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**EASY REPAY FINANCE & INVESTMENT LIMITED**  
**易還財務投資有限公司**

*(Continued into Bermuda with limited liability)*

**(Stock code: 8079)**

- (1) CONNECTED TRANSACTION INVOLVING  
ACQUISITION OF 90.1% EQUITY INTEREST IN UNION RAISE  
LIMITED AND CONTINUING CONNECTED TRANSACTION IN  
RELATION TO THE PROPOSED ENTERING INTO OF  
MANAGEMENT AGREEMENT A;**
- (2) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF  
NEW SHARES UNDER SPECIFIC MANDATE;**
- (3) ACQUISITION OF 90.1% EQUITY INTEREST IN  
PETS SUPERMARKET LIMITED AND PROPOSED ENTERING INTO  
OF MANAGEMENT AGREEMENT B;**
- AND**
- (4) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

**Financial Adviser to the Company**



**ACQUISITION A AND PROPOSED ENTERING INTO OF MANAGEMENT  
AGREEMENT A**

The Board would like to announce that on 8 February 2023 (after trading hours of the Stock Exchange), the Company, as purchaser, and Mr. Cheng, as vendor, entered into the Sale and Purchase Agreement A, pursuant to which the Company has conditionally agreed to purchase, and Mr. Cheng has conditionally agreed to sell, subject to the completion of the Increase in Issued Share Capital A and the terms and conditions under the Sale and Purchase Agreement A, the Sale Shares A, representing approximately 90.1% equity interest in Union Raise, at a consideration of HK\$1,000,000.

As at the date of this announcement, Union Raise is wholly and beneficially owned by Mr. Cheng. Upon completion of Acquisition A, Union Raise will become a direct non-wholly owned subsidiary of the Company and therefore the financial information of Union Raise will be consolidated into the financial statements of the Group.

Pursuant to the Sale and Purchase Agreement A, upon the completion of Acquisition A, the Company, Union Raise and Mr. Cheng shall enter into the Management Agreement A, pursuant to which Mr. Cheng, as manager, shall provide such management services to Union Raise for a term commencing from the date of the Management Agreement A and ending on the date falling on the second anniversary of the date of the Management Agreement A, and provide the Profit Guarantee A in favour of Union Raise. The Directors estimate that the maximum amount payable by Union Raise to Mr. Cheng under the Management Agreement A on an annual basis will not exceed the Annual Caps of HK\$500,000 and HK\$500,000 for the first and second anniversary of the date of the Management Agreement A, respectively.

## **SUBSCRIPTION A**

The Board would also like to announce that on 8 February 2023 (after trading hours of the Stock Exchange), the Company and Mr. Cheng entered into the Subscription Agreement A, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Cheng has conditionally agreed to subscribe for, an aggregate of 43,000,000 new Shares at the Subscription Price of HK\$0.20 per Subscription Share A for a total consideration of HK\$8,600,000.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of Subscription A, the 43,000,000 Subscription Shares A represent approximately: (i) 9.9% of the existing issued share capital of the Company of 432,644,031 Shares as at the date of this announcement; and (ii) 9.0% of the issued share capital of the Company as enlarged by the allotment and issue of the 43,000,000 Subscription Shares A.

The Subscription Price of HK\$0.20 per Subscription Share A represents (i) a premium of approximately 15.6% over the closing price of HK\$0.1730 per Share as quoted on the Stock Exchange on the date of Subscription Agreement A; and (ii) a premium of approximately 15.5% over the average closing price of HK\$0.1732 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of Subscription Agreement A.

Subject to completion of Acquisition A and Subscription A, it is expected that the gross proceeds and the net proceeds, after deduction of relevant expenses (including but not limited to the professional fees and disbursements), from Subscription A will be HK\$8,600,000 and approximately HK\$7,600,000, respectively. On such basis, the net price raised per Subscription Share A upon completion of Subscription A will be approximately HK\$0.177. The net proceeds from Subscription A are intended to be used (i) as to HK\$1,000,000 for financing Acquisition A; and (ii) as to approximately HK\$6,600,000 for the operation and working capital of Union Raise.

## **LISTING RULES IMPLICATIONS**

### **Sale and Purchase Agreement A and Management Agreement A**

As Mr. Cheng is the brother-in-law of both Mr. Chan Yan Tak, being an executive Director and the chairman of the Board, and Mr. Lim Ming Shing Tony, being an executive Director, Mr. Cheng is therefore, a deemed connected person of the Company and the transactions contemplated under the Sale and Purchase Agreement A constitute a connected transaction and the transactions contemplated under the Management Agreement A constitute a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the Sale and Purchase Agreement A are less than 5%, and the total consideration is less than HK\$3,000,000, the Sale and Purchase Agreement A is fully exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. As all of the applicable percentage ratios (other than the profits ratio) for the Management Agreement A is less than 5% on an annual basis and each of the Annual Caps during the term of Management Agreement A is less than HK\$3,000,000, the Management Agreement A is fully exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **Subscription Agreement A**

As disclosed above, Mr. Cheng is a deemed connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, Subscription A constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Subscription Shares A will be allotted and issued under the Specific Mandate A to be granted by the Independent Shareholders to allot, issue and deal with the Shares by an ordinary resolution to be proposed for approval by the Independent Shareholders at the SGM. Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Subscription Shares A.

Mr. Chan Yan Tak and Mr. Lim Ming Shing Tony had abstained from voting on the resolutions of the Board approving, among others, Acquisition A and Subscription A. To the best knowledge of the Directors after making all reasonable enquiries, Mr. Cheng and his associates did not have interests in the Shares as at the date of this announcement. Mr. Chan Yan Tak, who is also a substantial shareholder of the Company, is considered to have material interest in the Sale and Purchase Agreement A and the Subscription Agreement A and he shall abstain from voting on the resolutions approving the Subscription A and the transactions contemplated thereunder at the SGM.

## **ACQUISITION B AND PROPOSED ENTERING INTO OF MANAGEMENT AGREEMENT B**

The Board would also like to announce that on 8 February 2023 (after trading hours of the Stock Exchange), the Company, as purchaser, and Ms. Li, as vendor, entered into the Sale and Purchase Agreement B, pursuant to which the Company has conditionally agreed to purchase, and Ms. Li has conditionally agreed to sell, subject to the completion of the Increase in Issued Share Capital B and the terms and conditions under the Sale and Purchase Agreement B, the Sale Shares B, representing approximately 90.1% equity interest in Pets Supermarket, at a consideration of HK\$1,000,000.

As at the date of this announcement, Pets Supermarket is wholly and beneficially owned by Ms. Li. Upon completion of Acquisition B, Pets Supermarket will become a direct non-wholly owned subsidiary of the Company and therefore the financial information of Pets Supermarket will be consolidated into the financial statements of the Group.

Pursuant to the Sale and Purchase Agreement B, upon the completion of Acquisition B, the Company, Pets Supermarket and Ms. Li shall enter into the Management Agreement B, pursuant to which Ms. Li, as manager, shall provide such management services to Pets Supermarket for a term commencing from the date of the Management Agreement B and ending on the date falling on the second anniversary of the date of the Management Agreement B, and provide the Profit Guarantee B in favour of Pets Supermarket.

## **SUBSCRIPTION B**

The Board would also like to announce that on 8 February 2023 (after trading hours of the Stock Exchange), the Company and Ms. Li entered into Subscription Agreement B, pursuant to which the Company has conditionally agreed to allot and issue, and Ms. Li has conditionally agreed to subscribe for, an aggregate of 43,000,000 new Shares at the Subscription Price of HK\$0.20 per Subscription Share B for a total consideration of HK\$8,600,000.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of Subscription B, the 43,000,000 Subscription Shares B represent approximately: (i) 9.9% of the existing issued share capital of the Company of 432,644,031 Shares as at the date of this announcement; and (ii) 9.0% of the issued share capital of the Company as enlarged by the allotment and issue of the 43,000,000 Subscription Shares B.

The Subscription Price of HK\$0.20 per Subscription Share B represents (i) a premium of approximately 15.6% over the closing price of HK\$0.1730 per Share as quoted on the Stock Exchange on the date of Subscription Agreement B; and (ii) a premium of approximately 15.5% over the average closing price of HK\$0.1732 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of Subscription Agreement B.

Subject to completion of Acquisition B and Subscription B, it is expected that the gross proceeds and the net proceeds, after deduction of relevant expenses (including but not limited to the professional fees and disbursements), from Subscription B will be HK\$8,600,000 and approximately HK\$7,600,000, respectively. On such basis, the net price raised per Subscription Share B upon completion of Subscription B will be approximately HK\$0.177. The net proceeds from Subscription B are intended to be used (i) as to HK\$1,000,000 for financing Acquisition B; and (ii) as to approximately HK\$6,600,000 for the operation and working capital of Pets Supermarket.

## **LISTING RULES IMPLICATIONS**

### **Sale and Purchase Agreement B and Management Agreement B**

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, Ms. Li and her associates are third parties independent of the Company and its connected persons. As such, the transactions contemplated under each of the Sale and Purchase Agreement B and the Management Agreement B does not constitute a connected transaction nor continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As all applicable percentage ratios in respect of the Sale and Purchase Agreement B are less than 5%, the transactions contemplated under the Sale and Purchase Agreement B does not constitute a discloseable transaction of the Company and is not subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

### **Subscription Agreement B**

The Subscription Shares B will be allotted and issued under the Specific Mandate B to be granted by the Shareholders to allot, issue and deal with the Shares by an ordinary resolution to be proposed for approval by the Shareholders at the SGM. Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Subscription Shares B.

## GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of Sale and Purchase Agreement A, Management Agreement A and Subscription Agreement A. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. A further announcement will be made upon the appointment of the Independent Financial Adviser.

The SGM will be convened and held for the purposes of considering of, and if thought fit, approving, among other things, the Subscription Agreement A and the transactions contemplated thereunder (including the Specific Mandate A to issue the Subscription Shares A), and Subscription Agreement B and the transactions contemplated thereunder (including the Specific Mandate B to issue the Subscription Shares B). A circular containing, among others, (i) details of the Sale and Purchase Agreements, Management Agreements and Subscription Agreements; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreement A, the Management Agreement A and Subscription Agreement A and the respective transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement A, the Management Agreement A and Subscription Agreement A and the respective transactions contemplated thereunder; and (iv) the notice of the SGM and form of proxy, will be despatched to the Shareholders as soon as practicable in compliance with the GEM Listing Rules.

**Since completion of Acquisition A and Subscription A are subject to the fulfillment and/or waiver (as the case may be) of the conditions as set out in the Sale and Purchase Agreement A and Subscription Agreement A, and completion of Acquisition B and Subscription B are subject to the fulfillment and/or waiver (as the case may be) of the conditions as set out in the Sale and Purchase Agreement B and Subscription Agreement B, the Acquisition(s) and the Subscription(s) may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**



## **ACQUISITION A AND PROPOSED ENTERING INTO OF MANAGEMENT AGREEMENT A**

The Board would like to announce that on 8 February 2023 (after trading hours of the Stock Exchange), the Company, as purchaser, and Mr. Cheng, as vendor, entered into the Sale and Purchase Agreement A, pursuant to which the Company has conditionally agreed to purchase, and Mr. Cheng has conditionally agreed to sell, subject to the completion of the Increase in Issued Share Capital A and the terms and conditions under the Sale and Purchase Agreement A, the Sale Shares A, representing approximately 90.1% equity interest in Union Raise, at a consideration of HK\$1,000,000.

Pursuant to the Sale and Purchase Agreement A, upon the completion of Acquisition A, the Company, Union Raise and Mr. Cheng shall enter into the Management Agreement A, pursuant to which Mr. Cheng, as manager, shall provide such management services to Union Raise for a term commencing from the date of the Management Agreement A and ending on the date falling on the second anniversary of the date of the Management Agreement A, and provide the Profit Guarantee A in favour of Union Raise.

### **Sale and Purchase Agreement A**

The principal terms of the Sale and Purchase Agreement A are summarised as follows:

**Date** 8 February 2023 (after trading hours of the Stock Exchange)

**Parties** (i) Mr. Cheng Sai Chit Luke (as vendor); and  
(ii) the Company (as purchaser)

Mr. Cheng is the brother-in-law of both Mr. Chan Yan Tak, being an executive Director and the chairman of the Board, and Mr. Lim Ming Shing Tony, being an executive Director, and thus Mr. Cheng is a deemed connected person of the Company.

**Assets to be acquired** Pursuant to the terms and conditions of the Sale and Purchase Agreement A, the Company conditionally agreed to purchase, and Mr. Cheng agreed to sell, the Sale Shares A, representing approximately 90.1% equity interest in Union Raise.

**Consideration** The consideration for Acquisition A is HK\$1,000,000, which shall be settled by way of cash by the Company on completion of Acquisition A.



**Basis of consideration**

The consideration for Acquisition A was determined after arm's length negotiations between the Company and Mr. Cheng on normal commercial terms, after taking into account, among others, (i) the Profit Guarantee A to be provided by Mr. Cheng in favour of Union Raise under the Management Agreement A; (ii) the expertise, knowledge and experience provided by the management of Union Raise and other employees to be employed by Union Raise; and (iii) other factors as set out in the section headed "Reasons for and benefits of the Acquisitions and the Subscriptions and Use of Proceeds" in this announcement.

The Company intends to finance the consideration payable under the Sale and Purchase Agreement A by utilising part of the net proceeds expected to be raised from Subscription A. For details, please refer to the section headed "Reasons for and benefits of the Acquisitions and the Subscriptions and Use of Proceeds" in this announcement.

**Conditions precedent**

Completion of Acquisition A is conditional upon and subject to the following conditions having been fulfilled and/or waived (as the case may be):

- (i) the Company being reasonably satisfied with the results of the due diligence review to be conducted pursuant to the terms and conditions of the Sale and Purchase Agreement A;
- (ii) all necessary consents, licences and approvals required to be obtained on the part of Union Raise in respect of the Sale and Purchase Agreement A and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iii) all necessary consents, licences and/or approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement A and the transactions contemplated thereunder having been obtained and remain in full force and effect;

- (iv) Union Raise having completed the Increase in Issued Share Capital A in such manner to the satisfaction of the Company and all necessary consent and approvals required to be obtained and all necessary filings required to be made to the relevant authorities in respect of the Increase in Issued Share Capital A and the transactions contemplated thereunder having been obtained/made;
- (v) the warranties given by the Mr. Cheng remaining true and accurate and not misleading in all material respects; and
- (vi) the Subscription Agreement A having becoming unconditional (save for the conditions of the Sale and Purchase Agreement A becoming unconditional).

Mr. Cheng shall use his best endeavours to assist the Company in connection with the due diligence review to be conducted as set out in condition (i) above and procure the fulfillment of the conditions (ii), (iv), (v) and (vi) above. The Company shall use its best endeavours to procure the fulfillment of the conditions (iii) and (vi) above. Save that the Company may at any time waive in writing the conditions (i) and (v) above, all other conditions are incapable of being waived by either the Company or Mr. Cheng.

If the above conditions have not been satisfied (or as the case may be, waived by the Company) on or before 12:00 noon (Hong Kong time) on 26 April 2023, or such other date as the Company and Mr. Cheng may agree in writing, the Sale and Purchase Agreement A shall cease and determine, and thereafter none of the parties to the Sale and Purchase Agreement A shall have any obligations and liabilities towards each other thereunder save for any antecedent breach of the terms thereof.

**Completion**

Completion of Acquisition A shall take place on the date falling on the third Business Day after the fulfillment and/or waiver (as the case may be) of all the conditions precedent as set out in the Sale and Purchase Agreement A, or such other date as the Company and Mr. Cheng may agree in writing.

Upon completion of Acquisition A, Union Raise will become a direct non-wholly owned subsidiary of the Company and therefore the financial information of Union Raise will be consolidated into the financial statements of the Group.

Completion of Acquisition A is inter-conditional with the completion of Subscription A and is conditional upon, amongst others, the fulfilment and/or waiver (as the case may be) of the conditions precedent thereto.

**Management Agreement A**

The proposed principal terms of Management Agreement A are summarised as follows:

**Date** On the date of completion of Acquisition A

**Parties**

- (i) Union Raise;
- (ii) the Company; and
- (iii) Mr. Cheng Sai Chit Luke

Mr. Cheng is the brother-in-law of both Mr. Chan Yan Tak, being an executive Director and the chairman of the Board, and Mr. Lim Ming Shing Tony, being an executive Director, and thus Mr. Cheng is a deemed connected person of the Company.

**Term** The term of the Management Agreement A shall commence on the date of such agreement and end on (i) the date falling on the second anniversary of the commencement date of such term; and (ii) the date on which the Management Agreement A is terminated in accordance with the terms and conditions therein.

**Service fee** HK\$30,000 per month in arrears to be paid by Union Raise to Mr. Cheng on the last day of every six calendar months.

**Annual Caps** The Directors estimate that the maximum amount payable by Union Raise to Mr. Cheng under the Management Agreement A on an annual basis will not exceed HK\$500,000 and HK\$500,000 for the first and second anniversary of the date of the Management Agreement A, respectively (the “**Annual Caps**”).

The Annual Caps amount are calculated by reference to the total service fee payable under the Management Agreement A, which in turn is determined based on the experience of Mr. Cheng, the duties and level of responsibilities of Mr. Cheng and the prevailing market conditions.

**Scope of services** The Manager shall have the exclusive rights and responsibilities to manage the business(es) of Union Raise, including, among others:

- (i) upon request by Union Raise and/or the Company, prepare the financial, operational and marketing plan(s) (the “**Business Plans**”) for the approval of Union Raise and the Company before implementation of them;
- (ii) implementing the Business Plans as approved by Union Raise and the Company;
- (iii) procuring Union Raise to apply for and maintain all necessary permits, licences and/or approvals which are required for the carrying out of the business(es) of Union Raise; and
- (iv) procuring Union Raise to comply in all material respects with all relevant applicable laws in conducting the business(es) of Union Raise.

## **Profit guarantee**

Pursuant to the terms and conditions of the Management Agreement A, Mr. Cheng shall irrevocably and unconditionally warrant and guarantee to Union Raise that the Net Profit of Union Raise, calculated in accordance with the HKFRS as shown in its audited financial statements for the following twelve (12)-month periods (the “**Guaranteed Period(s)**”) issued by the Auditors shall not be less than the following Guaranteed Profit (the “**Profit Guarantee A**”):

- (i) for the first twelve (12)-month period commencing on the date of the Management Agreement A, the Guaranteed Profit shall not be less than HK\$1,000,000; and
- (ii) for the second twelve (12)-month period immediately following the expiry of the said first twelve (12)-month period, the Guaranteed Profit shall not be less than HK\$3,000,000.

In the event that the Actual Profit of Union Raise, calculated in accordance with the HKFRS for any of the Guaranteed Periods as shown in the Guarantee Certificate (as defined below) is less than the Guaranteed Profit for such Guaranteed Period, then Mr. Cheng undertakes to pay to Union Raise, an amount (A) (the “**Shortfall A**”) calculated as follows:

$$A = \text{Guaranteed Profit} - \text{Actual Profit}$$

In such event, Mr. Cheng shall be obliged to pay Union Raise, within twenty (20) Business Days upon the receipt of the Guarantee Certificate an amount equivalent to the Shortfall A in cash.

For the avoidance of doubt, should Union Raise record a loss in its audited financial statements for any of the Guaranteed Periods, the Actual Profit for such Guaranteed Period shall be deemed as zero (0).

Mr. Cheng and Union Raise shall procure that the audited financial statements of Union Raise for each of the Guaranteed Periods shall be prepared by the Auditors in accordance with the HKFRS and be issued and reported on by the Auditors before the date falling four (4) months after the expiry of such Guaranteed Period, and the Auditors shall issue a certificate (the “**Guarantee Certificate(s)**”) to certify the amount of the audited profits after tax of Union Raise as shown in such audited financial statements and deliver the same together with such audited financial statements to Mr. Cheng and Union Raise within three (3) Business Days (or such longer period as Mr. Cheng and Union Raise may agree) from the issue date of such audited financial statements.

The costs and expenses of the Auditors for preparing and issuing such audited financial statements of Union Raise for the Guaranteed Periods and the Guarantee Certificates under the Management Agreement A shall be borne and paid by Union Raise. In preparing the respective audited financial statements of Union Raise for the Guaranteed Periods and the Guarantee Certificates, the Auditors shall act as an expert and not as an arbitrator. Such audited financial statements of Union Raise for the Guaranteed Periods and the Guarantee Certificates prepared and issued by the Auditors in accordance with the Management Agreement A shall, in the absence of manifest error and/or dispute from Mr. Cheng, Union Raise and/or the Company, be final and conclusive of the matters stated therein and binding on parties to the Management Agreement A.

## **Termination**

The Management Agreement A shall be terminated in any of the following circumstances:

- (i) by Union Raise or the Company to Mr. Cheng immediately on giving notice to Mr. Cheng if:
  - (a) Mr. Cheng commits a material breach of any of the terms of the Management Agreement A and (if such a breach is remediable) fails to remedy that breach within thirty (30) days of Union Raise or the Company giving notice to Mr. Cheng in respect of such the breach; or

- (b) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the bankruptcy of Mr. Cheng; or
  - (c) Mr. Cheng fails and/or refuses to perform the services set out in the Management Agreement A for a period of more than one (1) month due to ill-health; or
- (ii) by Union Raise or the Company on giving Mr. Cheng a three (3)-month prior written notice or payment in lieu of such notice.

Upon termination of the Management Agreement A, save for the Profit Guarantee A, which shall remain to have full force and effect, the Management Agreement A shall cease to have any effect and each party shall be released from all liabilities and obligations under the Management Agreement A save for any antecedent breach.

### Information on Union Raise

Union Raise is a company incorporated in Hong Kong with limited liability and is principally engaged in the retail and trading of pets products and healthcare products.

Set out below is the financial information of Union Raise as extracted from its unaudited financial statements for the two years ended 31 December 2022:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<i>HK\$'000</i>	
	(unaudited)	
	<b>2021</b>	<b>2022</b>
Revenue	– (Note)	– (Note)
Profit/(loss) before taxation	– (Note)	– (Note)
Profit/(loss) after taxation	– (Note)	– (Note)

*Note:* the amount is less than HK\$1,000.



The unaudited total assets, total liabilities and net liabilities of Union Raise, as at 31 December 2022 according to its unaudited financial statements were approximately HK\$Nil, HK\$2,150 and HK\$2,150, respectively.

## **SUBSCRIPTION A**

The Board would like to announce that on 8 February 2023 (after trading hours of the Stock Exchange), the Company and Mr. Cheng entered into the Subscription Agreement A, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Cheng has conditionally agreed to subscribe for, an aggregate of 43,000,000 new Shares at the Subscription Price of HK\$0.20 per Subscription Share A for a total consideration of HK\$8,600,000.

### **Subscription Agreement A**

The principal terms of Subscription Agreement A are summarised as follows:

**Date** 8 February 2023 (after trading hours of the Stock Exchange)

**Parties** (i) the Company (as issuer); and  
(ii) Mr. Cheng Sai Chit Luke (as subscriber)

Mr. Cheng is the brother-in-law of both Mr. Chan Yan Tak, being an executive Director and the chairman of the Board, and Mr. Lim Ming Shing Tony, being an executive Director, and thus Mr. Cheng is a deemed connected person of the Company.

**Subscription Shares A** 43,000,000 new Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of Subscription A, the 43,000,000 Subscription Shares A represent approximately: (i) 9.9% of the existing issued share capital of the Company of 432,644,031 Shares as at the date of this announcement; and (ii) 9.0% of the issued share capital of the Company as enlarged by the allotment and issue of the 43,000,000 Subscription Shares A.

**Subscription Price** HK\$0.20 per Subscription Share A

The Subscription Price of HK\$0.20 per Subscription Share A represents (i) a premium of approximately 15.6% over the closing price of HK\$0.1730 per Share as quoted on the Stock Exchange on the date of Subscription Agreement A; and (ii) a premium of approximately 15.5% over the average closing price of HK\$0.1732 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of Subscription Agreement A.

The Subscription Price was arrived at after arm's length negotiation between the Company and Mr. Cheng after taking into account (i) the current market condition; (ii) the prevailing market price of the Shares; and (iii) financial position of the Group.

The Directors (excluding Mr. Chan Yan Tak and Mr. Lim Ming Shing Tony who had abstained from voting on the resolutions of the Board and the independent non-executive Directors whose views will be contained in the circular to be despatched to the Independent Shareholders after considering the views of the Independent Financial Adviser) are of the view that the terms of Subscription Agreement A (including the Subscription Price) are fair and reasonable, and the entering into of the Subscription Agreement A is on normal commercial terms, and in the interests of the Company and the Independent Shareholders as a whole.

**Ranking of the Subscription Shares A**

The Subscription Shares A, when issued and fully paid, shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of such allotment and issue.

**Conditions precedent**

Completion of the Subscription Agreement A is conditional upon the following conditions having been fulfilled:

- (i) the GEM Listing Committee granting the listing of, and permission to deal in, the Subscription Shares A;

- (ii) all necessary consents and approvals required to be obtained by the Company and Mr. Cheng in respect of the Subscription Agreement A and the transactions contemplated thereunder, including but not limited Subscription A, having been obtained;
- (iii) the passing of necessary resolution(s) at the SGM to be held and convened by the Shareholders who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules and other applicable laws and regulations to approve Subscription Agreement A and the transactions contemplated thereunder, including the Specific Mandate A for the allotment and issue of the Subscription Shares A; and
- (iv) the Sale and Purchase Agreement A having becoming unconditional (save for the conditions of the Subscription Agreement A becoming unconditional).

## **Completion**

Completion of the Subscription Agreement A shall take place within five (5) Business Days (or such other date and time as may be agreed by the Company and Mr. Cheng) after the satisfaction of the conditions as set out above.

Completion of Subscription A is inter-conditional with the completion of the Acquisition A and is conditional upon, amongst others, the fulfilment of the conditions precedent thereto.

Subject to completion of Acquisition A and Subscription A, it is expected that the gross proceeds and the net proceeds, after deduction of relevant expenses (including but not limited to the professional fees and disbursements), from Subscription A will be HK\$8,600,000 and approximately HK\$7,600,000, respectively. On such basis, the net price raised per Subscription Share A upon completion of Subscription A will be approximately HK\$0.177. The net proceeds from Subscription A are intended to be used (i) as to HK\$1,000,000 for financing Acquisition A; and (ii) as to approximately HK\$6,600,000 for the operation and working capital of Union Raise.

## **Specific Mandate A**

The Subscription Shares A will be allotted and issued pursuant to the Specific Mandate A proposed to be obtained from the Independent Shareholders at the SGM.

## **Application for listing**

An application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Subscription Shares A.

## **LISTING RULES IMPLICATIONS**

### **Sale and Purchase Agreement A and Management Agreement A**

As Mr. Cheng is the brother-in-law of both Mr. Chan Yan Tak, being an executive Director and the chairman of the Board, and Mr. Lim Ming Shing Tony, being an executive Director, Mr. Cheng is therefore, a deemed connected person of the Company and the transactions contemplated under the Sale and Purchase Agreement A constitute a connected transaction and the transactions contemplated under the Management Agreement A constitute a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the Sale and Purchase Agreement A are less than 5%, and the total consideration is less than HK\$3,000,000, the Sale and Purchase Agreement A is fully exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. As all of the applicable percentage ratios (other than the profits ratio) for the Management Agreement A is less than 5% on an annual basis and each of the Annual Caps during the term of Management Agreement A is less than HK\$3,000,000, the Management Agreement A is fully exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### **Subscription Agreement A**

As disclosed above, Mr. Cheng is a deemed connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, Subscription A constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Subscription Shares A will be allotted and issued under the Specific Mandate A to be granted by the Independent Shareholders to allot, issue and deal with the Shares by an ordinary resolution to be proposed for approval by the Independent Shareholders at the SGM. Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Subscription Shares A.

Mr. Chan Yan Tak and Mr. Lim Ming Shing Tony had abstained from voting on the resolutions of the Board approving, among others, Acquisition A and Subscription A. To the best knowledge of the Directors after making all reasonable enquiries, Mr. Cheng and his associates did not have interests in the Shares as at the date of this announcement. Mr. Chan Yan Tak, who is also a substantial shareholder of the Company, is considered to have material interest in the Sale and Purchase Agreement A and the Subscription Agreement A, and he shall abstain from voting on the resolutions approving the Subscription A and the transactions contemplated thereunder at the SGM.

## **ACQUISITION B AND PROPOSED ENTERING INTO OF MANAGEMENT AGREEMENT B**

The Board would also like to announce that on 8 February 2023 (after trading hours of the Stock Exchange), the Company, as purchaser, and Ms. Li, as vendor, entered into the Sale and Purchase Agreement B, pursuant to which the Company has conditionally agreed to purchase, and Ms. Li has conditionally agreed to sell, subject to the completion of the Increase in Issued Share Capital B and the terms and conditions under the Sale and Purchase Agreement B, the Sale Shares B, representing approximately 90.1% equity interest in Pets Supermarket, at a consideration of HK\$1,000,000.

Pursuant to the Sale and Purchase Agreement B, upon the completion of Acquisition B, the Company, Pets Supermarket and Ms. Li shall enter into the Management Agreement B, pursuant to which Ms. Li, as manager, shall provide such management services to Pets Supermarket for a term commencing from the date of the Management Agreement B and ending on the date falling on the second anniversary of the date of the Management Agreement B, and provide the Profit Guarantee B in favour of Pets Supermarket.

## **Sale and Purchase Agreement B**

The principal terms of the Sale and Purchase Agreement B are summarised as follows:

**Date** 8 February 2023 (after trading hours of the Stock Exchange)

**Parties** (i) Ms. Li Yung (as vendor); and  
(ii) the Company (as purchaser)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Ms. Li is an Independent Third Party as at the date of this announcement.

**Assets to be acquired** Pursuant to the terms and conditions of the Sale and Purchase Agreement B, the Company conditionally agreed to purchase, and Ms. Li agreed to sell, the Sale Shares B, representing approximately 90.1% equity interest in Pets Supermarket.

**Consideration** The consideration for Acquisition B is HK\$1,000,000, which shall be settled by way of cash by the Company on completion of Acquisition B.

**Basis of consideration** The considerations for Acquisition B was determined after arm's length negotiations between the Company and Ms. Li on normal commercial terms, after taking into account, among others, (i) the Profit Guarantee B to be provided by Ms. Li in favour of Pets Supermarket under the Management Agreement B; (ii) the expertise, knowledge and experience provided by the management of Pets Supermarket and other employees to be employed by Pets Supermarket; and (iii) other factors as set out in the section headed "Reasons for and benefits of the Acquisitions and the Subscriptions and Use of Proceeds" in this announcement.

The Company intends to finance the consideration payable under the Sale and Purchase Agreement B by utilising part of the net proceeds expected to be raised from the Subscription B. For details, please refer to the section headed "Reasons for and benefits of the Acquisitions and the Subscriptions and Use of Proceeds" in this announcement.

## Conditions precedent

Completion of Acquisition B is conditional upon and subject to the following conditions having been fulfilled and/or waived (as the case may be):

- (i) the Company being reasonably satisfied with the results of the due diligence review to be conducted pursuant to the terms and conditions of the Sale and Purchase Agreement B;
- (ii) all necessary consents, licences and approvals required to be obtained on the part of Pets Supermarket in respect of the Sale and Purchase Agreement B and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iii) all necessary consents, licences and/or approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement B and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iv) Pets Supermarket having completed the Increase in Issued Share Capital B in such manner to the satisfaction of the Company and all necessary consent and approvals required to be obtained and all necessary filings required to be made to the relevant authorities in respect of the Increase in Issued Share Capital B and the transactions contemplated thereunder having been obtained/made;
- (v) the warranties given by the Ms. Li remaining true and accurate and not misleading in all material respects; and
- (vi) the Subscription Agreement B having becoming unconditional (save for the conditions of the Sale and Purchase Agreement B becoming unconditional).



Ms. Li shall use her best endeavours to assist the Company in connection with the due diligence review to be conducted as set out in condition (i) above and procure the fulfillment of the conditions (ii), (iv), (v) and (vi) above. The Company shall use its best endeavours to procure the fulfillment of the conditions (iii) and (vi) above. Save that the Company may at any time waive in writing the conditions (i) and (v) above, all other conditions are incapable of being waived by either the Company or Ms. Li.

If the above conditions have not been satisfied (or as the case may be, waived by the Company) on or before 12:00 noon (Hong Kong time) on 26 April 2023, or such other date as the Company and Ms. Li may agree in writing, the Sale and Purchase Agreement B shall cease and determine, and thereafter none of the parties to the Sale and Purchase Agreement B shall have any obligations and liabilities towards each other thereunder save for any antecedent breach of the terms thereof.

## **Completion**

Completion of Acquisition B shall take place on the date falling on the third Business Day after the fulfillment and/or waiver of all the conditions precedent as set out in the Sale and Purchase Agreement B, or such other date as the Company and Ms. Li may agree in writing.

Upon completion of Acquisition B, Pets Supermarket will become a direct non-wholly owned subsidiary of the Company and therefore the financial information of Pets Supermarket will be consolidated into the financial statements of the Group.

Completion of Acquisition B is inter-conditional with the completion of Subscription B and is conditional upon, amongst others, the fulfilment and/or waiver (as the case may be) of the conditions precedent thereto.

## **Management Agreement B**

The proposed principal terms of Management Agreement B are summarised as follows:

**Date** On the date of completion of Acquisition B

**Parties**

- (i) Pets Supermarket;
- (ii) the Company; and
- (iii) Ms. Li Yung

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Ms. Li is an Independent Third Party as at the date of this announcement.

**Term** The term of Management Agreement B shall commence on the date of such agreement and end on (i) the date falling on the second anniversary of the commencement date of such term; and (ii) the date on which Management Agreement B is terminated in accordance with the terms and conditions therein.

**Service fee** HK\$30,000 per month in arrears to be paid by Pets Supermarket to Ms. Li on the last day of every six months

**Scope of services** The Manager shall have the exclusive rights and responsibilities to manage the business(es) of Pets Supermarket, including, among others:

- (i) upon request by Pets Supermarket and/or the Company, prepare the Business Plans for the approval of Pets Supermarket and the Company;
- (ii) implementing the Business Plans as approved by Pets Supermarket and the Company;
- (iii) procuring Pets Supermarket to apply for and maintain all necessary permits, licences and/or approvals which are required for the carrying out of the business(es) of Pets Supermarket; and

- (iv) procuring Pets Supermarket to comply in all material respects with all relevant applicable laws in conducting the business(es) of Pets Supermarket.

### **Profit guarantee**

Pursuant to the terms and conditions of the Management Agreement B, Ms. Li shall irrevocably and unconditionally warrant and guarantee to Pets Supermarket that the Net Profit of Pets Supermarket, calculated in accordance with the HKFRS as shown in its audited financial statements for the following Guaranteed Periods issued by the Auditors shall not be less than the following Guaranteed Profit (the “**Profit Guarantee B**”):

- (i) for the first twelve (12)-month period commencing on the date of the Management Agreement B, the Guaranteed Profit shall not be less than HK\$1,000,000; and
- (ii) for the second twelve (12)-month period immediately following the expiry of the said first twelve (12)-month period, the Guaranteed Profit shall not be less than HK\$3,000,000.

In the event that the Actual Profit of Pets Supermarket, calculated in accordance with the HKFRS for any of the Guaranteed Periods as shown in the Guarantee Certificate (as defined below) is less than the Guaranteed Profit for such Guaranteed Period, then Ms. Li undertakes to pay to Pets Supermarket, an amount (A) (the “**Shortfall B**”) calculated as follows:

$$A = \text{Guaranteed Profit} - \text{Actual Profit}$$

In such event, Ms. Li shall be obliged to pay Pets Supermarket, within twenty (20) Business Days upon the receipt of the Guarantee Certificate an amount equivalent to the Shortfall B in cash.

For the avoidance of doubt, should Pets Supermarket record a loss in its audited financial statements for any of the Guaranteed Periods, the Actual Profit for such Guaranteed Period shall be deemed as zero (0).

Ms. Li and Pets Supermarket shall procure that the audited financial statements of Pets Supermarket for each of the Guaranteed Periods shall be prepared by the Auditors in accordance with the HKFRS and be issued and reported on by the Auditors before the date falling four (4) months after the expiry of such Guaranteed Period, and the Auditors shall issue the Guarantee Certificate(s) to certify the amount of the audited profits after tax of Pets Supermarket as shown in such audited financial statements and deliver the same together with such audited financial statements to Ms. Li and Pets Supermarket within three (3) Business Days (or such longer period as Ms. Li and Pets Supermarket may agree) from the issue date of such audited financial statements.

The costs and expenses of the Auditors for preparing and issuing such audited financial statements of Pets Supermarket for the Guaranteed Periods and the Guarantee Certificates under the Management Agreement B shall be borne and paid by Pets Supermarket. In preparing the respective audited financial statements of Pets Supermarket for the Guaranteed Periods and the Guarantee Certificates, the Auditors shall act as an expert and not as an arbitrator. Such audited financial statements of Pets Supermarket for the Guaranteed Periods and the Guarantee Certificates prepared and issued by the Auditors in accordance with Management Agreement B shall, in the absence of manifest error and/or dispute from Ms. Li, Pets Supermarket and/or the Company, be final and conclusive of the matters stated therein and binding on parties to the Management Agreement B.

## Termination

The Management Agreement B shall be terminated in any of the following circumstances:

- (i) by Pets Supermarket or the Company to Ms. Li immediately on giving notice to Ms. Li if:
  - (a) Ms. Li commits a material breach of any of the terms of Management Agreement B and (if such a breach is remediable) fails to remedy that breach within thirty (30) days of Pets Supermarket or the Company giving notice to Ms. Li in respect of such the breach; or
  - (b) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the bankruptcy of Ms. Li; or
  - (c) Ms. Li fails and/or refuses to perform the services set out in the Management Agreement B for a period of more than one (1) month due to ill-health; or
- (ii) by Pets Supermarket or the Company on giving Ms. Li a three (3)-month prior written notice or payment in lieu of such notice.

Upon termination of the Management Agreement B, save for the Profit Guarantee B, which shall remain to have full force and effect, the Management Agreement B shall cease to have any effect and each party shall be released from all liabilities and obligations under the Management Agreement B save for any antecedent breach.

## Information on Pets Supermarket

Pets Supermarket is a company incorporated in Hong Kong with limited liability on 6 December 2022 and is principally engaged in the retail and trading of pets products and healthcare products.

As no business operation has been carried out since the date of incorporation of Pets Supermarket (i.e. 6 December 2022), no revenue or profit has been recorded from the date of its incorporation up to the date of this announcement.

The unaudited total assets, total liabilities and net liabilities of Pets Supermarket, as at 31 December 2022 according to its unaudited financial statements were approximately Nil, HK\$1,700 and HK\$1,700, respectively.

## SUBSCRIPTION B

The Board would also like to announce that on 8 February 2023 (after trading hours of the Stock Exchange), the Company and Ms. Li entered into Subscription Agreement B, pursuant to which the Company has conditionally agreed to allot and issue, and Ms. Li has conditionally agreed to subscribe for, an aggregate of 43,000,000 new Shares at the Subscription Price of HK\$0.20 per Subscription Share B for a total consideration of HK\$8,600,000.

The principal terms of the Subscription Agreement B are summarised as follows:

**Date** 8 February 2023 (after trading hours of the Stock Exchange)

**Parties** (i) the Company (as issuer); and  
(ii) Ms. Li Yung (as subscriber)

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Ms. Li is an Independent Third Party.

**Subscription Shares B** 43,000,000 new Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of Subscription B, the 43,000,000 Subscription Shares B represent approximately: (i) 9.9% of the existing issued share capital of the Company of 432,644,031 Shares as at the date of this announcement; and (ii) 9.0% of the issued share capital of the Company as enlarged by the allotment and issue of the 43,000,000 Subscription Shares B.

**Subscription Price**

HK\$0.20 per Subscription Share B

The Subscription Price of HK\$0.20 per Subscription Share B represents (i) a premium of approximately 15.6% over the closing price of HK\$0.1730 per Share as quoted on the Stock Exchange on the date of Subscription Agreement B; and (ii) a premium of approximately 15.5% over the average closing price of HK\$0.1732 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of Subscription Agreement B.

The Subscription Price was arrived at after arm's length negotiation between the Company and Ms. Li after taking into account (i) the current market condition; (ii) the prevailing market price of the Shares; and (iii) financial position of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of Subscription Agreement B (including the Subscription Price) are fair and reasonable, and the entering into of the Subscription Agreement B is on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

**Ranking of the Subscription Shares B**

The Subscription Shares B, when issued and fully paid, shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of such allotment and issue.

**Conditions precedent**

Completion of the Subscription Agreement B is conditional upon the following conditions having been fulfilled:

- (i) the GEM Listing Committee granting the listing of, and permission to deal in, the Subscription Shares B;
- (ii) all necessary consents and approvals required to be obtained by the Company and Ms. Li in respect of the Subscription Agreement B and the transactions contemplated thereunder, including but not limited to Subscription B, having been obtained;



- (iii) the passing of necessary resolution(s) at the SGM to be held and convened by the Shareholders who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules and other applicable laws and regulations to approve the Subscription Agreement B and the transactions contemplated thereunder, including the Specific Mandate B for the allotment and issue of the Subscription Shares B; and
- (iv) the Sale and Purchase Agreement B having becoming unconditional (save for the conditions of the Subscription Agreement B becoming unconditional).

### **Completion**

Completion of the Subscription Agreement B shall take place within five (5) Business Days (or such other date and time as may be agreed by the Company and Ms. Li) after the satisfaction of the conditions as set out above.

Completion of Subscription B is inter-conditional with the completion of the Acquisition A and is conditional upon, amongst others, the fulfilment of the conditions precedent thereto.

Subject to completion of Acquisition B and Subscription B, it is expected that the gross proceeds and the net proceeds, after deduction of relevant expenses (including but not limited to the professional fees and disbursements), from Subscription B will be HK\$8,600,000 and approximately HK\$7,600,000, respectively. On such basis, the net price raised per Subscription Share B upon completion of Subscription B will be approximately HK\$0.177. The net proceeds from Subscription B are intended to be used (i) as to HK\$1,000,000 for financing Acquisition B; and (ii) as to approximately HK\$6,600,000 for the operation and working capital of Pets Supermarket.

### **Specific Mandate B**

The Subscription Shares B will be allotted and issued pursuant to the Specific Mandate B proposed to be obtained from the Shareholders at the SGM.

## **Application for listing**

An application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Subscription Shares B.

## **LISTING RULES IMPLICATIONS**

### **Sale and Purchase Agreement B and Management Agreement B**

As at the date of this announcement, to the best of the Company's knowledge, information and belief after having made all reasonable enquiries, Ms. Li and her associates are third parties independent of the Company and its connected persons. As such, the transactions contemplated under each of the Sale and Purchase Agreement B and the Management Agreement B does not constitute a connected transaction nor a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As all applicable percentage ratios in respect of the Sale and Purchase Agreement B are less than 5%, the transactions contemplated under the Sale and Purchase Agreement B does not constitute a discloseable transaction of the Company and is not subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

### **Subscription Agreement B**

The Subscription Shares B will be allotted and issued under the Specific Mandate B to be granted by the Shareholders to allot, issue and deal with the Shares by an ordinary resolution to be proposed for approval by the Shareholders at the SGM. Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Subscription Shares B.

## **REASONS FOR AND BENEFITS OF THE ACQUISITIONS, THE SUBSCRIPTIONS AND THE PROPOSED ENTERING INTO OF THE MANAGEMENT AGREEMENTS AND USE OF PROCEEDS**

The Group is principally engaged in money lending business, financial instruments and quoted share investment and retail and wholesale business.

As disclosed in the interim report of the Company for the six months ended 30 September 2022, the Group has been developing the retails and online sales business since 2015 and has sourced and launched new product line for pets products including pet supplement and pets food.

Given the Company's plan to expand into the retail and trading of pets products and healthcare products, it has entered into the Sale and Purchase Agreements. Upon completion of the Acquisitions, the Group will acquire 90.1% of equity interest in each of Union Raise and Pets Supermarket and the proposed entering into of the Management Agreements shall retain the existing management with expertise, knowledge and experience in the relevant sectors to continue to engage in the operation and management of the Target Companies. As such, the Board is of the view that the proposed entering into of the Management Agreements is in the interests of the Company and the Shareholders as a whole.

Subject to completion of the Acquisitions and the Subscriptions, it is expected that the gross proceeds and the net proceeds, after deduction of relevant expenses (including but not limited to the professional fees and disbursements), from the Subscriptions will be HK\$17,200,000 and approximately HK\$15,200,000, respectively. On such basis, the net price raised per Subscription Share upon completion of the Subscriptions will be approximately HK\$0.177. The net proceeds from the Subscriptions are intended to be used (i) as to HK\$1,000,000 and HK\$1,000,000 for financing the respective Acquisitions; and (ii) as to approximately HK\$6,600,000 and HK\$6,600,000 for the operation and working capital of Union Raise and Pets Supermarket respectively.

In light of the above funding needs and that the proceeds from the recent equity fundraising activities has been utilised, the Board considers that the Subscriptions represent a good opportunity to implement the above business strategies and expand the existing businesses of the Target Companies.

The Board also considered a number of fundraising methods such as debt financing and other ways of equity fundraising (including open offer, rights issue and share placement to independent institutional and individual investors). Debt and bank financing usually involve lengthy due diligence and negotiations with banks which is time-consuming and will incur additional interest burden to the Group, rendering it not the optimal financing method under the prevailing market conditions. Open offer and rights issue may impose financial burden on the existing Shareholders and will incur high underwriting commission and may not be beneficial to the Company and the Shareholders as a whole. Despite the dilution effect of the Subscriptions, the Board considers that the Subscriptions are the most expedient and feasible ways to raise sufficient fund for the Group's expansion.

Based on the forgoing, the Board (excluding (i) independent non-executive Directors, whose opinions will be provided after taking into consideration the advice from the Independent Financial Adviser; and (ii) with regards to Acquisition A and Subscription A, Mr. Chan Yan Tak and Mr. Lim Ming Shing Tony, who have abstained from voting on Acquisition A and Subscription A) considers that the terms of the Sale and Purchase Agreements and the Subscription Agreements are fair and reasonable and the entering into of the same is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon completion of the Acquisitions and the Subscriptions (assuming there is no other change in the shareholding structure of the Company between the date of this announcement and date of completion of the Acquisitions and the Subscriptions):

Shareholders	As at the date of this announcement		Upon completion of the Acquisitions and the Subscriptions (assuming there is no other change in the shareholding structure of the Company between the date of this announcement and date of completion of the Acquisitions and the Subscriptions)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Best Richest Management Company Limited ( <i>Note 1</i> )	181,196,866	41.88	181,196,866	34.94
<b>Subscribers</b>				
Mr. Cheng	–	–	43,000,000	8.29
Ms. Li	–	–	43,000,000	8.29
Other public Shareholders	<u>251,447,165</u>	<u>58.12</u>	<u>251,447,165</u>	<u>48.48</u>
	<u>432,644,031</u>	<u>100.00</u>	<u>518,644,031</u>	<u>100.00</u>

*Notes:*

- (1) Best Richest Management Company Limited is wholly and beneficially owned by Mr. Chan Yan Tak, being the chairman of the Board, an executive Director and a controlling Shareholder.
- (2) Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## EQUITY FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The following are details of the equity fundraising activities of the Company conducted in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Fundraising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
10 August 2022 (completed on 21 September 2022)	Rights issue on the basis of one (1) rights share for every two (2) Shares held on the record date at the subscription price of HK\$0.12 per rights share	HK\$12.62 million	<ul style="list-style-type: none"> <li>(i) as to HK\$6 million for the continual expansion of its money lending business;</li> <li>(ii) as to HK\$6 million for purchase of products to expand its retail operations offering; and</li> <li>(iii) the remaining amount for general working capital of the Group.</li> </ul>	<ul style="list-style-type: none"> <li>(i) as to approximately HK\$6 million was used for the continual expansion of its money lending business;</li> <li>(ii) as to approximately HK\$6 million was used for purchase of products to expand its retail operations offering; and</li> <li>(iii) as to approximately HK\$0.62 million was used for general working capital of the Group.</li> </ul>
1 November 2022 (completed on 21 November 2022)	Offer by way of private placing of 72,105,000 Shares to the placees	HK\$9.8 million	<ul style="list-style-type: none"> <li>(i) as to approximately HK\$9 million for continual expansion of its money lending business; and</li> <li>(ii) as to approximately HK\$0.8 million for general working capital of the Group.</li> </ul>	<ul style="list-style-type: none"> <li>(i) as to approximately HK\$7 million was used and as to approximately HK\$2 million will be used for continual expansion of its money lending business; and</li> <li>(ii) as to approximately HK\$0.8 million was used for general working capital of the Group.</li> </ul>

Save as disclosed above, the Company has not conducted any other equity fundraising activities in the past twelve months immediately preceding the date of this announcement.



“Acquisition B”	the acquisition of the Sale Shares B by the Company from Ms. Li pursuant to the terms and conditions of the Sale and Purchase Agreement B
“Acquisitions”	collectively, Acquisition A and Acquisition B
“Actual Profit”	the actual audited net profits after tax of Union Raise or Pets Supermarket (as the case may be), excluding extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of Union Raise or Pets Supermarket (as the case may be)
“Annual Caps”	has the meaning as ascribed thereto under the paragraph headed “Acquisition A and Proposed Entering into of Management Agreement A – Management Agreement A – Annual Caps”
“Auditors”	auditors for the time being of the Company
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Easy Repay Finance & Investment Limited, a company incorporated in the Cayman Islands and continued into Bermuda with limited liability, the issued Shares of which are listed on GEM (stock code: 8079)
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereunder the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantee Certificate(s)”	has the meaning ascribed thereto under the paragraph headed “Acquisition A and Proposed Entering into of Management Agreement A – Management Agreement A – Profit guarantee”



“Guaranteed Period(s)”	has the meaning ascribed thereto under the paragraph headed “Acquisition A and Proposed Entering into of Management Agreement A – Management Agreement A – Profit guarantee”
“Guaranteed Profit”	the amount of Net Profit guaranteed by Mr. Cheng or Ms. Li (as the case may be) as referred to in the paragraphs headed “Acquisition A and Proposed Entering into of Management Agreement A – Sale and Purchase Agreement A – Profit guarantee” and “Acquisition B and Proposed Entering into of Management Agreement B – Sale and Purchase Agreement B – Profit guarantee” respectively in this announcement
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Issued Share Capital A”	As part of the capital reorganisation of Union Raise, Union Raise shall increase its issued share capital by way of allotment and issue of 999 new ordinary shares of Union Raise to Mr. Cheng, such that the issued share capital of Union Raise shall increase from one (1) share to 1,000 shares
“Increase in Issued Share Capital B”	As part of the capital reorganisation of Pets Supermarket, Pets Supermarket shall increase its issued share capital by way of allotment and issue of 999 new ordinary shares of Pets Supermarket to Ms. Li, such that the issued share capital of Pets Supermarket shall increase from one (1) share to 1,000 shares
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors being formed for the purpose of advising the Shareholders in relation to the Sale and Purchase Agreement A and Subscription Agreement A and the respective transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser which will be appointed to advise the Independent Board Committee and the Shareholders on the Sale and Purchase Agreements, the Subscription Agreements and the respective transactions contemplated thereunder

“Independent Shareholder(s)”	Shareholder(s) other than: (i) Mr. Cheng and his associates (if any); (ii) Mr. Chan Yan Tak; and (iii) those who have a material interest in the Subscriptions or any other person who is required by the GEM Listing Rules to abstain from voting on the resolutions approving Subscription A, the allotment and issue of the Subscription Shares A and other transactions contemplated under the Subscription Agreement A
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the GEM Listing Rules
“Management Agreements”	collectively, the Management Agreement A and the Management Agreement B
“Management Agreement A”	the management agreement proposed to be entered into among the Company, Union Raise and Mr. Cheng on the date of completion of Acquisition A in relation to the management of businesses of Union Raise
“Management Agreement B”	the management agreement proposed to be entered into among the Company, Pets Supermarket and Ms. Li on the date of completion of Acquisition B in relation to the management of businesses of Pets Supermarket
“Mr. Cheng”	Mr. Cheng Sai Chit Luke, being the manager to the Management Agreement A, the subscriber to the Subscription Agreement A and the vendor to the Sale and Purchase Agreement A
“Ms. Li”	Ms. Li Yung, being the manager to the Management Agreement B, the subscriber to the Subscription Agreement B and the vendor to the Sale and Purchase Agreement B
“Net Profit”	the audited profits after tax of Union Raise or Pets Supermarket (as the case may be), excluding extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of Union Raise or Pets Supermarket (as the case may be)

“Pets Supermarket”	Pets Supermarket Limited, being a company incorporated in Hong Kong with limited liability, which is wholly and beneficially owned by Ms. Li immediately before completion of Acquisition B
“Profit Guarantee A”	has the meaning ascribed thereto under the paragraph headed “Acquisition A and Proposed Entering into of Management Agreement A – Management Agreement A – Profit guarantee”
“Profit Guarantee B”	has the meaning ascribed thereto under the paragraph headed “Acquisition B and Proposed Entering into of Management Agreement B – Management Agreement B – Profit guarantee”
“Sale and Purchase Agreement A”	the conditional sale and purchase agreement dated 8 February 2023 and entered into between the Company and Mr. Cheng in respect of Acquisition A
“Sale and Purchase Agreement B”	the conditional sale and purchase agreement dated 8 February 2023 and entered into between the Company and Ms. Li in respect of Acquisition B
“Sale and Purchase Agreements”	collectively, the Sale and Purchase Agreement A and the Sale and Purchase Agreement B
“Sale Shares A”	Being 901 shares, representing 90.1% of the issued share capital of Union Raise, which are legally and beneficially owned by Mr. Cheng as at the date of this announcement
“Sale Shares B”	Being 901 shares, representing 90.1% of the issued share capital of Pets Supermarket, which are legally and beneficially owned by Ms. Li as at the date of this announcement
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Subscriptions and the Specific Mandates
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shortfall A”	has the meaning ascribed thereto under the paragraph headed “Acquisition A and Proposed Entering into of Management Agreement A – Management Agreement A – Profit Guarantee”
“Shortfall B”	has the meaning ascribed thereto under the paragraph headed “Acquisition B and Proposed Entering into of Management Agreement B – Management Agreement B – Profit Guarantee”
“Specific Mandate A”	a specific mandate to allot, issue or otherwise deal in the Subscription Shares A to be sought from the Independent Shareholders who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules at the SGM to satisfy the allotment and issue of the Subscription Shares A upon completion of Subscription A
“Specific Mandate B”	a specific mandate to allot, issue or otherwise deal in the Subscription Shares B to be sought from the Shareholders who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules at the SGM to satisfy the allotment and issue of the Subscription Shares B upon completion of Subscription B
“Specific Mandates”	collectively, the Specific Mandate A and the Specific Mandate B
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, Mr. Cheng and Ms. Li
“Subscription A”	the subscription for 43,000,000 new Shares by Mr. Cheng at the Subscription Price pursuant to the terms and conditions of the Subscription Agreement A
“Subscription Agreement A”	the conditional subscription agreement dated 8 February 2023 and entered into between the Company and the Mr. Cheng in respect of the Subscription A
“Subscription Agreement B”	the conditional subscription agreement dated 8 February 2023 and entered into between the Company and Ms. Li in respect of the Subscription B

“Subscription Agreements”	collectively, the Subscription Agreement A and the Subscription Agreement B
“Subscription B”	the subscription for 43,000,000 new Shares by Ms. Li at the Subscription Price pursuant to the terms and conditions of the Subscription Agreement B
“Subscription Price”	HK\$0.20 per Subscription Share
“Subscription Shares A”	43,000,000 new Shares to be allotted and issued by the Company to Mr. Cheng pursuant to the Subscription Agreement A
“Subscription Shares B”	43,000,000 new Shares to be allotted and issued by the Company to Ms. Li pursuant to the Subscription Agreement B
“Subscriptions”	collectively, Subscription A and Subscription B
“Target Companies”	collectively, Union Raise and Pets Supermarket
“Union Raise”	Union Raise Limited, being a company incorporated in Hong Kong with limited liability, which is wholly and beneficially owned by Mr. Cheng immediately before completion of Acquisition A
“Vendors”	collectively, Mr. Cheng and Ms. Li
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**EASY REPAY FINANCE & INVESTMENT LIMITED**  
**Chan Yan Tak**  
*Chairman and Executive Director*

Hong Kong, 8 February 2023

*As at the date of this announcement, the Board comprises Mr. Chan Yan Tak (Chairman), Mr. Lim Ming Shing Tony, Ms. Siu Yeuk Hung, Clara and Mr. Law Ka Kei as executive Directors; Mr. Lee King Fui, Mr. Joseph Rodrick Law, Mr. To Kwan and Ms. Ho Sau Ping Pia as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain com on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its publication and on the website of the Company at [www.ecrepay.com](http://www.ecrepay.com).*