pte. Ltd. (the "**Issue Manager**"). The Issue Manager assumes no responsibility for the contents of this announcement.