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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)

PROPOSED PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

On 25 February 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to allot and issue, and the Placing Agent has conditionally agreed to place on a best effort basis, a maximum of 43,500,000 Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the Placing Price of HK\$0.315 per Placing Share.

The Placing Shares represent (i) approximately 18.53% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.63% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing). The maximum aggregate nominal value of the Placing Shares will be HK\$435,000.

The Placing Price of HK\$0.315 per Share represents (i) a discount of approximately 14.86% to the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.44% to the average of the closing prices of HK\$0.391 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The gross proceeds and net proceeds from the Placing will be approximately HK\$13.70 million and HK\$13.20 million respectively, which will be used for general working capital of the Group. On such basis, the net issue price will be approximately HK\$0.303 per Placing Share.

GENERAL

The Placing Shares will be issued pursuant to the General Mandate.

Application will be made by the Company to the GEM Listing Committee for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 25 February 2020 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best efforts basis, a maximum of 43,500,000 Placing Shares at the Placing Price of HK\$0.315 per Placing Share to currently expected to be not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

25 February 2020 (after trading hours)

Issuer

The Company

Placing Agent

Finet Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party as at the date of this announcement.

Pursuant to the terms of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 43,500,000 Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

Placing commission

The Placing Agent will charge the Company a placing commission of 3.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

Placees

The Placing Agent will, on a best efforts basis, place the Placing Shares to currently expected to be not less than six Placees, who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 18.53% of the existing issued share capital of the Company of 234,804,354 Shares as at the date of this announcement; and (ii) approximately 15.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing). The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$435,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank pari passu in all respects with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.315 per Placing Share represents:

- (a) a discount of approximately 14.86% to the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 19.44% to the average closing price of HK\$0.391 per Share as quoted on the Stock Exchange in the last five trading days prior to the date of the Placing Agreement.

The Placing Price of the Placing was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses) from the Placing will be HK\$13.70 million and approximately HK\$13.20 million respectively. On such basis, the net issue price will be approximately HK\$0.303 per Placing Share.

General Mandate to allot and issue of the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 43,778,870 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be utilised as to approximately 99.36% upon the allotment and issue of all the Placing Shares.

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Conditions precedent of the Placing

Completion of the Placing is conditional upon fulfilment of the following conditions precedent:

- (i) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and the permission to deal in, all of the Placing Shares;
- (ii) all necessary consents and approvals to be obtained on the part of the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms thereof, including provisions regarding force majeure events.

If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on 13 March 2020 or such later date to be agreed between the Company and the Placing Agent in writing (the “Long Stop Date”), the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties thereunder will forthwith cease and determine and no party will have any claim against the others in relation to the Placing Agreement (save for any antecedent breaches of any obligation thereunder).

Completion of the Placing

Completion of the Placing will take place within four Business Days after the fulfillment of the above conditions precedent or such other date to be agreed between the Company and the Placing Agent in writing.

Termination

The Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 6:00 p.m. on the day immediately preceding the Completion Date upon the occurrence of the following events:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

- (vi) any breach of any of the representations and warranties of the Company to the Placing Agent under the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to this section, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

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

The gross proceeds and net proceeds from the Placing will be approximately HK\$13.70 million and HK\$13.20 million respectively, which will be used for general working capital of the Group.

In addition, in view of the current market conditions, the Placing represents a good opportunity (i) to broaden the shareholders base and the capital base of the Company; and (ii) to strengthen the financial position of the Group.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (subject to completion of the Placing and assuming that there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out below:

	As at the date of this announcement		Upon completion of the Placing	
	No. of Shares	Approximately	No. of Shares	Approximately
Director/Substantial Shareholders				
Shiu Yeuk Yuen (<i>Note 1</i>)	1,620,000	0.69%	1,620,000	0.58%
Able Rich Consultants Limited (<i>Note 2</i>)	82,288,613	35.05%	82,288,613	29.57%
China Creative Digital Entertainment Limited (<i>Note 3</i>)	26,093,500	11.11%	26,093,500	9.38%
Public Shareholders				
Placee(s)	–	–	43,500,000	15.63%
Other Shareholders	124,802,241	53.15%	124,802,241	44.84%
Total:	<u>234,804,354</u>	<u>100%</u>	<u>278,304,354</u>	<u>100%</u>

Notes:

1. Mr. Shiu Yeuk Yuen ("Mr. Shiu") is the chairman and executive director of the Company.
2. 82,288,613 shares of the Company are held by Able Rich Consultants Limited ("Able Rich"), a wholly-owned subsidiary of Rich Treasure Group Limited, of which Mr. Shiu is the sole director and shareholder of that company.

It is noted that Cheung Siu Fai has made a shareholding disclosure at the Hong Kong Stock Exchange in relation to 82,288,613 shares of the Company. This transaction is disputed by Able Rich. Able Rich maintains the position that it remains to be the beneficial holders of the concerned shares.

3. 26,093,500 Shares refer to the aggregate of (a) 21,509,075 Shares held by China Creative Digital Entertainment Limited (“China Creative”) and (b) 4,584,425 shares held by New Smart International Creation Limited, a direct wholly-owned subsidiary of China Creative Digital Entertainment Limited.

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.

Since completion of the Placing is subject to the fulfillment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in Hong Kong
“Company”	Easy Repay Finance & Investment Limited, a company continued in Bermuda with limited liability, the Shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Completion Date”	a date falling on the fourth Business Day after the date on which all the conditions set out in the section headed “Conditions of the Placing” of this announcement have been fulfilled (or such later date as may be agreed between the Parties in writing)
“Directors”	directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the rules governing the listing of securities on GEM

“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 5 December 2019 to issue and allot up to 43,778,870 new Shares, representing 20% of the issued share capital of the Company on such date of the annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Placee(s)”	any person or entity whom the Placing Agent and/or any of its agent(s) have procured to place the Placing Shares pursuant to the Placing
“Placing”	the best effort placing of a maximum of 43,500,000 Placing Shares
“Placing Agent”	Finet Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 25 February 2020 in respect of the Placing
“Placing Price”	HK\$0.315 per Placing Share
“Placing Share(s)”	43,500,000 Shares to be issued under the Placing
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 25 February 2020

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; Mr. Lee King Fui, Mr. Siu Chi Yiu, Kenny 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 for at least seven days from the date of its posting and on the Company’s website at www.ecrepay.com.