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## **EASY REPAY FINANCE & INVESTMENT LIMITED**

**易還財務投資有限公司**

*(Continued in Bermuda with limited liability)*

(Stock Code: 8079)

### **DISCLOSEABLE TRANSACTION**

#### **DISPOSAL OF 45.65% EQUITY INTERESTS IN AN ASSOCIATE**

##### **THE DISPOSAL**

The Board is pleased to announce that on 22 February 2019, the Vendor, the Purchaser and the Target Company entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire, the Sale Shares at the consideration of approximately HK\$2.05 million shall be paid by the Purchaser to the Vendor.

Upon Completion, the Target Company ceased to be an associate of the Company.

##### **GEM LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Chapter 19 of the GEM Listing Rule in respect of the Disposal is more than 5% but all less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

##### **WARNING NOTICE**

**As Completion is conditional upon fulfilment of the conditions precedent set out in the Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 22 February 2019, the Vendor, the Purchaser and the Target Company entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire, the Sale Shares at the consideration of approximately HK\$2.05 million. The Sale Shares represents 45.65% of the issued share capital of the Target Company.

## **THE AGREEMENT**

Date: 22 February 2019

Parties: (i) the Vendor;  
(ii) the Purchaser; and  
(iii) the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and their respective connected persons.

### **Assets to be disposed**

Pursuant to the Agreement, the Vendor has conditionally agree to sell and the Purchaser has conditionally agreed to purchase the Sale Shares.

As at the date of this announcement, the Vendor is the legal and beneficial owner of the Sale Shares.

Upon completion, the Target Company ceased to be an associate of the Company.

### **Consideration**

The consideration of approximately HK\$2.05 million shall be paid by the Purchaser to the Vendor in the following manners:

1. HK\$1.5 million has been paid by the Purchaser upon signing of the Agreement; and
2. the remaining balance of approximately HK\$0.55 million shall be paid by the Purchaser by 4 instalments starting from 31 March 2019.

The Consideration has been arrived at arm's length negotiations between the Vendor and the Purchaser with reference to, including but not limited to, (i) the net liabilities of the Target Company as at 31 October 2018; (ii) the paid-up registered capital of the Target Company; (iii) the Target Company's loss making position; and (iv) the stock value of the Target Company.

### **Conditions precedent**

Completion is subject to the following conditions being fulfilled or waived (as the case may be):

- (i) the board of directors and shareholders of the Vendor approving the Agreement and implementation of the transactions contemplated by the Agreement;
- (ii) the completion of the due diligence by the Purchaser and the resolution of the issues arising from the due diligence by the Vendor and the Company in manner satisfactory to the Purchaser, acting reasonably; and
- (iii) none of the warranties made by the Vendor under, and other provisions of the Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or (in respect of any of the aforesaid warranties) is misleading or untrue in any material respect.

The conditions are solely for the Purchaser's benefit and the Purchaser may at its sole discretion waive any of the conditions at any time by notice in writing to the Vendor. The Vendor shall use best endeavours to procure the fulfilment of the conditions as soon as possible after the date of the Agreement.

### **Completion**

Completion shall take place on the Completion Date after all the conditions of the Agreement have been fulfilled or waived or such date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Target Company ceased to be an associate of the Company.

### **INFORMATION ON THE VENDOR AND THE TARGET COMPANY**

The Vendor is a company incorporated in Hong Kong with limited liability and is an investment holding company.

The Target Company is a company incorporated in Hong Kong with limited liability, which is an associate company of the Company. The Target Company is principally engaged in the pharmacy business in Hong Kong.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is a summary of the key financial data of the Target Company extracted from its audited financial statements for the year ended 31 March 2018 and the unaudited financial statements for the seven months ended 31 October 2018:

	<b>For the year ended 31 March 2018 <i>(audited)</i> HK\$'000</b>	<b>For the seven months ended 31 October 2018 <i>(unaudited)</i> HK\$'000</b>
Turnover	38,891	21,653
Loss before taxation	(1,443)	(478)
Loss after taxation	(1,443)	(478)

As at 31 October 2018, the unaudited net liabilities of the Target Company amounted to approximately HK\$5.79 million.

## INFORMATION OF THE PURCHASER

The Purchaser is a merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

## REASONS AND BENEFITS OF THE DISPOSAL

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

Looking at the Group's historical performance of pharmacy business in Hong Kong, the Board is of the view that operating of pharmacy shop in Hong Kong is not performing as expected and to continue the pharmacy business is going to take up too much resources of the Group which can be put on other more promising sectors. As such, the Board considers that by disposing the Target Company, the Group can re-focus its resources to other more profitable business sectors of the Group.

The Directors consider that the terms of the Agreement (including the Consideration) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Immediately after completion of the Disposal, the Target Company will cease to be an associate of the Company and the financial results of the Target Company will no longer be consolidated into the Group's financial statements.

It is expected that the Group will recognize a gain in its consolidated income statement of approximately HK\$1,000 arising from the Disposal, which is calculated as the difference between the Consideration and the unaudited carrying amount of the investment in the Target Company of HK\$0 classified by the Group as an investment in associate accounted for using the equity method and the amount due from associate of approximately HK\$2.05 million as at 31 October 2018. Subject to audit, the actual amount of gain or loss on Disposal to be recognized by the Group will be based on the actual net asset value of the Target Company as at Completion and therefore may vary from the amount mentioned above.

The intended sales proceeds (after deducting relevant costs and expenses in connection with the Disposal) will be applied to the general working capital of the Company.

## **GEM LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Chapter 19 of the GEM Listing Rule in respect of the Disposal is more than 5% but all less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **WARNING NOTICE**

**As Completion is conditional upon fulfilment of the conditions precedent set out in the Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Accounts”	the unaudited financial statements of the Target Company made up to the Accounts Date
“Accounts Date”	31 October 2018
“Agreement”	the sale and purchase agreement dated 22 February 2019 entered into among the Vendor, the Purchaser in relation to the Disposal
“Associates”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors

“Business Day(s)”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Easy Repay Finance & Investment Limited (Stock code: 8079), a company continued in Bermuda with limited liability, the Shares are listed on GEM
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Completion Date”	60 days after the Cut-off Date or such other date as agreed by the parties
“Connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration for the Disposal, being approximately of HK\$2.05 million
“Cut-off Date”	15 January 2019
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of 45.65% equity interest of the Target Company pursuant to the terms and conditions of the Agreement
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the GEM Listing Rules)
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Purchaser”	Mr. Cheung Siu Tong, a merchant
“Sale Shares”	6,300 ordinary shares of the Target Company, representing 45.65% of the issued share capital of the Target Company

“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Smart Investment Development Limited, a company incorporated in Hong Kong with limited liability
“Vendor”	Top Euro Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board  
**Easy Repay Finance & Investment Limited**  
**Shiu Yeuk Yuen**  
*Chairman*

Hong Kong, 22 February 2019

*As at the date of this announcement, the board of directors of the Company comprises Mr. Shiu Yeuk Yuen and Ms. Siu Yeuk Hung, Clara as executive directors; Dr. Siu Yim Kwan, Sidney, Mr. Kam Tik Lun and Mr. Ho Siu King, Stanley as independent non-executive directors.*

*This announcement, for which the directors of the Company 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 of the Company, 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 on the “Latest Company Announcements” page of the website of the GEM at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting and on the Company’s website at [www.ecrepay.com](http://www.ecrepay.com).*