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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)

UPDATE ON THE PROPOSED PLACING AND RESUMPTION OF TRADING

Reference is made to (i) the announcements made by Easy Repay Finance & Investment Limited dated 25 February 2020, 28 February 2020 and 13 March 2020 in relation to the proposed placing of new shares under general mandate; (ii) the Offer Announcement; and (iii) the announcement of the Company dated 20 March 2020 in response to the Offers (the “**Response Announcement**”). Capitalized terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Response Announcement.

UPDATE ON THE PROPOSED PLACING

Pursuant to the Placing Agreement, completion of the Placing is conditional upon, among others, the listing approval of the Placing Shares having been granted by the Stock Exchange. Given that the Company is required to comply with the requirement in respect of the discount of the Placing Price under Rule 17.42B of the Listing Rules before the Stock Exchange is in a position to grant the listing approval and the initial Placing Price of HK\$0.315 represented a discount of more than 20% to the closing price of the Shares on the Last Trading Day, the Company is required by the Stock Exchange to adjust the initial Placing Price in order to comply with Rule 17.42B of the Listing Rules.

Accordingly, on 20 March 2020, the Company and the Placing Agent entered into the Supplemental Placing Agreement to increase the initial Placing Price from HK\$0.315 to HK\$0.325, representing (i) a discount of approximately 18.75% to the closing price of the Shares on the Last Trading Day; and (ii) a discount of approximately 6.88% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day of HK\$0.349 per Share. The long stop date of the Placing Agreement is also shortened to 3 April 2020 as required by the Stock Exchange.

As at the date of this announcement, the Company is still in the process of obtaining listing approval of 43,500,000 Shares to be issued under the Placing.

REASONS AND BENEFITS OF THE PLACING

The Company intends to expand its retail and wholesale business. Due to the recent civil unrest and COVID-19 outbreak, the Directors observed that consumers tend to do shopping online instead of doing their purchases at physical shops. To this end, the Group intends to expand its existing online retail business including setting up branch(es) in Taiwan, stock up more inventories and expand product offerings, and to enhance the online platform to accommodate higher volume of orders and provide more efficient and user-friendly online retail services to consumers.

On the other hand, the spread of the outbreak has triggered simultaneous shocks to demand, supply and finance. The risk of economic well-being and financial stability is becoming notable. Policymakers in advanced countries have over the past week made clear their readiness to pursue an active fiscal and monetary response to the disruption caused by the outbreak. As at 29 February 2020, the cash balance (excluding pledged deposit) of the Group amounted to approximately HK\$28 million, which is only sufficient to cover fixed overheads of the Group for less than 6 months. The Board believes that the Group should be reserving more cash on hand to equip itself to face the tumultuous market situation and avoid falling into financial crisis when there is market turmoil in the near future. Also, in light of the voluntary conditional offers being made by Beta Dynamic Limited and the dispute relating to the Shares held by its substantial shareholders, the Company will be incurring a significant increase in professional advisors' fees in the next six months.

After taking the above into consideration, the Directors intend to re-allocate the net proceeds from the Placing as described in detail below to equip the Group with stronger capital base to meet the increasing demand for its money lending and retail businesses as well as preserving general working capital in case of rainy days ahead. The Company will apply future operational cash in-flow, if any, for the continuous development of its money lending and retail and wholesale businesses and to replenish the working capital of the Group.

USE OF PROCEEDS

The Company intends to apply the net proceeds of the Placing of approximately HK\$13.4 million as follows:

- (i) approximately HK\$5 million (being approximately 37.3% of the net proceeds) for money lending business of the Group;
- (ii) approximately HK\$5 million (being approximately 37.3% of the net proceeds) for retail and wholesale business of the Group;

- (iii) approximately HK\$1.4 (being approximately 10.4% of the net proceeds) for settlement of the professional fees incurred for the Offers and relevant legal proceedings against the Company;
- (iv) approximately HK\$1 million (being approximately 7.5% of the net proceeds) for hiring new personnel for the expansion of online retail platform; and
- (v) approximately HK\$1 million (being approximately 7.5% of the net proceeds) for purchasing software and equipment for the expansion of online retail platform.

Based on the net proceeds from the Placing, the net issue price will be approximately HK\$0.308 per Share.

RELEVANT LEGAL PROCEEDINGS

In view of the recent news coverage on the legal proceedings instituted by certain Shareholders and the events arising therefrom, the Board would like to draw Shareholders' attention to the disclosures made in the Response Announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 11 March 2020 pending the release of this announcement and the Response Announcement.

Application has been made by the Company to the Stock Exchange for resumption of trading in its Shares on the Stock Exchange with effect from 9:00 a.m. on 23 March 2020.

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

Hong Kong, 20 March 2020

As at the date of this announcement, the Board 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.