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EASY REPAY FINANCE & INVESTMENT LIMITED

易還財務投資有限公司

(Continued into Bermuda with limited liability)

(Stock code: 8079)

COMPLETION OF PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Reference is made to the announcement of Easy Repay Finance & Investment Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 1 November 2022 in relation to the Placing (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE PLACING

The Board is pleased to announce that all the conditions set out in the Placing Agreement had been fulfilled and Completion took place on 21 November 2022 in accordance with the terms and conditions of the Placing Agreement.

Pursuant to the terms and conditions of the Placing Agreement, an aggregate of 72,105,000 Placing Shares, representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately after Completion, were successfully placed by the Placing Agent at the Placing Price of HK\$0.149 per Placing Share under the General Mandate to the following places:

Placee(s)	No. of Placing Shares
RaffAello Opportunity Fund Limited (“ RaffAello Opportunity Fund ”) <i>(Note 1)</i>	36,055,000
Century Contact Financial Relations Limited (“ Century Contact ”) <i>(Note 2)</i>	18,025,000
Mr. Poon Yick Pang Philip (“ Mr. Poon ”) <i>(Note 3)</i>	<u>18,025,000</u>
Total	<u><u>72,105,000</u></u>

Notes

- (1) RaffAello Opportunity Fund is a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by Mr. Tsang Kin Wai.
- (2) Century Contact is a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by Mr. Lam Kin Hung Patrick.
- (3) Mr. Poon is an individual investor.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of RaffAello Opportunity Fund, Century Contact and Mr. Poon and where appropriate, their respective ultimate beneficial owners is an Independent Third Party. None of the Placees or their respective associates becomes a substantial Shareholder upon Completion.

Use of proceeds and expected timeline for intended use of net proceeds

The gross proceeds and the net proceeds (the “**Net Proceeds**”) from the Placing are approximately HK\$10,744,000 and HK\$9,819,000, respectively. As disclosed in the Announcement, the Net Proceeds are intended to be used (i) as to approximately HK\$9.0 million for the continual expansion of the Group’s money lending business; and (ii) the remaining amount of the Net Proceeds for the general working capital of the Group.

Set out below are the intended use of the Net Proceeds and the expected timeline for utilising the Net Proceeds:

Intended use of the Net Proceeds	Approximate amount of the Net Proceeds	Expected timeline for utilising the Net Proceeds
(i) Continual expansion of the Group’s money lending business	HK\$9.0 million	On or before 31 December 2022
(ii) General working capital	HK\$0.8 million	On or before 31 March 2023
<ul style="list-style-type: none"> • staff costs – new staff recruited and/or expected to be recruited for the expansion of the Group’s money lending and retail businesses 		

General working capital

Reference is made to the prospectus (the “**Prospectus**”) of the Company dated 29 August 2022 in relation to, among other matters, the rights issue (the “**Rights Issue**”) of the Company on the basis of one (1) rights share for every two (2) Shares held on the record date at the subscription price of HK\$0.12 per rights share.

As disclosed in the Prospectus, the Group will have sufficient working capital for the then requirements for at least the next twelve months from the date of the Prospectus (the “**Working Capital Statement**”).

At the time of preparing the Working Capital Statement, the Board had carefully assessed the working capital of the Group with reference to the financial information of the Group, in particular, the then cash and bank balances. Further, the Board had also taken into account (i) the estimated net proceeds raised from the Rights Issue; (ii) the business outlook of the industries in which the Group is principally engaged in; and (iii) the letter of confirmation from the auditors of the Company in relation to the sufficiency of the working capital of the Group.

The allocation of approximately HK0.8 million of the Net Proceeds for the Group’s general working capital is only due to the additional staff costs incurred and/or expected to be incurred from the expansion of the money lending and retail businesses subsequent to the Rights Issue.

By reasons of the above, despite the fact that the said allocation of the Net Proceeds was made for the Group's general working capital, the Company considers that the Working Capital Statement was made after due and careful enquiry and it remains to be accurate and complete in all material respects and is not misleading or deceptive.

Reasons for the Placing

Funding needs of the Company

As disclosed in the announcement of the Company dated 21 September 2022 in relation to the results of the Rights Issue, net proceeds of approximately HK\$12.62 million were raised from the Rights Issue. However, among the said net proceeds, approximately HK\$6.0 million, which was intended to be used for the continual expansion of the Group's money lending business, and approximately HK\$0.62 million, which was intended to be used for general working capital, had been fully utilised as at the date of the Placing Agreement.

Taking into account that (i) the Group is currently in negotiation with various potential new customers for the Group's money lending business; (ii) the money lending business, being one of its principal businesses, requires sufficient cash capital to maintain smooth operation; and (iii) new staff has been and is expected to be recruited for the expansion of the Group's money lending and retail businesses subsequent to the Rights Issue, the Board has resolved to raise further funds by way of the Placing to strengthen the financial position of the Group in order to further support the continual expansion of the Group's money lending business and the Group's general working capital.

Other equity fundraising methods

As compared to other equity fundraising methods such as debt financing, rights issue and open offer, the Directors consider that the Placing is a more feasible and the swiftest method to raise sufficient fund for the expansion of the Group's money lending business to meet its funding needs.

For debt financing, it involves lengthy due diligence and negotiations with the banks and provision of numerous documents to the banks for credit evaluation process which is time consuming before entering into any debt financing agreement. Besides, the Board noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders.

Rights issue and open offer are also time-consuming involving lengthy negotiations with potential underwriters, preparation of circular and prospectus, vetting and shareholders' approval process. In addition, there exists uncertainties as to whether the above fundraising methods will be successful. In the event of any unsuccessful completion of the said fundraising methods, the expansion plan for the Group's money lending business could be delayed, affecting the interests of the Company and the Shareholders as a whole.

Further, given the current unfavourable market conditions for fundraising, the Board considered that the Placing represents an opportunity to strengthen the Company's financial position and to allow the Company to approach potential customers, thus expanding its money lending business.

Notwithstanding that the shareholding of the existing public Shareholders will be diluted from approximately 49.74% to approximately 41.45% as a result of the Placing (assuming all the Placing Shares will be successfully placed by the Placing Agent), after taking into consideration that (i) the Group has the need to raise sufficient fund for the continual expansion of the Group's money lending business; (ii) the current market sentiment is undermined by various uncertainties; (iii) the Placing is currently the most feasible financing method to the Company to raise sufficient fund; and (iv) the Placing Price is fair and reasonable as disclosed in the Announcement, the Directors (including the independent non-executive Directors) consider that the Placing is in the interests of the Company and the Shareholders as a whole.

Placing commission

As disclosed in the Announcement, subject to the Completion, the Company shall pay to the Placing Agent a placing commission (the "**Placing Commission**") equivalent to 7.07% of the aggregate Placing Price of the Placing Shares successfully placed by the Placing Agent. The Placing Commission was negotiated on an arm's length basis between the Company and the Placing Agent, and was determined with reference to, amongst other things, the usual commission rate charged by the Placing Agent for equity fundraising activities.

Further, prior to the entering into of the Placing Agreement, the management of the Company has enquired and obtained quotations from other financial institutions in respect of the Placing, all of which are higher than the Placing Commission.

In view of the above and taking into account the current market sentiment, the Directors consider that the Placing Commission is fair and reasonable.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately after Completion are as follows:

Shareholders	Immediately prior to Completion		Immediately after Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Best Richest Management Company Limited ^(Note 1)	181,196,866	50.26	181,196,866	41.88
RaffAello Opportunity Fund ^(Note 2)	–	–	36,055,000	8.33
Century Contact ^(Note 3)	–	–	18,025,000	4.17
Mr. Poon	–	–	18,025,000	4.17
Other public Shareholders	<u>179,342,165</u>	<u>49.74</u>	<u>179,342,165</u>	<u>41.45</u>
	<u>360,539,031</u>	<u>100.00</u>	<u>432,644,031</u>	<u>100.00</u>

Notes:

- (1) Best Richest Management Company Limited is wholly and beneficially owned by Mr. Chan Yan Tak, being the chairman of the Board, an executive Director and a controlling Shareholder.
- (2) RaffAello Opportunity Fund is wholly and beneficially owned by Mr. Tsang Kin Wai. As such, Mr. Tsang Kin Wai is deemed, or taken to be, interested in the 36,055,000 Shares held by RaffAello Opportunity Fund by virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").
- (3) Century Contact is wholly and beneficially owned by Mr. Lam Kin Hung Patrick. As such, Mr. Lam Kin Hung Patrick is deemed, or taken to be, interested in the 18,025,000 Shares held by Century Contact by virtue of the SFO.
- (4) Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

FURTHER FUNDRAISING ACTIVITIES IN THE NEXT TWELVE MONTHS

As at the date of this announcement, the Company has no plan to conduct any further fundraising activity in the next twelve months. However, the Board cannot rule out the possibility that the Company may conduct debt and/or equity fundraising exercise(s) if and when suitable business development opportunities arise in order to enhance the financial performance of the Group and return to the Shareholders. The Company will make further announcement(s) in this regard in accordance with the GEM Listing Rules as and when appropriate.

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

Hong Kong, 21 November 2022

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

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

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