

EASY REPAY FINANCE & INVESTMENT LIMITED

易還財務投資有限公司

(Continued in Bermuda with limited liability)

(Stock Code: 8079)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Easy Repay Finance & Investment Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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 document misleading.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the nine months ended 31 December 2016 was approximately HK\$132.9 million (nine months ended 31 December 2015: HK\$83.7 million) representing an increase of approximately 59%, as compared with the corresponding period in 2015.
- Profit attributable to owners of the Company for the nine months ended 31 December 2016 was approximately HK\$21.4 million (nine months ended 31 December 2015: HK\$24.2 million).
- The Board of Directors (the “Board”) does not recommend the payment of a dividend for the nine months ended 31 December 2016 (nine months ended 31 December 2015: Nil).

THIRD QUARTERLY RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 31 December 2016, together with the comparative figures for the corresponding period in 2015 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	For the three months ended 31 December		For the nine months ended 31 December	
		2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	3	47,978	32,884	132,945	83,661
Cost of sales		<u>(25,877)</u>	<u>(14,163)</u>	<u>(70,064)</u>	<u>(28,182)</u>
Gross profit		22,101	18,721	62,881	55,479
Investment and other income	3	(303)	253	437	1,010
Other gain and losses, net	3	(178)	279	(285)	7,207
Servicing, selling and distribution costs		<u>(1,209)</u>	<u>(1,861)</u>	<u>(6,740)</u>	<u>(4,079)</u>
Administrative expenses		<u>(10,468)</u>	<u>(12,563)</u>	<u>(30,477)</u>	<u>(33,443)</u>
Operating profit		9,943	4,829	25,816	26,174
Finance costs		<u>(532)</u>	<u>(460)</u>	<u>(1,480)</u>	<u>(1,314)</u>
Share of results of associates		<u>(148)</u>	<u>(170)</u>	<u>(477)</u>	<u>(509)</u>
Profit before income tax		9,263	4,199	23,859	24,351
Income tax	5	<u>(1,153)</u>	<u>(120)</u>	<u>(2,479)</u>	<u>(120)</u>
Profit for the period		8,110	4,079	21,380	24,231
Other comprehensive income:					
Changes in fair value of available-for-sale investments		<u>(412)</u>	<u>(205)</u>	<u>(338)</u>	<u>3,958</u>
Other comprehensive income for the period		(412)	(205)	(338)	3,958
Total comprehensive income for the period		<u>7,698</u>	<u>3,874</u>	<u>21,042</u>	<u>28,189</u>

	For the three months ended 31 December		For the nine months ended 31 December	
	2016	2015	2016	2015
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to:				
Owners of the Company	8,174	4,245	21,449	24,204
Non-controlling interests	(64)	(166)	(69)	27
	<u>8,110</u>	<u>4,079</u>	<u>21,380</u>	<u>24,231</u>
Total comprehensive income attributable to:				
Owners of the Company	7,762	4,040	21,111	28,162
Non-controlling interests	(64)	(166)	(69)	27
	<u>7,698</u>	<u>3,874</u>	<u>21,042</u>	<u>28,189</u>
Earnings per share attributable to owners of the Company				
Basic and diluted	6	<u>HK3.71 cents</u>	<u>HK1.93 cents</u>	<u>HK9.75 cents</u>
			<u>HK10.99 cents</u>	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2016

	Attributable to the owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Capital reserves HK\$'000	Investment revaluation reserve HK\$'000	Contributed surplus HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 April 2015	2,202	353,907	278	(163,029)	28,546	(20,839)	221,038	422,103	(79)	422,024
Profit for the period	-	-	-	24,204	-	-	-	24,204	27	24,231
Other comprehensive income:										
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	3,958	-	3,958	-	3,958
Total comprehensive income	-	-	-	24,204	-	3,958	-	28,162	27	28,189
Balance at 31 December 2015	2,202	353,907	278	(138,825)	28,546	(16,881)	221,038	450,265	(52)	450,213
Balance at 1 April 2016	2,202	353,907	278	(55,332)	28,392	(15,383)	145,926	459,990	3,086	463,076
Profit for the period	-	-	-	21,449	-	-	-	21,449	(69)	21,380
Other comprehensive income:										
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(338)	-	(338)	-	(338)
Total comprehensive income	-	-	-	21,449	-	(338)	-	21,111	(69)	21,042
Transaction with owners:										
Purchase of own shares	(1)	-	(87)	-	-	-	-	(88)	-	(88)
Total transactions with owners of the Company	(1)	-	(87)	-	-	-	-	(88)	-	(88)
Balance at 31 December 2016	2,201	353,907	191	(33,883)	28,392	(15,721)	145,926	481,013	3,017	484,030

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was an exempted company continued into Bermuda with limited liability with effect from 30 April 2008. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The principal places of business of the Company and its subsidiaries (collectively referred to as the "Group") are in Hong Kong. The Company's principal place of business in Hong Kong is 7th Floor, Zung Fu Industrial Building, 1067 King's Road, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

2. BASIS OF PREPARATION

This unaudited quarterly financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies adopted in preparing the unaudited consolidated financial statements for the nine months ended 31 December 2016 are consistent with those followed in the annual report of the Group for the year ended 31 March 2016, except in relation on the new and revised standards, amendments and interpretations that affect the Company and its subsidiaries and are adopted for the first time for the preparation of current period's financial statements.

The third quarterly results have not been audited but have been reviewed by the Group's audit committee.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2016. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

3. REVENUE AND OTHER REVENUE AND OTHER INCOME

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

Revenue arising from money lending is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Rental income is recognised on a straight-line basis over the term of the lease.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend is recognised when the right to receive payment is established.

Revenue arising from the sale of properties held for resale is recognized upon signing of sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, whichever is the later.

Management fee income is recognised when services are rendered.

3. REVENUE AND OTHER REVENUE AND OTHER INCOME (CONTINUED)

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>
Revenue				
Money lending	16,180	16,449	49,912	51,075
Rental income from investment properties	–	9	–	27
Retail service income	6,062	3,597	13,801	7,666
Wholesale income	25,736	12,829	69,232	24,893
	<u>47,978</u>	<u>32,884</u>	<u>132,945</u>	<u>83,661</u>
Other revenue and other income				
Dividend income from listed investments	–	100	67	421
Fair value (losses)/gains on financial assets at fair value through profit or loss	259	(1,572)	–	7,923
(Loss)/gain on disposal of financial assets through profit or loss	(437)	1,850	(279)	(717)
Interest income from corporate coupon bonds	–	120	–	449
Bank interest income	–	28	1	89
Recovery of bad debts written off	188	–	265	–
Others	(491)	6	98	52
	<u>(481)</u>	<u>532</u>	<u>152</u>	<u>8,217</u>

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief executive directors and the management staff that are used to make strategic decisions.

An analysis of the Group's revenue from external customers by geographical segments for the period is as follows:

Revenue from external customers by geographical markets:

	For the three months ended 31 December		For the nine months ended 31 December	
	2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>
Hong Kong	<u>47,978</u>	<u>32,884</u>	<u>132,945</u>	<u>83,661</u>

5. INCOME TAX

	Nine months ended 31 December	
	2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>
Current tax:		
Hong Kong		
– Charge for the period	2,479	–
– Under-provision in prior years	–	120
Taxation charge	<u>2,479</u>	<u>120</u>

The provision for Hong Kong Profits Tax for the nine months ended 31 December 2016 is calculated at 16.5% of the estimated assessable profits for the period. (Nine months ended 31 December 2015: No provision for Hong Kong Profits Tax has been made for the companies in the Group as they either have no assessable profits or have available tax losses brought forward from prior years to effect against estimated assessable profits).

6. DIVIDEND

The Directors do not recommend the payment of a dividend for the nine months ended 31 December 2016 (nine months ended 31 December 2015: Nil).

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Nine months ended	
	31 December	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the period attributable to owners of the Company	<u>21,449</u>	<u>24,204</u>
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>220,094</u>	<u>220,219</u>

Both the weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the period ended 31 December 2016 and 2015 have been adjusted.

Diluted earnings per share for the period ended 31 December 2016 and 2015 were the same as the basic earnings per share. The Company's outstanding share options were not included in the calculation of diluted earnings per share because the effects of the exercise of the Company's outstanding share options were anti-dilutive.

8. SHARE OPTION SCHEMES

The share option scheme approved by the shareholders of the Company on 24 September 2001 was expired and on 4 January 2011, the shareholders of the Company approved to adopt a new share option scheme (the "New Scheme") under which its Board of Directors may, at its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries, suppliers, customers, advisors or consultants options to subscribe for shares of the Company. The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme adopted by the Group shall not exceed 30 per cent. of the share capital of the Company in issue from time to time. The subscription price will be determined by the Company's Board of Directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

The New Scheme is valid for ten years from the date of adoption.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

For the nine months ended 31 December 2016, no option was granted under the New Scheme.

8. SHARE OPTION SCHEMES (CONTINUED)

For the nine months ended 31 December 2016, no employee compensation expense has been include in the unaudited condensed consolidated statement of profit or loss and other comprehensive income (nine months ended 31 December 2015: Nil).

No liabilities were recognised due to share-based payment transactions.

9. CONTINGENT LIABILITIES

On 9 October 2012, the Group and Mark Glory International Enterprise Limited, a wholly owned subsidiary of HMV Digital China Group Limited (“HMV Digital China”) has jointly entered into a tenancy agreement in relation to the lease of an office premises as a joint tenant. The tenancy agreement was renewed on 20 October 2015, effective for two years commencing from 1 November 2015 to 31 October 2017. If either party fails to fulfill their leasing obligations under the agreement, the other party will obligate to pay the other party’s outstanding contingent rental liability. The guarantee of the contingent rental liability constitutes a continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

For the nine months ended 31 December 2016, both parties have made appropriate operating lease payment under the lease. No outstanding contingent rental liability is required to be paid by the Group under the lease for the nine months ended 31 December 2016.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period’s presentation to align with the financial statements presentation of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The money lending business has continued to achieve satisfactory, which will continue to be the core business of the Group and to generate stable income to the Group.

The Company reviewed that the ecommerce has been a part of the modern urban lifestyle in Hong Kong. The Group has been developing the retails and online sales business since the year 2015. The Group will continue to develop self-own brand products, namely Master Chef Series and FRESHNESSMART, and source different types of products from local or overseas suppliers to satisfy the ever-changing needs of our customers.

In addition, the Group kicks off the frozen food processing and distribution business in 2016. The Group starts to import different kinds of frozen food, such as seafood, meats and fruits from local or overseas suppliers in supporting the retails and wholesales business of the Group. In addition, the Group also obtained the restricted food permit for online sale of prepackaged frozen meat and frozen poultry in May 2016. Furthermore, the distribution center is located at Kwai Hing which also obtained a certificate for the processing, storage and packaging of frozen meat, chilled meat and frozen marine products and also obtained the ISO22000:2005 food safety management system in June 2016 respectively. The Group puts the emphasis on food safety in our operation.

The wholesale business has also been engaging since January 2015. The wholesale business generates a sustainable income to the Group.

Due to economic downturn, catering industry players find it difficult to boost their business in Hong Kong local market. So the Group engages catering coupon distribution business. End customers are eager to purchase these catering coupons with discounts and more willing to dine out. The Group cooperates with some key catering companies and builds an extensive sales channel and network. It is expected to be benefit to our shareholders.

In November 2016, the Company entered into an exclusive supply agreement with a supplier which is engaged in the business of supplying Korean beef and other beef products.

Operation Review

Turnover for the nine months ended 31 December 2016 was approximately HK\$132.9 million, representing an increase of approximately 59% when compared with the same period last year. Profit attributable to owners of the Company for the nine months ended 31 December 2016 was approximately HK\$21.4 million and the corresponding period in 2015 was HK\$24.2 million.

Securities and bonds Investment

As at 31 December 2016, an amount of approximately HK\$0.3 million has been recorded as loss on disposal of financial assets at fair value through profit or loss and the corresponding period in 2015 was loss of HK\$0.7 million.

Money Lending Business

After actively participating in money lending business for more than six years, a solid client base has been built. For the nine months ended 31 December 2016, turnover for this segment under review was approximately HK\$49.9 million. A satisfactory profit was also brought from this segment. It would continue to grow steadily and generate sustainable income in the coming future.

Retail Business

We have been developing our retail services business since June 2012. Turnover for this segment for the nine months ended 31 December 2016 under review was approximately HK\$13.8 million, being 79% increase when compared with the corresponding period in 2015. We will continue to monitor the operation and develop new market in order to increase the turnover and market share.

Wholesale Business

The Group has also been developing the wholesale business since January 2015. The wholesale business is a fine supplement to our retail business and it has contributed HK\$69.2 million to the turnover of the Group for the nine months ended 31 December 2016. The Board believes that it will certainly strengthen our overall business in future.

Outlook

The Group will continue to look for opportunities to further improve its existing business and explore new investments to boarder the business scope of the Group with the ultimate goal to maximise the return to shareholders.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Name	Personal Interests	Family Interests	Other Interests	Total	Approximate percentage to the issued share capital of the Company as at 31 December 2016
Mr. Shiu Yeuk Yuen <i>(note 1)</i>	–	1 <i>(note 2)</i>	82,288,613 <i>(note 3)</i>	82,288,614	37.39%
Mr. Leung Ge On, Andy <i>(note 1)</i>	22,050	–	–	22,050	0.01%

Notes:

1. Mr. Shiu Yeuk Yuen (“Mr. Shiu”) and Mr. Leung Ge On, Andy are the Executive Directors of the Company.
2. 1 share of the Company is held by Ms. Hau Lai Mei, the spouse of Mr. Shiu.
3. Able Rich Consultants Limited, a wholly-owned subsidiary of Rich Treasure Group Limited, of which Mr. Shiu is the sole director and shareholder.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as known to the Directors, as at 31 December 2016, the Directors were not aware of any other person (other than the Directors and chief executive of the Company as disclosed above) who had an interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

Name	No. of Shares	Approximate percentage to the issued share capital of the Company as at 31 December 2016
HMV Digital China Group Limited (<i>note</i>)	26,093,500	11.86%

Note: 26,093,500 Shares refer to the aggregate of (a) 21,509,075 Shares held by HMV Digital China Group Limited and (b) 4,584,425 Shares held by New Smart International Creation Limited, a direct wholly-owned subsidiary of HMV Digital China Group Limited.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the nine months ended 31 December 2016, the Company repurchased its own shares through the Stock Exchange as follows:

Date of Repurchase	Number of shares repurchased	Aggregate Consideration	Price per share repurchased
28 September 2016	<u>25,000</u>	<u>HK\$17,250</u>	HK\$0.69
4 October 2016	<u>100,000</u>	<u>HK\$71,000</u>	HK\$0.71
Total:	<u><u>125,000</u></u>	<u><u>HK\$88,250</u></u>	

The above shares were cancelled on 17 October 2016.

COMPETING INTEREST

None of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company has an interest in a business, which competes or may compete with the business of the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the “Required Standard of Dealings”) of the GEM Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings throughout the period ended 31 December 2016.

As of the date of this report, the Board of Directors of the Company comprises Executive Directors who are Mr. Shiu Yeuk Yuen and Mr. Leung Ge On, Andy; and Independent Non-executive Directors who are Dr. Siu Yim Kwan, Sidney, Mr. Kam Tik Lun and Mr. Ho Siu King, Stanley.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the nine months ended 31 December 2016, the Company has complied with the code provisions (“Code”) set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules, except for the following deviation of Code A.2.1.

Code A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The positions of Chairman of the Board and Chief Executive Officer (“CEO”) of the Company are both currently carried on by the same person. The Board considers that this structure does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and there is a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). Given the composition of the Board, the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-yearly reports and quarterly reports and to provide advice and comment thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

REVIEW OF QUARTERLY RESULTS

The unaudited consolidated results of the Group for the nine months ended 31 December 2016 have not been audited nor reviewed by the Company's auditor, Moore Stephens CPA Limited, but have been reviewed by the Audit Committee of the Company, who is of the opinion that the preparation of such results has complied with the applicable accounting standards and requirements and that adequate disclosures have been made. As at the date hereof, the Audit Committee comprises the three Independent Non-executive Directors of the Company, namely Mr. Kam Tik Lun, chairman of the Audit Committee, Dr. Siu Yim Kwan, Sidney and Mr. Ho Siu King, Stanley.

REMUNERATION COMMITTEE

A remuneration committee (the "Remuneration Committee"), consisting of three Independent Non-executive Directors and two Executive Directors, was set up by the Company in accordance with the Code. The Remuneration Committee is responsible for reviewing and developing the remuneration policies of the Directors and senior management, having regard to the Group's operating results, individual performance and comparable market practices.

NOMINATION COMMITTEE

A nomination committee (the "Nomination Committee") consisting of three Independent Non-executive Directors and two Executive Directors was set up by the Company in accordance with the Code. The Nomination Committee is responsible for reviewing and making recommendations to the Board regarding any proposed changes, selection of directorships.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has established written guidelines on no less exacting terms than the Required Standard of Dealings (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of any unpublished inside information of the Company.

CONTINUING CONNECTED TRANSACTION

Continuing Connected Transaction I

On 9 October 2012, a tenancy agreement was jointly entered by Top Euro Limited (“Top Euro”), an indirect wholly-owned subsidiary of the Company and Mark Glory International Enterprise Limited (“Mark Glory”), an indirect wholly-owned subsidiary of HMV Digital China Group Limited (“HMV Digital China”) with Wit Way Enterprise Limited, in relation to the lease of the premises. As the tenancy agreement expired on 31 October 2015, a new tenancy agreement was entered into by the same parties on 20 October 2015 (“Date of Agreement”). The terms of the new tenancy agreement is for two years commencing from 1 November 2015 to 31 October 2017, both days inclusive, with a monthly rental of HK\$325,000 inclusive of management charges (equivalent to HK\$3,900,000 per annum), but exclusive of government rates and all other outgoings. The rent, government rates and all outgoings of the premises shall be paid by Top Euro and Mark Glory in equal shares.

HMV Digital China is a substantial shareholder of the Company as at the Date of Agreement. Accordingly, HMV Digital China are regarded as connected person of the Company under the GEM Listing Rules. Therefore, the new tenancy agreement (including the contingent rental liability, being a provision of financial assistance) constitutes continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

The aggregate annual cap of the aforesaid continuing connected transactions for the financial year ending 31 March 2017 is HK\$4,036,800 and the transaction amount in connection with the continuing connected transactions for the nine months ended 31 December 2016 was HK\$1,517,475, which was within the annual caps as set out in the Company’s announcement dated 20 October 2015.

Continuing Connected Transaction II

Basic Wholesale Limited (“Basic”) is a subsidiary of the Company. The Company indirectly holds 80% of equity interests in Basic and the remaining 20% is held by Upstair Wholesale (HK) Limited (“Upstair”). Mr. Yeung Tak Lok (“Mr. Yeung”), a director of Basic, is one of the directors and shareholders with 30% or above equity interests in Upstair and Lok Chun Trading Limited.

Mr. Yeung or its related parties has a good networks and a wide range of sources or suppliers in the wholesale industry. Therefore, Basic was authorised to have purchase and sales transactions with Mr. Yeung or its related parties for the nine months ended 31 December 2016.

The related party transactions in respect of the sales and purchase of groceries products constitute continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules as the non-controlling shareholder is a connected person at subsidiary level.

Auditor's letter on continuing connected transactions

The Board has engaged Moore Stephens CPA Limited, the auditor of the Company to report the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the Practice Note 740 "Auditor's Letter on Continuing Connected Transaction under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing their findings and conclusions in respect of the continuing connected transactions of the Group disclosed above in accordance with Rule 20.54 of the GEM Listing Rules. The auditor has confirmed to the Company that nothing has come to their attention that causes them to believe that the continuing connected transactions of the Group for the year ended 31 March 2016 disclosed above:

- (1) have not been approved by the Company's board of directors;
- (2) were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) have exceeded the annual cap as set by the Company.

Confirmation of Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the continuing connected transactions and have confirmed that the transactions have been entered into by the Group in the ordinary and usual course of its business, on normal commercial terms, and in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Contracts of Significance

Except for the disclosure under the heading "continuing connected transactions" above and there are no other contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted during the nine months ended 31 December 2016.

LIST OF DIRECTORS

Mr. Shiu Yeuk Yuen	–	Executive Director
Mr. Leung Ge On, Andy	–	Executive Director
Dr. Siu Yim Kwan, Sidney	–	Independent Non-executive Director
Mr. Kam Tik Lun	–	Independent Non-executive Director
Mr. Ho Siu King, Stanley	–	Independent Non-executive Director

On behalf of the Board
Easy Repay Finance & Investment Limited
Shiu Yeuk Yuen
Chairman

Hong Kong, 13 February 2017

This announcement will remain on the Company's website at www.ecrepay.com and the "Latest Company Announcements" page of the GEM website for at least seven days from the date of its posting.