
PROPOSED INVESTMENT IN A PAWN BROKING BUSINESS

1. THE PROPOSED INVESTMENT

The board of directors (the “**Board**”) of MoneyMax Financial Services Ltd. (the “**Company**”) is pleased to announce that its wholly-owned subsidiary, Cash Online Sdn Bhd (“**COL**”), has on 20 June 2014 entered into a conditional Share Purchase Agreement (the “**Agreement**”) with Chong Mei Sang (“**Chong**”) in relation to the proposed investment (the “**Proposed Investment**”) of fifty-one percent (51.0%) in the issued and paid-up share capital (the “**Sale Shares**”) of a new holding company to be incorporated in Malaysia (“**NHC**”) which will, on completion of the Proposed Investment, hold 100.0% (less one share) in two (2) Malaysian-incorporated holding companies (the “**Intermediate Hold-cos**”). The 2 Intermediate Hold-cos will, collectively, initially hold 100.0% (less one share) in eight (8) existing operating companies incorporated in Malaysia (the “**Operating-cos**”), with the intention that a further 26 companies (the “**New-cos**”), will subsequently be held. The Operating-cos are, and the New-cos will be, carrying on the business of pawn broking in Malaysia. Prior to the Initial Completion Date (as defined below), a restructuring exercise (the “**Restructuring Exercise**”) will be undertaken by Chong such that NHC will hold the Intermediate Hold-cos which in turn will hold the Operating-cos and, subsequent to the Initial Completion Date, the New-cos, as subsidiaries within the NHC group of companies (the “**Investee Group**” and each, the “**Investee Company**”).

2. INFORMATION ON CHONG AND THE INVESTEE GROUP

Upon the Initial Completion Date (as defined below), Chong will hold 49.0% in NHC. Chong has more than 30 years of experience in the production and trading of jewellery both domestically in Malaysia as well as in the export market. In 2011, Chong was involved in founding the first of the existing Operating-cos, which commenced operations as a pawn broker in Seremban, Malaysia and since then, 7 more Operating-cos have commenced business in Malaysia. The New-cos have not commenced operations as at the date of this announcement.

3. THE PURCHASE CONSIDERATION

3.1 Details of the Purchase Consideration

The aggregate consideration for the Proposed Investment will be RM15.63 million (the “**Aggregate Consideration**”), of which

- (a) RM4 million will be payable in cash for the Sale Shares, within five (5) working days from the Initial Completion Date. The Initial Completion Date is the third (3rd) working day following the date COL agrees in writing that the conditions precedent have been satisfied or waived, as the case may be (“**Initial Completion Date**”);
- (b) RM2.45 million will be payable in cash within five (5) working days from the date Chong successfully completes the transfer of the entire paid-up and issued share

capital of a New-co which will operate a pawnshop in Petaling Jaya (“**First New-co**”) and after Chong has satisfactorily fulfilled, *inter alia*, the following:

- (i) the requisite licences from the relevant authority have been secured on conditions acceptable to COL;
 - (ii) the First New-co has increased its issued and paid-up share capital to RM4 million; and
 - (iii) the latest management accounts, bank account statement and any such other information and documents as may be required by COL are provided and satisfactory to COL.
- (c) RM2.45 million will be payable in cash within five (5) working days from the date Chong successfully completes the transfer of the entire paid-up and issued share capital of a New-co which will operate a pawnshop in Batu Pahat (“**Second New-co**”) and after Chong has satisfactorily fulfilled, *inter alia*, the following:
- (i) the requisite licences from the relevant authority have been secured on conditions acceptable to COL;
 - (ii) the Second New-co has increased its issued and paid-up share capital to RM4 million; and
 - (iii) the latest management accounts, bank account statement and any such other information and documents as may be required by COL are provided and satisfactory to COL.
- (d) RM6.73 million will be payable in cash for the transfer by Chong of the remaining 24 New-cos subject to Chong having satisfactorily fulfilled, *inter alia*, the following:
- (i) the requisite licences from the relevant authority have been secured on conditions acceptable to COL;
 - (ii) each such New-co has met the applicable requirements for issued and paid-up share capital; and
 - (iii) the latest management accounts, bank account statement and any such other information and documents as may be required by COL are provided and satisfactory to COL.

The Aggregate Consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the following:

- (a) the pro forma net tangible asset value of the Investee Group assuming that the Restructuring Exercise has been completed; and
- (b) the business prospects of the Investee Group.

3.2 Conditions Precedent

The Proposed Investment is conditional upon, *inter alia*:

- (a) COL being satisfied, at its sole discretion, with the results of its legal and financial due diligence conducted on the Investee Group and its business.
- (b) Chong having completed the Restructuring Exercise.

- (c) Chong having entered into a service agreement with an Investee Company (as mutually agreed between the parties) on such terms and conditions acceptable to COL.
- (d) Chong having entered into a loan agreement with the relevant Investee Companies in respect of any outstanding shareholder loans due and owing by each such Investee Company to Chong as at the Initial Completion Date, on such terms and conditions acceptable to COL. As at the date of the Agreement, the Investee Companies have an aggregate of approximately RM15.0 million in shareholder loans due and owing to Chong.
- (e) Pajak Gadai Aeon Fountain Sdn Bhd, an Operating-co, having transferred and assigned all rights, title and interest in and to a property in Petaling Jaya to Chong.
- (f) All the representations and warranties set out in the Agreement remaining true and not misleading in any respect as of the date when made and as at the Initial Completion Date.
- (g) COL obtaining the prior written approval by the board of directors of the parent company of COL in respect of the Proposed Investment.
- (h) There being no change to the applicable laws in Malaysia in relation to (i) the licences, permits and approvals held by each Investee Company in connection with the Investee Group's business; and (ii) the Proposed Investment.
- (i) The parties having reached mutual agreement on the form of a shareholders agreement in respect of their shareholdings in, and management of, the Investee Group which shall be executed by the parties on the Initial Completion Date.

3.3 Completion

The completion of the Proposed Investment shall take place on the Initial Completion Date as defined above in 3.1(a).

3.4 Long Stop Date

In the event that any of the conditions precedent 3.2(a) to 3.2(i) set out above is not fulfilled on or before three (3) months from the date of execution of the Agreement, ("**Long Stop Date**"), the parties may mutually agree to proceed to give effect to completion with COL waiving the aforementioned unfulfilled condition(s), defer the Long Stop Date not more than three (3) months thereafter or to such later mutually agreed date, or terminate the Agreement whereupon the parties shall have no claim against each other, and they shall be relieved and discharged from their respective obligations hereunder.

3.5 Funding for the Proposed Investment

The Proposed Investment will be funded by the internal resources and bank borrowings, as necessary, of the Company and its subsidiaries (the "**Group**").

4. RATIONALE FOR THE PROPOSED INVESTMENT

The current pawnshops and retail outlets of the Group operate solely in Singapore. Feasibility studies undertaken by the Company suggest that business opportunities in the pawn broking industry are available in Malaysia.

The Proposed Investment will provide the Group with a good opportunity to expand overseas. It will also provide the Group with the opportunity to add to its network of pawn broking and retail outlets from the present 37 outlets in Singapore to potentially up to 71 outlets in Singapore and Malaysia if all of the Investee Companies are invested in. The Board believes that the Proposed Investment is in the interest of the Group and the Company's shareholders.

5. FINANCIAL EFFECTS OF THE PROPOSED INVESTMENT

By way of the aggregation of the net profits/losses of the Investee Companies over the 12 months ended 31 December 2013 based on their management accounts, where these Investee Companies have been incorporated then, and without accounting for any inter-company adjustments or other adjustments to align the accounting principles and policies of the Investee Companies with those of the Group, the net loss of the Investee Group for the 12 months ended 31 December 2013 is approximately RM131,000 (or approximately S\$51,000).

By way of the aggregation of the net tangible assets/liabilities of the Investee Companies as at 31 December 2013 based on their management accounts, where these Investee Companies have been incorporated then, and without accounting for any inter-company adjustments or other adjustments to align the accounting principles and policies of the Investee Companies with those of the Group, the net tangible assets of the Investee Group as at 31 December 2013 is approximately RM2.5 million (or approximately S\$1.0 million).

Consequently, the financial effects of the Proposed Investment on the (a) earnings per share of the Group for the financial year ended 31 December 2013 assuming that the Proposed Investment had been effected as at 1 January 2013; and (b) net tangible assets per share of the Group as at 31 December 2013 assuming that the Proposed Investment had been effected as at 31 December 2013, is not material.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Investment computed on the bases set out in Rules 1006 (a) to (e) of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profit attributable to the assets acquired or disposed of, compared with the net profits of the Group ⁽¹⁾	Not meaningful
(c)	The aggregate consideration for the Proposed Investment compared with the Group's market capitalisation ⁽²⁾	5.3%
(d)	The number of equity securities to be issued by the Company as consideration for the Proposed Investment, compared with the number of equity securities previously in issue.	Not applicable
(e)	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

Notes:

- (1) Not meaningful as the Investee Group incurred a net loss over the 12 months ended 31 December 2013 which is obtained by aggregating the net loss of the Investee Companies over the 12 months ended 31 December 2013 based on their management accounts, where these Investee Companies have been incorporated then, and without accounting for any inter-company adjustments or other adjustments to align the accounting principles and policies of the Investee Companies with those of the Group. The net profits of the Group is based on its audited financial statements for the financial year ended 31 December 2013.
- (2) The market capitalisation of the Company of approximately S\$116.8 million is determined by multiplying the 353,800,000 ordinary shares of the Company in issue as at the date of this announcement by the weighted average price of such shares transacted on the market day preceding the date of the Agreement.

As shown in the table above, as the relative figures computed on the bases set out in Rule 1006(a) to (e) of the Catalist Rules exceed 5% but does not exceed 20%, the Proposed Investment would constitute a discloseable transaction under Chapter 10 of the Catalist Rules. Accordingly, the approval of shareholders of the Company for the Proposed Investment will not be required.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the directors of the Company has any interest, direct or indirect, in the Proposed Investment. In addition, none of the Company's controlling shareholders has any interest, direct or indirect, in the Proposed Investment.

8. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office at 51 Kaki Bukit Place, Eunos Techpark, Singapore 428668 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Lim Yong Guan
Executive Chairman and Chief Executive Officer
20 June 2014

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 Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

The announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Corporate Finance and Mr David Tham, Senior Director, Corporate Finance, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6539 1177.