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BETA DYNAMIC LIMITED

(Incorporated in the British Virgin Islands with limited liability)

ANNOUNCEMENT

**VOLUNTARY CONDITIONAL CASH OFFERS BY
KINGSWAY FINANCIAL SERVICES GROUP LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY THE OFFEROR)
AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF
EASY REPAY FINANCE & INVESTMENT LIMITED
(STOCK CODE: 8079)**

Financial Adviser to the Offeror

SUNWAH KINGSWAY

新華滙富

Kingsway Capital Limited

INTRODUCTION

The Offeror notified the board of directors of the Company on 10 March 2020 after trading hours that it has firm intention to make the Offers (in compliance with the Takeovers Code) through Kingsway Financial Services Group (i) to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror) at the Share Offer Price of HK\$0.29 per Offer Share; and (ii) to cancel all outstanding Share Options in compliance with Rule 13.5 of the Takeovers Code, on the basis set out below.

Save for the security interest of Mr. Cheung over certain Shares and the Shares held by Ms. Bai disclosed in the section headed “INFORMATION ON THE OFFEROR CONCERT GROUP”, no member of the Offeror Concert Group holds, owns or has control or direction over any voting rights or rights over any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities. Accordingly, as at the close of business on 13 March 2020, the Offeror Concert Group held a total of 26,093,500 Shares (representing approximately 10.86% of the total number of Shares in issue).

THE OFFERS

Kingsway Financial Services Group will, for and on behalf of the Offeror and in compliance with the Takeovers Code, make the Offers to acquire all the Offer Shares and to cancel all the Share Options on terms to be set out in the Offer Document to be issued in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$0.29 in cash subject to reduction described below

If the Company declares or pays on each Share any cash dividend or other non-cash distribution for any period in the year ending 31 March 2020 and the record date to determine entitlement for dividend or such other distribution falls on or before the date on which the Offeror becomes registered holder of the Shares tendered on acceptance of the Offer, the Share Offer Price shall be reduced by the amount of cash dividend or the fair market value of such non-cash distribution after consultation with the Executive.

The Share Offer, if and when made, will be conditional upon the Offeror having received valid acceptances in respect of Offer Shares which, together with the Shares acquired or agreed to be acquired by the Offeror Concert Group, will result in the Offeror Concert Group holding more than 50% of the voting rights of the Company.

The Option Offer

For cancellation of each Share Option HK\$0.025 in cash

As at the date of this announcement, there are Share Options outstanding entitling the holders thereof to subscribe for an aggregate of 385,000 new Shares at an exercise price of HK\$0.265 per Share. The exercise price for all the underlying Shares issuable under the Share Options are below the Share Offer Price.

Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will entirely be cancelled and renounced.

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

Confirmation of financial resources available for the Offers

The total consideration under the Offers shall be payable in cash. The Offeror intends to finance the entire consideration payable under the Offers through the shareholder's loans provided by Mr. Cheung, which in turn, is financed by the internal resources of Mr. Cheung.

Kingsway Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum consideration payable by the Offeror upon full acceptance of the Offers.

WARNING: Shareholders, Optionholders and/or potential investors of the Company should note that the Share Offer is subject to the satisfaction or waiver (where applicable) of the Conditions, and the Option Offer is subject to, and conditional upon, the Share Offer becoming or being declared unconditional in all respects. Accordingly, the Offers may or may not become unconditional. Shareholders, Optionholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including the Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

GENERAL

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the Offer Document containing, among other things, the terms and conditions of the Offers and the forms of acceptance and transfer or cancellation to the Shareholders and the holders of the Share Options within 21 days of the date of this announcement. It is expected that such Offer Document will be issued on or before 3 April 2020.

Further announcement(s) regarding despatch of the Offer Document will be made by the Offeror in due course.

If the Company declares or pays on each Share any cash dividend or other non-cash distribution for any period in the year ending 31 March 2020 and the record date to determine entitlement for dividend or such other distribution falls on or before the date on which the Offeror becomes registered holder of the Shares tendered on acceptance of the Offer, the Share Offer Price shall be reduced by the amount of dividend or the fair market value of such non-cash distribution after consultation with the Executive.

The Option Offer

Kingsway Financial Services Group will, for and on behalf of the Offeror and in compliance with the Takeovers Code, make an appropriate offer to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all the outstanding Share Options on the following terms:

For cancellation of each Share Option HK\$0.025 in cash

Based on the shareholders circular of the Company dated 16 December 2010, under the Share Option Scheme, if a general or partial offer is made to all Shareholders and such offer becomes or is declared unconditional, the Optionholders will, notwithstanding any other terms on which their Options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent up to the close of such offer. The option period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) will lapse thereafter.

As at the date of this announcement, there are Share Options outstanding entitling the holders thereof to subscribe for an aggregate of 385,000 new Shares at an exercise price of HK\$0.265 per Share. The exercise prices for all the underlying Shares issuable under the Share Options are below the Share Offer Price. The above consideration represents the difference between the exercise price of each Share Option of HK\$0.265 per Share and the Share Offer Price. The Option Offer will be extended to all eligible Optionholders in accordance with the Takeovers Code.

Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

Comparison of value

The Share Offer Price of HK\$0.29 per Offer Share represents:

- (i) a discount of approximately 27.5% to the closing price of HK\$0.4 per Share as quoted on the Stock Exchange on 10 March 2020, being the Last Trading Day before the Trading Halt;
- (ii) a discount of approximately 22.3% over to the average closing price of approximately HK\$0.373 per Share based on the daily closing prices as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 20.1% to the average closing price of approximately HK\$0.363 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 20.1% to the average closing price of approximately HK\$0.363 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 0.7% to the average closing price of approximately HK\$0.292 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 16.0% to the average closing price of approximately HK\$0.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 180 consecutive trading days immediately prior to and including the Last Trading Day; and
- (vii) a discount of approximately 83.1% to the unaudited consolidated net assets attributable to owners of the Company per Share of approximately HK\$1.717 as at 30 September 2019, calculated based on the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$412,780,000 as at 30 September 2019 and 240,359,354 Shares in issue as at the date of this announcement.

Highest and lowest Share prices

The highest and lowest closing price per Share as quoted on the Stock Exchange during the six months period immediately preceding and including the Last Trading Day was HK\$0.415 per Share (on 21 February 2020) and HK\$0.18 per Share (on 23 October 2019), respectively.

Value of the Offers

As at the date of this announcement, there are 240,359,354 Shares in issue and 385,000 Share Options outstanding carrying rights to subscribe for an aggregate of 385,000 new Shares at an exercise price of HK\$0.265 per Share. Save as disclosed above and except for Shares that may fall to be issued under the Placing, based on the publicly available information, the Offeror is not aware of any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the date of this announcement.

On the basis of the Share Offer Price of HK\$0.29 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$69,704,212.66. Assuming no further Shares are issued whether pursuant to the exercise of Options or otherwise before the close of the Offers except as specified, the value of the Share Offer is (i) approximately HK\$69,704,212.66 (based on 240,359,354 Shares being subject to the Share Offer) and (ii) approximately HK\$82,319,212.66 (based on 283,859,354 Shares being subject to the Share Offer assuming that the maximum of 43,500,000 new Shares are issued under the Placing before the close of the Offers) respectively.

Assuming none of the Share Options is exercised prior to the close of the Offers, 385,000 Share Options will be subject to the Option Offer and the Option Offer will be valued at approximately HK\$9,625 based on the Option Offer price of HK\$0.025 per Share Option. Based on the above, the aggregate value of the Offers will be approximately (i) HK\$69,713,837.66 (assuming no change in the number of issued Shares before the close of the Offers), and (ii) HK\$82,328,837.66 (assuming the maximum of 43,500,000 new Shares are issued under the Placing before the close of the Offers), respectively.

Assuming that all the Share Options are exercised by the Optionholders but no further Shares are issued except as specified below prior to the close of the Offers, the Share Offer will be valued at approximately (i) HK\$69,815,862.66 (based on 240,744,354 Shares being subject to the Share Offer) and (ii) HK\$82,430,862.66 (based on 284,244,354 Shares being subject to the Share Offer assuming that the maximum of 43,500,000 new Shares are issued under the Placing before the close of the Offers), respectively. In this case, no amount will be payable by the Offeror under the Option Offer.

Confirmation of financial resources available for the Offers

The total consideration under the Offers shall be payable in cash. The Offeror intends to finance the entire consideration payable under the Offers through the shareholder's loans provided by Mr. Cheung, which in turn, is financed by the internal resources of Mr. Cheung.

Kingsway Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum consideration payable by the Offeror upon full acceptance of the Offers.

Conditions to the Share Offer

The Share Offer is conditional on the satisfaction of the following conditions:

- (i) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which, together with Shares already owned or agreed to be acquired before or during the Offers, would result in the Offeror Concert Group holding more than 50% of the voting rights in the Company as at the Closing Date;
- (ii) the Shares remaining listed and traded on the GEM of the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading pending the issuance of any announcement(s) in relation to any inside information of the Company (if any) and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either of the Offers or anything done or caused by or on behalf of the Offeror Concert Group;

- (iii) (a) all Consents as are necessary for the consummation of the transactions contemplated in the Offers and in connection with, including, without limitation, any change in the direct or indirect shareholder(s) or ultimate controlling shareholder(s) of any member of the Group that has been granted the Consents to carry out its operations having been obtained and remaining in full force and effect without material variation from any Relevant Authority(ies) and all conditions (if any) to such Consents having been fulfilled, (b) each member of the Group possessing or having obtained all Consents from the Relevant Authority(ies) that are necessary to carry on its business and (c) all mandatory Consents from third parties having been obtained for the acquisition of the Offer Shares and/or the cancellation of the Share Options under the Offers;
- (iv) no event having occurred which would make the Offers or the acquisition of any of the Offer Shares and/or the cancellation of the Share Options under the Offers void, unenforceable or illegal or prohibit the implementation of the Offers;
- (v) no Relevant Authority(ies) in any jurisdiction having taken or instigated any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offers or the acquisition of any of the Offer Shares and/or Share Options under the Offers void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions, limitations or obligations with respect to the Offers (other than such items or events as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offers); and
- (vi) since the date of the last audited consolidated financial statements of the Company, save as disclosed by the Company on the website of the Stock Exchange on or before 13 March 2020, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business, prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of the Group as a whole, whether or not arising in the ordinary course of business.

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions either generally or in respect of any particular matter save that Conditions (i) and (iv) cannot be waived. If any of the Conditions is not satisfied or (where applicable) waived on or before 30 June 2020 (unless otherwise extended and announced by the Offeror), the Share Offer will lapse. As at the date of this announcement, based on the information currently available to the Offeror, (i) no Consent of the type described in Condition (iii) is required by the Offeror for the consummation of the Offers, and (ii) there exist no circumstances in respect of the Offers of the type described in Condition (v).

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions (other than Conditions (i)) so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offers.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Share Offer becomes unconditional as to acceptances and when the Offers become unconditional in all respects. The Offers must also remain open for acceptance for at least fourteen (14) days after the Offers become unconditional in all respects.

The Offeror reserves the right to revise the terms of the Offers in accordance with the Takeovers Code.

Condition to the Option Offer

The Option Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

WARNING: Shareholders, Optionholders and/or potential investors of the Company should note that the Share Offer is subject to the satisfaction or waiver (where applicable) of the Conditions, and the Option Offer is subject to, and conditional upon, the Share Offer becoming or being declared unconditional in all respects. Accordingly, the Offers may or may not become unconditional. Shareholders, Optionholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including the Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

Acceptance of the Share Offer and the Option Offer

In addition to the Conditions set out in this announcement, the Share Offer is made on the basis that acceptance of the Share Offer by any person will constitute a warranty by such person or persons to the Offeror that the Offer Shares acquired under the Share Offer are sold by such person or persons as (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interest of any nature whatsoever; and (c) together with all rights, benefits and entitlements attached thereto (including the right to receive and retain all dividends and other distributions (if any) which may be announced, declared, paid or made thereon by the Company on or after the Closing Date). The Offeror has noted that based on the announcements of the Company as of the close of business on 13 March 2020 that no dividend has been declared or recommended by the board of Directors in respect of any period in the current financial year of the Company.

Acceptance of the Option Offer by the Optionholders will result in the cancellation of those outstanding Share Options, together with all rights attaching thereto.

The Offers will be made in compliance with the Takeovers Code which is administered by the Executive.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Share Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amounts payable to Shareholders who accept the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the Option Offer.

Payment

Payment (after deducting the accepting Shareholders' share of stamp duty) in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days following the later of the date on which the Offers become or are declared unconditional and the date on which duly completed form(s) of acceptance and the relevant documents of title of Shares or the Share Options (as the case may be) are received by the Offeror to render each such acceptance complete and valid.

Taxation advice

Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, the Company, Kingsway Capital and their respective directors, officers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Overseas Shareholders

The availability of the Offers to any overseas Shareholders or Optionholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Optionholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the overseas Shareholders and Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such overseas Shareholders and Optionholders in respect of such jurisdiction).

Acceptance of the Offers by any overseas Shareholder or Optionholders will be deemed to constitute a representation and warranty from such overseas Shareholder or Optionholders to the Offeror that the local laws and requirements have been complied with. The overseas Shareholders and Optionholders should consult their professional advisers if in doubt.

Dealing and Interests of the Offeror Concert Group in the Company's Securities

As at the date of this announcement,

- (i) save for the security interest of Mr. Cheung over certain Shares and the 26,093,500 Shares owned by Ms. Bai disclosed in the section headed "INFORMATION ON THE OFFEROR CONCERT GROUP", no member of the Offeror Concert Group holds, owns or has control or direction over any voting rights or rights over any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities;
- (ii) the Offeror Concert Group has not received any other irrevocable commitment to accept or reject the Offers;
- (iii) save for the security interest of Mr. Cheung over certain Shares and Ms. Bai's acquisition of 26,093,500 Shares on 5 November 2019 disclosed in the section headed "INFORMATION ON THE OFFEROR CONCERT GROUP", the Offeror Concert Group has not acquired any voting rights in or otherwise dealt for value in the Shares or rights over the Shares during the 6-month period immediately prior to the date of this announcement;
- (iv) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror Concert Group;
- (v) there is no arrangement, understanding or agreement between the Offeror Concert Group on the one hand, and any Shareholder(s) on the other hand, which would constitute a "special deal" (as defined under Rule 25 of the Takeovers Code);
- (vi) save for the indemnities given by Mr. Cheung disclosed in the section headed "INFORMATION ON THE OFFEROR CONCERT GROUP", there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Offers;

- (vii) save as disclosed in the section headed “Conditions to the Share Offer” of this announcement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offers; and
- (viii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror Concert Group has borrowed or lent.

INFORMATION ON THE OFFEROR CONCERT GROUP

Information on the Offeror

The Offeror was incorporated in the British Virgin Islands with limited liability as an investment holding company. As at the date of this announcement, the Offeror is wholly-owned by Mr. Cheung. Mr. Cheung is the sole director of the Offeror.

Information on Mr. Cheung

Mr. Cheung, aged 49, holds a Master Degree in Business Administration from The Chinese University of Hong Kong and a Bachelor Degree in Electronic Engineering from The Hong Kong Polytechnic University. Mr. Cheung is a Certified Financial Analyst. Mr. Cheung founded and is a director of Hammer Capital Asset Management Limited (“**Hammer Capital**”). Prior to founding Hammer Capital, he was the Head of Asia Pacific of the Strategic Equity Solutions of Merrill Lynch (Asia Pacific) Limited (“**Merrill Lynch**”). Prior to his position at Merrill Lynch, he was the Head of Asia Pacific of the Strategic Equity Solutions and the Managing Director of the Structured Products of Asia of Citigroup Global Markets Asia Limited. He has also held key positions in various major investment banks in Asia Pacific like Calyon Corporate & Investment Bank (presently known as Crédit Agricole Corporate & Investment Bank) and JPMorgan Chase & Co..

Appointment of Receivers in respect of security interests of Mr. Cheung

The Offeror was informed by its sole director and shareholder, Mr. Cheung, that he is the beneficiary of (i) the Share Charge over 82,288,613 Shares, (representing approximately 34.24% of the total number of Shares in issue as at the date of this announcement) created by Able Rich, (ii) the Able Rich Mortgage and (iii) the Rich Treasure Mortgage, to secure amounts due under the Facility Agreement between Popland Investments Limited (which, based on the documents provided to Mr. Cheung at the time of signing of the Facility Agreement, was wholly owned by Shiu Junior, the son of Mr. Shiu), as borrower and Mr. Cheung as lender in respect of a term loan facility for a term of up to one year of up to HK\$327 million. The loan has matured on 18 October 2018 and has not been fully repaid. The Offeror has noted that on 25 October 2017, each of Mr. Cheung, Mr. Shiu, Rich Treasure and Able Rich has made a DI Filing in respect of the creation of security interests in respect of 82,288,613 Shares.

Mr. Cheung issued a statutory demand dated 31 December 2019 against Mr. Shiu (as mortgagor under the Rich Treasure Mortgage) for the amount of HK\$218,526,266.09 (being HK\$212,517,550.68 in principal amount and accrued and unpaid interest) owed under the Facility Agreement. Mr. Shiu made an application dated 24 January 2020 against Mr. Cheung (HCSD 12/2020) to set aside the statutory demand. The affirmation made by Mr. Shiu that was filed with this application alleged that Mr. Shiu never signed the Share Charge or the Able Rich Mortgage or the Rich Treasure Mortgage and his signature on those documents were forged by Mr. Cheung, and that while he signed the Custodian Agreement in October 2017, Mr. Shiu only signed the execution page of the Custodian Agreement and did not agree to the content of the Custodian Agreement. Mr. Shiu's allegation of forgery against Mr. Cheung was unsupported by any details, evidence or particulars. Despite a request for the same on 6 February 2020, Mr. Shiu refused by letter on 13 February 2020 and failed to provide any further information on his allegation of forgery. So far as Mr. Cheung is aware, the Court has not made directions as to whether it will entertain Mr. Shiu's application or dismiss it. Mr. Cheung confirms that he did not forge Mr. Shiu's signature.

The Offeror was informed by Mr. Cheung that: (i) the Charged Shares were held under the Custodian Agreement; (ii) on 5 December 2019, Mr. Cheung appointed Mr. Chan Leung Lee and Mr. Yeo Boon Ann (both employees of BDO) as the Receivers under both the Share Charge and the Able Rich Mortgage, and (iii) on 9 March 2020, the Charged Shares have been transferred to the Receivers pursuant to the terms of the Custodian Agreement.

Pursuant to the terms of engagement by Mr. Cheung (as lender and beneficiary of the Share Charge and the Able Rich Mortgage) of BDO for the provision of the Receivers which BDO has confirmed are on their customary terms and rates, Mr. Cheung has agreed to pay for the services of BDO on a time costs basis and has given an indemnity (as is customary in such appointments) in favour of BDO and the Receivers against all liabilities and all actions, suits, proceedings, claims, demands, costs and expenses whatsoever which may be taken against any of them or incurred or become payable or paid by any of them in respect of the receivership. Pursuant to the terms of the relevant charges, the appointed receivers will be deemed to be agent of the chargor for all purposes. The Offeror has noted that at common law, a receiver owes a duty of care to the chargor to take reasonable care to obtain the best price reasonably obtainable at the time of sale in respect of the charged assets and to exercise his powers in good faith and for a proper purpose. BDO Limited, an affiliated firm of (but separate legal entity from) BDO, is the statutory auditor of Hammer Capital. No other material relationship exists between the Offeror, Mr. Cheung and BDO.

In connection with the appointment of Receivers under the Able Rich Mortgage, Mr. Cheung (as plaintiff) has taken out originating summons on 24 January 2020 (HCMP 138/2020) against Able Rich, Rich Treasure (which based on DI Filings wholly-owns Able Rich and is wholly-owned by Mr. Shiu), Mr. Shiu and the Registrar of Companies primarily to seek rectification of the companies register to reflect the appointment of receivers to Able Rich and its charged property. The hearing that was originally scheduled to be heard on 2 March 2020 will be subject to the Court's further directions following the general adjournment period as a result of the COVID-19 situation in Hong Kong. Solicitors for Able Rich, Rich Treasure and Mr. Shiu have not notified Mr. Cheung as to whether they intend to contest the summons.

The Custodian Agreement contains indemnities given by Able Rich in favour of Sun Securities as custodian but no indemnities from Mr. Cheung. Mr. Cheung has since given an indemnity in favour of Sun Securities against all claim arising from or in connections with, and any losses costs expense and any other liability which Sun Securities may incur, by reason of Sun Securities acting upon or carrying out any instructions given by Mr. Cheung to Sun Securities at any time pursuant to the Custodian Agreement.

Failed application for ex-parte injunction

In the evening of 10 March 2019, Mr. Cheung was informed that Mr. Shiu intended to bring a High Court action on the basis of fraud and/or forgery, and further, Mr. Shiu intended to take out an ex-parte application on behalf of himself, Rich Treasure and Able Rich, as plaintiffs against Mr. Cheung, China Securities (at which the securities account opened by the Receivers for holding the Charged Shares is being held) and the Receivers as defendants to seek an interim injunction restraining the defendants from dealing with, entering into or procuring to enter into any transaction for the sale, disposal or transfer of any or part of the 82,288,613 Shares. The application appeared to be supported by an unsigned affirmation from Mr. Shiu that alleges that the share mortgages in favour of Mr. Cheung are forged and therefore void.

Mr. Cheung has since been informed that no interim injunction was granted. On 11 March 2020, Mr. Cheung requested Mr. Shiu to serve the writ of summons. On 13 March 2020, Mr. Shiu served a writ of summons in HCA 280/2020 which maintained his allegations of fraud and/or forgery against Mr. Cheung but without any application for an interim injunction. Mr. Cheung will contest Mr. Shiu's claim in HCA 280/2020.

Concert Party Deed with Ms. Bai

On 13 March 2020, the Offeror entered into the Concert Party Deed with Ms. Bai that takes effect on the same date pursuant to which Ms. Bai agreed to vote her Shares in such way as the Offeror may direct for a period of 6 months following the closing of the Offers. In addition, Ms. Bai gave an irrevocable undertaking to the Offeror not to sell or otherwise deal in any of her Shares before the close of the Offers other than to accept the Share Offer in respect of some or all her Shares. Ms. Bai has informed Mr. Cheung that she has not yet decided whether or not to accept the Offers. Ms. Bai has confirmed that she is the registered holder and beneficial owner of 26,093,500 Shares (representing approximately 10.86% of the total number of Shares in issue as at the date of this announcement) which she acquired on 5 November 2019 at the price of HK\$0.1916 per Share.

Requisition against the Company by Ms. Bai

The Offeror has been notified by Mr. Cheung that following an approach by Ms. Bai on 9 December 2019 with respect to a potential requisition against the Company, Mr. Cheung, his employee and the Receivers agreed to be put forward for appointment as directors in the Company under a requisition dated 30 December 2019 made by Ms. Bai to convene a special general meeting to elect six persons as Directors and to revoke the general mandate purportedly granted at the annual general meeting of the Company on 5 December 2019. Ms. Bai has confirmed that such requisition was made on 30 December 2019 to which the Company had not made any substantive response.

Ms. Bai has confirmed to the Offeror that her then approach to Mr. Cheung was driven by a reference in the Company's announcement dated 6 December 2019 that *"it is noted that Bai Yu has made a shareholding disclosure at the Hong Kong Stock Exchange in relation to 26,093,500 shares of the Company. This transaction is disputed by China Creative. China Creative maintains the position that it remains to be the beneficial holders of the concerned shares."* She also confirmed that she did not have any notice prior to that announcement of anyone disputing the Shares she acquired. China Creative is a company listed on the GEM of the Stock Exchange (stock code: 8078). According to public information, Shiu Junior is the Chairman and executive director of China Creative, and holds approximately 8.22% of issued shares in China Creative. The Offeror has also noted that a DI Filing has been made in respect of a relevant event on 5 November 2019 following which China Creative had zero interest in Shares.

Ms. Bai has informed the Offeror that she issued an originating summons ("OS") in HCMP 155/2020 on 4 March 2020 against the Directors and the Company to seek remedies under the Companies Ordinance. Ms. Bai is seeking orders to restrain the Company from proceeding with the Placing or exercising the general mandate to issue new Shares granted at the annual general meeting of the Company on 5 December 2019 and against the Directors to restrain them from interfering with her exercise of her rights as a shareholder of the Company.

In her affirmation to support the OS, Ms. Bai says that since December 2019, the actions of the Directors have prejudiced her rights as a minority shareholder. In particular, the effect of the Placing will result in a dilution of her shareholding in the Company to less than 10% (being the threshold required for shareholders to requisition Company meetings). Ms. Bai says further that based upon the financial information of the Company, such as its interim results for the six months ended 30 September 2019, the Company had cash and cash equivalents of approximately HK\$37.2 million. In such circumstances, Ms. Bai says that the Company has no reason to raise HK\$13.2 million of which only HK\$9.24 million would be used for the Company's moneylending business while the rest (HK\$3.96 million) would be used for the Company's working capital. In the absence of genuine and proper reasons for such fundraising, Ms. Bai says that the Directors have an ulterior motive which is not in the best interests of the Company.

Action against Ms. Bai

Ms. Bai informed the Offeror that China Creative and New Smart as plaintiffs issued a writ of Summons dated 15 January 2020 (HCA 80/2020) against Ms. Tam and Ms. Bai as defendants which was served on Ms. Bai on 20 January 2020. Based on the statement of claim, New Smart was wholly-owned by China Creative at all material times, and they held 4,584,425 Shares and 21,509,075 Shares as at 19 October 2017 around which date China Creative entered into a loan agreement with Ms. Tam in respect of a term loan facility of HK\$5,000,000 for 13 months and each of the plaintiffs charged their Shares in favour of Ms. Tam. Ms. Bai has confirmed that she was not privy to those arrangements at the time they were made and only became aware of the Shares being available for sale through her broker, China Securities. China Creative and New Smart alleged that the instrument of transfer and the contract notes dated 5 November 2019 by which all of the 26,093,500 Shares were transferred to Ms. Bai was forged. Ms. Bai paid HK\$5,000,037 (and HK\$10,866 in stamp duty) for the Shares. Ms. Bai saw nothing unusual with the documents she was asked to sign by China Securities in connection with such purchase. She had no notice the documents she was asked to sign by China Securities in connection with such purchase were forged. She had understood that the payment she was asked to make by way of a cheque payable to Ms. Tam for those Shares was to settle debt owed by the sellers. She has instructed solicitors to prepare and file a defence against the action.

Other Relationship with Ms. Bai

The Offeror also understands from Mr. Cheung that Ms. Bai is the legal representative of a company incorporated in February 2018 in Mainland China indirectly owned by Mr. Cheung, in anticipation of commercial cooperation that had not proceeded.

INFORMATION ON THE GROUP

Based on the published information of the Company available as at the date of this announcement, the Company is a company incorporated in Bermuda with limited liability, the Shares of which are currently listed on the GEM of the Stock Exchange (stock code: 8079). The Group is principally engaged in the money lending business, retail and wholesale business.

INTENTION OF THE OFFEROR ON THE GROUP

Following the close of the Offers, it is the intention of the Offeror that the Company will continue to focus on the development of its existing businesses. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group upon the close of the Offers. However, the Offeror will seek to improve the governance of the Company, for example, by introducing changes to the board of the Company so that its executive Directors do not comprise only of the existing and future controlling shareholder or his family members. Further information with respect to directors that the Offeror may wish to introduce to the board of the Company will be included in the Offer Document.

Nevertheless, the Offeror will conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

As at the date of this announcement, no investment or business opportunity has been identified nor have the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the issued Shares to remain listed on the Stock Exchange upon the close of the Offers.

Pursuant to the GEM Listing Rules, if, at the close of the Offers, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

The Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that sufficient public float exists in the Shares after the close of the Offers. The Offeror will issue a separate announcement as and when necessary in this regard.

RULE 8.2 OF THE TAKEOVERS CODE

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the Offer Document containing, among other things, the terms and conditions of the Offers and the forms of acceptance and transfer or cancellation to the Shareholders and the holders of the Share Options within 21 days of the date of this announcement. It is expected that such Offer Document will be issued on or before 3 April 2020.

Further announcement(s) regarding despatch of the Offer Document will be made by the Offeror in due course.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, Shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and of the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings including identities of clients, as part of that co-operation.”

WARNING

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below, unless the context otherwise requires:

- “Able Rich” means Able Rich Consultants Limited, a company incorporated under the laws of Hong Kong with limited liability, and a company wholly-owned by Rich Treasure based on DI Filings;
- “Able Rich Mortgage” means the share mortgage relating to shares in Able Rich dated 18 October 2017 between Rich Treasure as mortgagor and Mr. Cheung as mortgagee;
- “acting in concert” has the meaning ascribed to it in the Takeovers Code;
- “associate” has the meaning ascribed to it in the Takeovers Code;
- “BDO” means BDO Financial Services Limited, a company incorporated under the laws of Hong Kong with limited liability;
- “Board” means the board of Directors;
- “Business Day” means a day on which the Stock Exchange is open for the transaction of business;
- “Charged Shares” means such 82,288,613 Shares that were subject to the Share Charge;
- “China Creative” means China Creative Digital Entertainment Limited (stock code: 8078), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange;

“China Securities”	China Securities Limited 中國證券有限公司, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO;
“Closing Date”	the date to be stated in the Offer Document as the first closing date of the Share Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive;
“Company”	means Easy Repay Finance & Investment Limited (stock code: 8079), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM;
“Concert Party Deed”	the deed dated 13 March 2020 between the Offeror and Ms. Bai described under “INFORMATION OF THE OFFEROR CONCERT GROUP – Concert Party Deed with Ms. Bai”;
“Condition(s)”	means condition(s) to the Share Offer, the text of which are set out under the section headed “Conditions to the Share Offer” in this announcement;
“Consents”	any consent, approval, authorisation, qualification, waiver, permit, grant, franchise, concession, agreement, licence, exemption or order of, registration, certificate, declaration or permission from, or filing with, or report or notice to, any Relevant Authority(ies) or third parties, including those required under or in relation to any concession rights or licences granted by the Relevant Authority(ies) or third parties to the Group to carry out its operations, whether under applicable laws or regulations, any agreement or arrangement with such Relevant Authority(ies) or third parties, or otherwise;

“Custodian Agreement”	means the custodian agreement dated 18 October 2017 between Able Rich as chargor, Mr. Cheung as chargee and Sun Securities as custodian in connection with the Share Charge;
“Director(s)”	means the director(s) of the Company;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Facility Agreement”	means the facility agreement in respect of a term loan facility for a term of up to one year of up to HK\$327 million dated 18 October 2017 between Popland Investments Limited as borrower and Mr. Cheung as lender;
“GEM”	the GEM of the Stock Exchange;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM;
“Group”	means the Company and its subsidiaries from time to time;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Kingsway Capital”	means Kingsway Capital Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO), being the financial adviser to the Offeror in respect of the Offers;
“Kingsway Financial Services Group”	means Kingsway Financial Services Group Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO being the agent making the Offers on behalf of the Offeror;

“Last Trading Day”	means 10 March 2020, being the last trading day of the Shares on the Stock Exchange prior to the issuance of this announcement;
“Mr. Cheung”	means Mr. Cheung Siu Fai, the sole shareholder and sole director of the Offeror;
“Mr. Shiu”	means Mr. Shiu Yeuk Yuen, who indirectly wholly-owned Able Rich based on the Company’s announcements and an executive Director;
“Ms. Bai”	means Ms. Bai Yu;
“Ms. Tam”	means Ms. Tam Yuk Ching, Jenny;
“New Smart”	New Smart international Creation Limited, which based on the statement of claim for HCA 80/2020, was at all material times wholly-owned by China Creative;
“Offer Document”	means the offer document to be issued by or on behalf of the Offeror to all Shareholders and the Optionholders in accordance with the Takeovers Code containing, among others, details of the Offers;
“Offeror”	means Beta Dynamic Limited, the sole shareholder and sole director of which is Mr. Cheung;
“Offeror Concert Group”	the Offeror, Mr. Cheung and parties acting in concert with any of them (including Ms. Bai);
“Offer Period”	has the meaning given to it in the Takeovers Code, being the period commencing on the date of this announcement and ending on the Closing Date;
“Offers”	means, collectively, the Option Offer and the Share Offer;

“Offer Share(s)”	means all the issued Shares (other than those already owned or agreed to be acquired by the Offeror);
“Option Offer”	means the voluntary cash offer to be made by Kingsway Financial Services Group for and on behalf of the Offeror to cancel all the Share Options in accordance with the Takeovers Code;
“Optionholder(s)”	means the holder(s) of the Share Option(s);
“Placing”	means the “best efforts” placing of up to 43,500,000 new Shares which was the subject of the Company’s announcement dated 25 February 2020;
“Receivers”	means Mr. Chan Leung Lee and Mr. Yeo Boon Ann, in their capacity as receivers appointed by Mr. Cheung on 5 December 2019 under the Share Charge and the Able Rich Mortgage;
“Relevant Authorities”	means any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution in any jurisdiction that has the authority to grant permit, license or approval or accept registration or filing in relation to the Offers or otherwise;
“Rich Treasure”	means Rich Treasure Group Limited, a company incorporated under the laws of British Virgin Islands with limited liability and a company wholly-owned by Mr. Shiu based on DI Filings;
“Rich Treasure Mortgage”	means the share mortgage relating to shares in Rich Treasure dated 18 October 2017 between Mr. Shiu as mortgagor and Mr. Cheung as mortgagee;
“SFC”	means the Securities and Futures Commission of Hong Kong;

“SFO”	means the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);
“Share(s)”	means ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Share Charge”	means the share charge relating to the Charged Shares dated 18 October 2017 between Able Rich as chargor and Mr. Cheung as chargee;
“Shareholder(s)”	means holder(s) of the Share(s);
“Share Offer”	means the voluntary cash offer to be made by Kingsway Financial Services Group for and on behalf of the Offeror to acquire all the Offer Shares in accordance with the Takeovers Code;
“Share Offer Price”	means the price of HK\$0.29 per Offer Share, subject to adjustment as disclosed in this announcement, payable in cash by the Offeror on the terms of the Share Offer;
“Share Option(s)”	means the outstanding share option (s) granted by the Company under the Share Option Scheme;
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on 4 January 2011;
“Shiu Junior”	means Mr. Shiu Stephen Junior, the son of Mr. Shiu;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Sun Securities”	means Sun Securities Limited 太陽證券有限公司, a company incorporated under the laws of Hong Kong with limited liability and a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO;

“Takeovers Code”	means the Code on Takeovers and Mergers;
“Trading Halt”	the halt of trading in the Shares effective at 9:00 a.m. on 11 March 2020;
“Unconditional Date”	means the date on which the Offers become or are declared unconditional in all respects;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	means per cent.

For the purposes of this announcement, all references to the number of Shares in issue as at the date of this announcement are based on the monthly return of the Company for the month ended 29 February 2020 published on the HKexNews website on 3 March 2020.

By Order of the Board
Beta Dynamic Limited
Cheung Siu Fai
Sole Director

Hong Kong, 13 March 2020

As at the date of this announcement, the sole director of Beta Dynamic Limited is Mr. Cheung. The sole director of Beta Dynamic Limited accepts full responsibility for the accuracy of information contained in this announcement and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at upon due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The information relating to the Group in this announcement has been extracted from or based on the information relating to the Group published on the HKexNews website. The only responsibility accepted by the respective sole director of the Offeror in respect of such information is for the correctness and fairness of its reproduction or presentation.