
ACQUISITION OF VM CREDIT PTE LTD

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 had, on 2 September 2014, entered into a sale and purchase agreement (the “Agreement”) with Mr Yeah Hiang Nam and Madam Tan Hong Yee (collectively, the “Vendors”) for the purchase by the Company (the “Acquisition”) of 100% of the issued and paid-up capital (comprising 1,000,000 ordinary shares each fully paid in the capital of) VM Credit Pte. Ltd. (“VM Credit”). The Vendors are controlling shareholders of the Company. VM Credit, which is a private limited company incorporated in Singapore, will, upon completion of the Acquisition, become a wholly-owned subsidiary of the Company.

INFORMATION ON VM CREDIT

VM Credit holds a moneylender’s licence and is principally engaged in the moneylending business involving the provision of secured and unsecured loans. Prior to the Acquisition, it was 100% held by the Vendors. As stated in the prospectus of the Company dated 21 October 2013, VM Credit was not actively conducting business and its business would be progressively wound down to eliminate any potential conflicts of interest arising from VM Credit’s moneylending business with that of the Group. As a result of this, VM Credit had ceased to grant any new loans since September 2013.

However, the Group has since noticed that there is a demand among its customers for the provision of secured loans. As such, it believes that there would be synergies for the Group to acquire an entity with a moneylender’s licence so that the Group can expand its business offerings, hence the Acquisition.

INFORMATION ON THE ACQUISITION

Pursuant to the terms of the Agreement, the Vendors would sell VM Credit to the Company for an aggregate consideration of S\$1,000,000/- (“Consideration”), which was arrived at on a willing buyer, willing seller basis, taking into account the net asset value of VM Credit. The consideration will be fully satisfied in cash and financed through the internal resources of the Group. Pursuant to the Agreement, the Vendors have undertaken that VM Credit will be transferred with a net asset value of not less than S\$1,000,000.

In connection with the Agreement, VM Credit had also entered into a sale of business agreement (the “Business Sale Agreement”) with the Vendors and Yeah Capital Pte Ltd (“Yeah Capital”), a company incorporated in Singapore and wholly owned by the Vendors, to divest the economic benefit of its existing business (consisting of the existing outstanding loans made by VM Credit to its customers (“VM Loans”)) to Yeah Capital, with the Vendors as guarantors for the obligations of Yeah Capital.

In conjunction with the Business Sale Agreement, VM Credit also entered into an agreement with Yeah Capital to provide certain transitional services (the “Transitional Services”) relating to the administration and enforcement of the VM Loans for the duration for the VM Loans. In consideration for the provision of the Transitional Services, Yeah Capital will pay VM Credit a service fee and reimburse VM Credit for any expenses incurred in providing the Transition Services.

As a result of the Business Sale Agreement, all economic risks and rewards pertaining to VM Credit’s moneylending business prior to the Agreement will be borne by Yeah Capital. VM Credit will therefore be brought into the Group with a moneylending licence and net assets of at least S\$1,000,000 in cash.

RATIONALE FOR THE ACQUISITION

Upon the completion of the Acquisition, VM Credit will commence its business of granting loans secured against collaterals such as properties. This is in line with the Group’s strategy to further expand its secured lending business and will provide an additional revenue stream for the Group.

FINANCIAL EFFECT OF THE ACQUISITION

The above transaction 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 2014.

LISTING RULES

Relative Figures under Rule 1006

As none of the relative figures computed on the applicable bases under Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “Listing Manual”) exceeds 5%, the Acquisition is a non-discloseable transaction under Chapter 10 of the Listing Manual.

Rule 905 and 906

However, as the Vendors are the controlling shareholders of the Company, who collectively and through their investment holding company and nominees, own 74.66% of the issued share capital of the Company, this Acquisition constitutes an “interested person transaction” as defined under Chapter 9 of the Listing Manual.

The latest audited net tangible assets (“NTA”) of the Group as at 31 December 2013 was \$150,723,000. The Consideration of \$1,000,000 amounts to approximately 0.7% of the Group’s NTA. The aggregate value of all interested person transactions entered into with the Vendors and their associates up to the date of this agreement (excluding transactions less than \$100,000) was approximately \$3,384,000 or 2.2% of the Group NTA. As the aggregate value of the interested person transactions is less than 3% of the Group’s NTA, an announcement under Rule 905 and shareholders’ approval under Rule 906 are not required.

INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr Yeah Hiang Nam and Madam Tan Hong Yee, who are Controlling Shareholders, and Ms Yeah Lee Ching and Mr Yeah Chia Kai who are interested in the Acquisition, none of the Directors of the Company has any interest, direct or indirect (other than through their shareholdings in the Company) in the Acquisition.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company situated at 213 Bedok North Street 1, #01-121, Singapore 460213 for a period of three (3) months from the date of this announcement.

By Order of the Board

Lotus Isabella Lim Mei Hua
Company Secretary
2 September 2014

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.