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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)

SUPPLEMENTAL ANNOUNCEMENT PROPOSED PLACING OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement made by Easy Repay Finance & Investment Limited (the “Company”) dated 25 February 2020 in relation to the proposed placing of new shares under general mandate (the “Announcement”). Capitalized terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Announcement.

The Company would like to provide supplemental information in relation to the use of proceeds and the Placing Price as follows:

The 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, which will be used for general working capital of the Group.

Out of the net proceeds from the Placing of approximately HK\$13.20 million, approximately 70% will be used for the money lending business of the Group and 30% will be used as working capital of the Group.

The Group is principally engaged in money lending business, financial instruments, retail and wholesale business and quoted shares investment in Hong Kong. In respect of the money lending business of the Group, the Company believes that there is a sharp rise in financing demand in Hong Kong due to the recent economic downturn caused by the prolonged social movements last year and coronavirus disease (COVID-19) outbreak that is taking place in various countries in Asia, Europe and other parts of the world. The Board is of the view that the Group should have more capital to meet the increasing financing demand from its money lending business. The Board also believes that with the imminent economic downturn in Hong Kong and worldwide as a result of the coronavirus disease, the Group should have sufficient capital to prepare itself of the uncertainties ahead in Hong Kong market and also be able to grasp investment opportunities that may arise in the near future.

The Company considered various options to raise capital in a short period of time and taking into account the benefits and costs of each of the options, the Board considered that Placing is in the interest of the Company and the Shareholders as a whole as it would not impose any interest burden to the Group and at the same time, can raise capital in a relatively short timeframe.

The Placing Price is a discount of approximately 14.86% to the closing price of HK\$0.37 on 25 February 2020. To be attractive to the placees in order for the placing to be successful, placing price has to be (and is) with reference to prevailing market price and recent trading performance of the Shares. With the uncertainties over the economy in Hong Kong and the gloomy atmosphere in the market in Hong Kong, the Company is of the view that the Placing Price of HK\$0.315 per Share is fair and reasonable and is in the interests of the Company and Shareholders as a whole.

The Company would like to provide supplemental information in relation to the notes 2 and 3 under the heading “Effects on Shareholding Structure of the Company”.

Shares of the Company held by Able Rich Consultants Limited (“Able Rich”)

The Company received a notice issued by BDO Financial Services Limited via fax at around 5:00 p.m. on 5 December 2019 alleging that Mr. Cheung Siu Fai (“Mr. Cheung”) has enforced an alleged share mortgage over the shares in the Company held by Able Rich (the “Alleged Share Mortgage”). Thereafter, the Company enquired with Mr. Shiu Yeuk Yuen (“Mr. Shiu”), who is the sole shareholder and director of Able Rich, regarding the Alleged Share Mortgage, and Mr. Shiu confirmed that he has never signed the Alleged Share Mortgage or any other document to that effect.

The Company understands from Mr. Shiu that:

- (a) Mr. Shiu has already told Mr. Cheung that he did not sign, among others, any share mortgage in respect of Able Rich’s shares in the Company and Mr. Cheung has acknowledged the same.

On 24 January 2020, Mr. Shiu lodged an application with affirmation (“Affirmation”) to set aside a statutory demand issued by Mr. Cheung on 31 December 2019 (the “HCSD 12/2020”). As set out in the Affirmation, Mr. Shiu denied that he had agreed to, entered into and/or executed, among others, (i) the alleged share mortgage relied upon by Mr. Cheung in issuing the said statutory demand, and (ii) the Alleged Share Mortgage.

- (b) Also on 24 January 2020, Mr. Cheung commenced a separate legal action against Able Rich, Rich Treasure Group Limited (as referred to in note 2 of page 8 of the Announcement), Mr. Shiu and the Registrar of Companies (“HCMP 138/2020”) seeking to ratify certain corporate records of Able Rich. The Company understands that Mr. Shiu will contest Cheung’s application under HCMP 138/2020 and is currently seeking legal advice.

Given that the above disputes among Mr. Cheung, Mr. Shiu, Rich Treasure Group Limited and Able Rich remain unresolved and are subject to disposal by the Court, it is the Company’s understanding that Able Rich maintains the position that it remains to the beneficial holder of the concerned shares of the Company.

Shares of the Company held by China Creative Digital Entertainment Limited

On 15 January 2020, China Creative Digital Entertainment Limited as the 1st Plaintiff (“1st Plaintiff”) and New Smart International Creation Limited, a direct wholly-owned subsidiary of the 1st Plaintiff, as the 2nd Plaintiff (“2nd Plaintiff”, collectively with the 1st Plaintiff, the “Plaintiffs”), commenced a legal action (“HCA 80/2020”) against Ms. Tam Yuk Ching Jenny as the 1st Defendant (“1st Defendant”) and Ms. Bai Yu as the 2nd Defendant (“2nd Defendant”, collectively with the 1st Defendant, the “Defendants”) by Writ of Summons and also filed a Statement of Claim on 10 February 2020 (“Statement of Claim”).

As stated in the Statement of Claim, it is the Plaintiffs’ case that the alleged transfers of (i) the 21,509,075 shares in the Company purportedly from the 1st Plaintiff to the 2nd Defendant (the “P1’s Shares”); and (ii) the 4,584,425 shares in the Company purportedly from the 2nd Plaintiff to the 2nd Defendant (the “P2’s Shares”), both on 5 November 2019 were unlawful, void and/or invalid. The Plaintiffs seek an order from the Court that the 2nd Defendant is holding the P1’s Shares on trust for and on behalf of the 1st Plaintiff and is holding the P2’s Shares for and on behalf of the 2nd Plaintiff.

As of the date of this announcement, the Company understands that the Defendants have yet to file any Defence under HCA 80/2020.

Given that the above disputes between the Plaintiffs and the Defendants remain unresolved and are subject to disposal by the Court, it is the Company’s understanding that China Creative Digital Entertainment Limited maintains the position that it remains the beneficial holder of the concerned shares of the Company.

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

Hong Kong, 28 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.