

MAXI-CASH FINANCIAL SERVICES CORPORATION LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200806968Z)

ANNOUNCEMENT

- (1) **THE PROPOSED ENTRY INTO THE LOAN AGREEMENT WITH ASPIAL CORPORATION LIMITED AND ASPIAL TREASURY PTE. LTD.; AND**
- (2) **THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ASPIAL PROPERTY INVESTMENT PTE. LTD.,**

AS INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

1.1 The Specific Interested Person Transactions. The Board of Directors (the “**Board**”) of Maxi-Cash Financial Services Corporation Ltd. (the “**Company**”, and together with its subsidiaries and associated companies, the “**Maxi-Cash Group**”) wishes to announce that:

- (i) the Company intends to enter into a revolving loan agreement (the “**Loan Agreement**”) with Aspial Corporation Limited (“**Aspial**”) and Aspial Treasury Pte. Ltd. (“**Aspial Treasury**”), pursuant to which Aspial and/or Aspial Treasury shall extend term loans to the Maxi-Cash Group in the form of a revolving credit line, for up to an aggregate principal sum of S\$50,000,000; and
- (ii) the Company has, on 10 July 2019, entered into a conditional share purchase agreement (the “**Share Purchase Agreement**”) with Aspial, pursuant to which Aspial has agreed to sell, and the Company has agreed to acquire, all the issued ordinary shares in the capital of Aspial Property Investment Pte. Ltd. (“**Aspial Property**”, and the shares, the “**Aspial Property Shares**”) (the “**Proposed Acquisition**”).

1.2 Shareholders’ Approval. The Board also intends to convene an extraordinary general meeting of the Company (“**EGM**”) in due course to seek approval and/or ratification from shareholders of the Company (the “**Shareholders**”) for the following resolutions:

- (i) the proposed entry into the Loan Agreement with Aspial and Aspial Treasury; and
 - (ii) the Proposed Acquisition,
- (collectively, the “**Specific IPTs**”).

2. PROPOSED ENTRY INTO THE LOAN AGREEMENT

2.1 Loan Agreement. The Company intends to enter into the Loan Agreement with Aspial and Aspial Treasury. The Loan Agreement may be terminated by Aspial or Aspial Treasury upon (i) Aspial or Aspial Treasury giving one month’s written notice to the Company; or (ii) if any event of default occurs. The loan proceeds will be utilised for the purposes of financing the Maxi-Cash Group’s general working capital requirements and/or repayment of the Maxi-Cash Group’s existing loans.

2.2 Information on Aspial. Aspial is a public company incorporated in Singapore on 12 November 1970 and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Aspial manages a wide spectrum of businesses, which includes jewellery retail, property development and financial services.

Aspial is a controlling shareholder of the Company. As at the date of this Announcement, Aspial has a direct interest in 669,954,669 shares in the Company (the “**Maxi-Cash Shares**”), representing approximately 64.72 per cent. of the total issued Maxi-Cash Shares.

2.3 Information on Aspial Treasury. Aspial Treasury is a wholly-owned subsidiary of Aspial. The principal activity of Aspial Treasury is the provision of financial services to Aspial, its subsidiaries and associated companies (collectively, the “**Aspial Group**”).

2.4 Conditions. The entry into the Loan Agreement is subject to and conditional upon:

- (i) the Company obtaining, at the EGM to be convened, approval from the independent Shareholders for the entry into the Loan Agreement; and
- (ii) Aspial obtaining, at an extraordinary general meeting to be convened, approval from the independent shareholders of Aspial for the entry into the Loan Agreement.

2.5 Principal Terms of the Loan Agreement. The principal terms of the Loan Agreement are set out below:

Principal Amount	:	Up to S\$50,000,000 in aggregate
Lender(s)	:	Aspial and/or Aspial Treasury
Borrower(s)	:	Any member of the Maxi-Cash Group
Repayment	:	Term of repayment of each of the Loans (as defined below) shall be mutually agreed between the relevant Lender and the relevant Borrower, and such term may be extended by mutual agreement between the relevant Lender and the relevant Borrower, provided that the term of repayment of each Loan shall not in any event exceed five (5) years from the date of disbursement of such Loan to the relevant Borrower.

On the date of repayment, the relevant Borrower shall repay all outstanding sums due to the relevant Lender under the Loan Agreement (“**Loans**”), together with any interest accrued thereon.

Interest Rate : The relevant Lender's prevailing Cost of Funds (with written evidence provided to the relevant Borrower on the calculation of such Cost of Funds) at the time of each drawdown plus 0.5 per cent.

Such interest shall accrue daily on the outstanding principal amount of the Loan from the date on which each Loan is advanced to its date of repayment, and shall be payable on the earlier of (i) the date of repayment of the principal; or (ii) within three (3) business days of the end of each agreed interest period.

“**Cost of Funds**” means the cost of borrowing incurred by the relevant Lender, such cost including any legal and marketing fees, fees paid to banks and any other costs incurred directly in connection with the borrowing, in order to provide a Loan.

3. PROPOSED ACQUISITION

3.1 Sale and Purchase of the Aspial Property Shares. Pursuant to the terms of the Share Purchase Agreement, Aspial shall sell the Aspial Property Shares to the Company free from any claim, charge, mortgage, lien, option, equity, power of sale, hypothecation, usufruct, retention of title, right of pre-emption, right of first refusal or other third party rights or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing and together with all rights and advantages attaching to them as at the completion of the sale and purchase of the Aspial Property Shares (“**Closing**”) (including the right to receive all dividends or distributions declared, made or paid on or after Closing).

3.2 Information on Aspial Property. Aspial Property was incorporated on 30 October 2008 in Singapore as a private company limited by shares. As at the date of this Announcement, it has an issued and paid-up share capital of S\$2,000,000 comprising of 2,000,000 ordinary shares, and its sole shareholder is Aspial. Its principal activity is that of a real estate investor.

Aspial Property is the registered owner of six (6) investment properties (the “**Properties**”) and leases some of the units within the Properties to the Maxi-Cash Group for the purposes of the Maxi-Cash Group's operations.

Based on Aspial Property's audited financial statements for the financial year ended 31 December 2018 (“**FY2018**”), its (i) book value and audited net tangible asset value as at 31 December 2018 and (ii) audited loss before tax for FY2018 were approximately S\$1,790,791 and S\$345,769 respectively.

Details of the Properties are as set out below:

S/N	Property	Valuation (S\$) ⁽¹⁾	Valuation Date	Valuation Approach	Valuer
1.	Block 304, Orchard Road #01-06, Lucky Plaza, Singapore 238863 ⁽²⁾	4,900,000	10 June 2019	Market Approach and Income Approach	Suntec Real Estate Consultants Pte Ltd
2.	Block 304 Orchard Road, #01-05 Lucky Plaza, Singapore 238863 ⁽²⁾	4,800,000	10 June 2019	Market Approach and Income Approach	Suntec Real Estate Consultants Pte Ltd
3.	129 Syed Alwi Road, Singapore 207693	6,000,000	10 June 2019	Market Approach and Income Approach	Suntec Real Estate Consultants Pte Ltd
4.	Block 709, Ang Mo Kio Avenue 8, #01-2593, Singapore 560709	5,000,000	10 June 2019	Market Approach and Income Approach	Suntec Real Estate Consultants Pte Ltd
5.	Block 503, Jurong West Avenue 1, #01-833, Singapore 640503 ⁽³⁾	5,800,000	10 June 2019	Market Approach and Income Approach	Suntec Real Estate Consultants Pte Ltd
6.	Block 205, Bedok North Street 1, #01-387, Singapore 460205 ⁽³⁾	7,300,000	10 June 2019	Market Approach and Income Approach	Suntec Real Estate Consultants Pte Ltd

Source: The valuation certificates in respect of the Properties prepared by Suntec Real Estate Consultants Pte Ltd (the "Independent Valuer") (the "Valuation Certificates").

Notes:

- (1) The valuations of the Properties were commissioned by the Company.
- (2) Aspial Property currently leases these Properties to the Maxi-Cash Group for the purposes of the Maxi-Cash Group's operations.
- (3) Aspial Property currently leases the first storey of these units to the Maxi-Cash Group for the purposes of the Maxi-Cash Group's operations, whereas the second storey of these units are leased to third parties.

3.3 Principal Terms of the Proposed Acquisition.

- (i) **Conditions Precedent.** The Proposed Acquisition is subject to and conditional upon:
 - (a) the independent Shareholders approving, in accordance with applicable laws and regulations, a resolution for the Company to complete the Proposed Acquisition in accordance with the terms of the Share Purchase Agreement; and
 - (b) the independent shareholders of Aspial approving, in accordance with applicable laws and regulations, a resolution for Aspial to complete the sale of the Aspial Property Shares in accordance with the terms of the Share Purchase Agreement,

(the “**Conditions**”).

- (ii) **Aggregate Consideration on Closing.** The aggregate consideration payable by the Company for the Proposed Acquisition on Closing is S\$5,381,719 (the “**Aggregate Consideration on Closing**”). The Aggregate Consideration on Closing was based on the adjusted net asset value of Aspial Property of S\$5,381,719 as at 31 December 2018, which includes the adjusted value of the Properties of S\$33,800,000. The Aggregate Consideration on Closing will be funded by existing cash and bank borrowings of the Maxi-Cash Group.

The Aggregate Consideration on Closing was arrived at based on arm’s length negotiations between Aspial and the Company and on a willing-buyer and willing-seller basis, after taking into account the independent valuations of the Properties as provided in the Valuation Certificates and the rationale for the Proposed Acquisition.

- (iii) **Closing.** Closing shall take place on a date falling 15 business days after the satisfaction of the Conditions (or such later date as Aspial and the Company may agree in writing).
- (iv) **Post-Closing Adjustments.** Following Closing, the Company shall, in accordance with the terms of the Share Purchase Agreement, procure and ensure that a statement be drawn up setting out the adjusted net asset amount (the “**Adjusted Net Assets**”) of Aspial Property as at the date of Closing. The final aggregate consideration (the “**Final Aggregate Consideration**”) payable by the Company to Aspial for the Proposed Acquisition shall be equal to the amount of the Adjusted Net Assets, with the value of the Properties being adjusted to S\$33,800,000. Where the Final Aggregate Consideration is higher than the Aggregate Consideration on Closing, the Company will be required to pay to Aspial the difference between the Final Aggregate Consideration and the Aggregate Consideration on Closing, in accordance with the terms of the Share Purchase Agreement. Conversely, where the Final Aggregate Consideration is lower than the Aggregate Consideration on Closing, Aspial will be required to pay to the Company the difference between the Final Aggregate Consideration and the Aggregate Consideration on Closing, in accordance with the terms of the Share Purchase Agreement.
- (v) **Long Stop Date.** Shareholders should note that if any of the Conditions are not satisfied by 31 December 2019, the Share Purchase Agreement will terminate automatically without prejudice to any liabilities arising from any breach of the Share Purchase Agreement by any of the parties thereto, save as set out in the Share Purchase Agreement.

4. RATIONALE FOR THE SPECIFIC IPTS

4.1 Rationale and Benefit of the Entry into the Loan Agreement. The Company is of the view that the entry into the Loan Agreement will benefit the Maxi-Cash Group in terms of financing the Company's and the Maxi-Cash Group's general working capital requirements and/or repayment of the Company's and the Maxi-Cash Group's existing loans, allowing the Company and the Maxi-Cash Group to continue their operations with minimal restrictions. The entry into the Loan Agreement will give the Company the ability and flexibility to quickly tap on the funds should the need arises, without the need to provide any security, charge or mortgage over assets. The interest rate charged by Aspial for the provision of the Loans is, in the Company's view, no less favourable than the rates charged by third party financial institutions.

4.2 Rationale and Benefit of the Proposed Acquisition. The Company is of the view that the Proposed Acquisition is in line with the Maxi-Cash Group's strategic plans to acquire an asset which has the potential for capital gain, while being utilised (or potentially utilised) for the purposes of its existing pawnbroking and retail businesses. The Proposed Acquisition will not result in a material change to the Maxi-Cash Group's risk profile.

5. THE SPECIFIC IPTS AS INTERESTED PERSON TRANSACTIONS

5.1 Entity at Risk and Interested Persons. Aspial is a controlling shareholder of the Company, holding a direct interest in 669,954,669 Maxi-Cash Shares, representing approximately 64.72 per cent. of the total issued Maxi-Cash Shares. Accordingly, transactions entered into between (i) (a) the Company; (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of the Company that is not listed on SGX-ST or an approved exchange, provided that the Maxi-Cash Group or the Maxi-Cash Group and its interested person(s), has control over the associated company; and (ii) Aspial, would constitute as interested person transactions for the purposes of Chapter 9 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST (the "**Catalist Rules**"), and are therefore subject to, *inter alia*, Rules 905, 906 and 907 of the Catalist Rules.

5.2 Shareholders' Approval pursuant to Chapter 9 of the Catalist Rules.

- (i) **Entry into the Loan Agreement.** Based on the prevailing Cost of Funds for Aspial, the interest rate on the Loans would be 7.14 per cent. per annum (being Aspial's prevailing Cost of Funds at the time of drawdown plus 0.5 per cent.). Assuming that the Maxi-Cash Group draws down the full principal amount of the Loan from Aspial on the date it enters into the Loan Agreement, the maximum value at risk to the Maxi-Cash Group is S\$17,850,000, being the interest payable to Aspial for a five (5)-year period (the "**Loan Agreement Transaction Value**"), which represents approximately 12.68 per cent. of the latest audited consolidated net tangible assets of the Maxi-Cash Group as at 31 December 2018 (the "**Maxi-Cash Group NTA**"). As the illustrative Loan Agreement Transaction Value represents more than five (5) per cent. of the Maxi-Cash Group NTA, the entry into the Loan Agreement is subject to the approval of the independent Shareholders at the EGM pursuant to Rule 906(1) of the Catalist Rules.

- (ii) **Proposed Acquisition.** The Aggregate Consideration on Closing represents approximately 3.82 per cent. of the Maxi-Cash Group NTA. Notwithstanding that the value of the Proposed Acquisition is less than five (5) per cent. of the Maxi-Cash Group NTA, being the threshold stipulated in Chapter 9 of the Catalist Rules beyond which the listed company is required to seek shareholders' approval for any interested person transaction, the Company wishes to seek approval for the Proposed Acquisition from the independent Shareholders at the EGM.

5.3 Current and On-going Interested Person Transactions.

5.3.1 For the current financial year commencing on 1 January 2019 up to the date of this Announcement, the aggregate value of all transactions between the Company and Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee (collectively, the "**Koh Siblings**") and their associates (excluding transactions which are less than S\$100,000 and the Specific IPTs) is approximately S\$1,642,800, representing approximately 1.12 per cent. of the Maxi-Cash Group NTA, of which S\$842,800 falls within Rule 916(1) of the Catalist Rules.

5.3.2 The aggregate value of all interested person transactions entered into by the Maxi-Cash Group for the current financial year commencing on 1 January 2019 up to the date of this Announcement (excluding transactions which are less than S\$100,000 and the Specific IPTs) is approximately S\$1,642,800, representing approximately 1.12 per cent. of the Maxi-Cash Group NTA.

5.4 IFA. Pursuant to Rule 921(4)(a) of the Catalist Rules, RHT Capital Pte. Ltd. (the "**IFA**") has been appointed as the independent financial adviser to advise the directors of the Company who are considered independent for the purposes of the Specific IPTs on whether the terms of the Specific IPTs are on normal commercial terms and will be prejudicial to the interests of the Company and its minority Shareholders.

5.5 Opinion of Audit Committee. The Audit Committee of the Company comprises Mr Tan Keh Yan, Peter, Mr Lee Sai Sing, Ms Goh Bee Leong, Mr Tan Soo Kiang and Ms Ko Lee Meng. The Chairman of the Audit Committee is Mr Tan Keh Yan, Peter. As Ms Ko Lee Meng is a director and controlling shareholder of Aspial, and accordingly considered to be interested in the resolutions in relation to the Specific IPTs (the "**Proposed Resolutions**"), she has abstained from issuing a view on the Proposed Resolutions.

Having considered, *inter alia*, the terms and rationale of the Specific IPTs, the Audit Committee (other than Ms Ko Lee Meng) is of the view that the Specific IPTs are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

5.6 Circular and Abstentions. The Company shall, in due course, convene the EGM to seek the approval of the independent Shareholders for the Specific IPTs, and shall issue a circular to the Shareholders in connection therewith (the "**Circular**"). The Circular will contain the opinion and advice of the IFA and the Audit Committee. Aspial, MLHS Holdings Pte. Ltd. (the immediate and ultimate holding company of Aspial) ("**MLHS**"), the Koh Siblings, and each of their respective associates, will abstain from voting on the Proposed Resolutions to be proposed at the EGM.

Further, each of Aspial, MLHS and the Koh Siblings undertakes to decline, and shall ensure that their respective associates decline, to accept appointment as proxies to vote at and attend the forthcoming EGM in respect of the Proposed Resolutions for other Shareholders, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast at the EGM.

6. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE CATALIST RULES IN RESPECT OF THE PROPOSED ACQUISITION

6.1 Relative Figures. The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules based on the latest announced unaudited consolidated financial statements of the Maxi-Cash Group for the first quarter ended 31 March 2019 (“1QFY2019”) are as follows:

Rule 1006	Bases	Proposed Acquisition (S\$ million)	The Company (S\$ million)	Relative Figures (%)
(b)	Net profits/(losses) attributable to the assets to be acquired, compared with the Maxi-Cash Group’s net profits for 1QFY2019 ⁽¹⁾	(0.05)	3.40	(1.45)
(c)	Consideration payable for the Proposed Acquisition compared with the Company’s market capitalisation ⁽²⁾	5.38	131.46	4.09

Notes:

- (1) Based on the latest announced unaudited consolidated financial statements of the Maxi-Cash Group for 1QFY2019.
- (2) The Company’s market capitalisation is based upon 1,035,156,056 Maxi-Cash Shares in issue (excluding treasury shares and subsidiary holdings) as at 8 July 2019, at a volume weighted average price of S\$0.1270 per Maxi-Cash Share on 8 July 2019, being the last market day on which the Maxi-Cash Shares were traded preceding the date of the Share Purchase Agreement.

As the relative figure calculated under Rule 1006(b) of the Catalist Rules involves negative figures, the Company has consulted the SGX-ST via its Sponsor (as defined below) in accordance with Rule 1007(1) of the Catalist Rules on the treatment of the relative figure for Rule 1006(b) of the Catalist Rules. The SGX-ST has confirmed that the Proposed Acquisition constitutes a non-discloseable transaction as defined under Chapter 10 of the Catalist Rules. However, the approval of the independent Shareholders for the Proposed Acquisition will be required pursuant to Chapter 9 of the Catalist Rules.

6.2 Board Opinion. The Board has carefully considered the implications of the Proposed Acquisition, and is of the opinion that there will no material change in the risk profile of the Maxi-Cash Group arising from the Proposed Acquisition.

In arriving at its opinion, the Board has taken into account all relevant facts and circumstances, including the following:

- (i) as stated in paragraph 4.2 above, the primary rationale of the Proposed Acquisition is to obtain ownership of the Properties, which would be utilised or potentially utilised for the purpose of its core businesses. Accordingly, the Board is of the view that the Proposed Acquisition is not an expansion of the Maxi-Cash Group's existing core business; and
- (ii) the relative figure in respect of the Proposed Acquisition computed on the base set out in Rule 1006(c) of the Catalist Rules is well under the 100 per cent. threshold at or above which the SGX-ST will, under Practice Note 10A of the Catalist Rules, consider as an acquisition which increases the scale of the existing operations of an issuer significantly.

7. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1 The pro forma financial effects of the Proposed Acquisition on the Maxi-Cash Group NTA per Maxi-Cash Share and earnings per Maxi-Cash Share ("EPS") of the Maxi-Cash Group are set out below.

- (i) **Bases and Assumptions.** The pro forma financial effects for the Proposed Acquisition have been prepared based on the audited consolidated financial statements of the Maxi-Cash Group for FY2018, being the most recently completed financial year for which financial statements are publicly available as at the date of this Announcement. Such financial effects are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the Maxi-Cash Group following the Proposed Acquisition.
- (ii) **Maxi-Cash Group NTA per Maxi-Cash Share.** For illustrative purposes only and assuming that the Proposed Acquisition had been completed on 31 December 2018, the pro forma financial effects on the consolidated NTA per Maxi-Cash Share of the Maxi-Cash Group for FY2018 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net Assets (S\$)	141,146,577	137,555,648
Less: Intangibles (S\$)	427,986	427,986
Maxi-Cash Group NTA (S\$)	140,718,591	137,127,662
Number of Maxi-Cash Shares	1,035,156,056	1,035,156,056
Maxi-Cash Group NTA per Maxi-Cash Share (in cents)	13.59	13.25

- (iii) **EPS.** For illustrative purposes only and assuming that the Proposed Acquisition had been completed on 1 January 2018, being the beginning of FY2018, the pro forma financial effects on the consolidated EPS for FY2018 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit after tax and non-controlling interests (before fair value adjustments and exceptional items) (S\$)	10,381,869	10,010,862
EPS (in cents)	1.03	0.99

8. FURTHER INFORMATION

8.1 Documents Available for Inspection. Copies of the Share Purchase Agreement, the Valuation Certificates and the annual report of the Company for FY2018 are available for inspection during normal business hours at the registered office of the Company at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624, for a period of three (3) months commencing from the date of this Announcement.

BY ORDER OF THE BOARD

Lim Swee Ann
Company Secretary

10 July 2019

This Announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). 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 Ong Hwee Li, (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.