

# EASY REPAY FINANCE & INVESTMENT LIMITED

## 易還財務投資有限公司

(Continued in Bermuda with limited liability)

(Stock Code: 8079)

### RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**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.*

## **HIGHLIGHTS**

- Revenue of the Group for the six months ended 30 September 2017 was approximately HK\$98.8 million (six months ended 30 September 2016: HK\$85.0 million) representing an increase of approximately 16%, as compared with the corresponding period in 2016.
- Profit attributable to owners of the Company for the six months ended 30 September 2017 was approximately HK\$13.7 million (six months ended 30 September 2016: HK\$13.3 million).
- The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

## INTERIM 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 six months ended 30 September 2017, together with the comparative figures for the corresponding period in 2016 as follows:

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

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	2	53,927	47,570	98,837	84,967
Cost of sales		(33,411)	(25,126)	(56,470)	(44,187)
<b>Gross profit</b>		<b>20,516</b>	<b>22,444</b>	<b>42,367</b>	<b>40,780</b>
Investment and other income	2	255	678	291	740
Other (losses) and gains, net	2	15	(1,209)	(1,496)	(107)
Servicing, selling and distribution costs		(3,456)	(4,350)	(6,228)	(5,531)
Administrative expenses		(9,050)	(8,667)	(20,373)	(20,009)
<b>Operating profit</b>		<b>8,280</b>	<b>8,896</b>	<b>14,561</b>	<b>15,873</b>
Finance costs		(317)	(517)	(317)	(948)
Share of results of associates	9	440	(329)	1,081	(329)
<b>Profit before income tax</b>	4	<b>8,403</b>	<b>8,050</b>	<b>15,325</b>	<b>14,596</b>
Income tax	5	(866)	(940)	(1,632)	(1,326)
<b>Profit for the period</b>		<b>7,537</b>	<b>7,110</b>	<b>13,693</b>	<b>13,270</b>
<b>Other comprehensive income/(loss):</b>					
Changes in fair value of financial assets at fair value through other comprehensive income		(823)	(3,627)	(1,508)	74
<b>Other comprehensive income/(loss) for the period</b>		<b>(823)</b>	<b>(3,627)</b>	<b>(1,508)</b>	<b>74</b>
<b>Total comprehensive income for the period</b>		<b>6,714</b>	<b>3,483</b>	<b>12,185</b>	<b>13,344</b>

		For the three months ended 30 September		For the six months ended 30 September	
		2017	2016	2017	2016
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Profit/(loss) attributable to:-</b>					
	Owners of the Company	7,532	7,236	13,737	13,275
	Non-controlling interests	5	(126)	(44)	(5)
		<u>7,537</u>	<u>7,110</u>	<u>13,693</u>	<u>13,270</u>
<b>Total comprehensive income/(loss) attributable to:-</b>					
	Owners of the Company	6,709	3,609	12,229	13,349
	Non-controlling interests	5	(126)	(44)	(5)
		<u>6,714</u>	<u>3,483</u>	<u>12,185</u>	<u>13,344</u>
<b>Earnings per share attributable to owners of the Company</b>					
	Basic and diluted	7	<u>HK3.43 cents</u>	<u>HK3.29 cents</u>	<u>HK6.25 cents</u>
				<u>HK6.03 cents</u>	

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**

		<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	As at 31 March 2017 (Audited) HK\$'000
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>21,420</b>	20,675
Interests in associates	9	<b>7,328</b>	13,073
Financial assets at fair value through other comprehensive income	10	<b>6,853</b>	8,361
Loans and advances	11	<b>132,620</b>	167,303
		<hr/> <b>168,221</b> <hr/>	<hr/> 209,412 <hr/>
<b>Current assets</b>			
Trade receivables	12	<b>25,251</b>	18,354
Prepayments, deposits and other receivables		<b>16,393</b>	5,784
Loans and advances	11	<b>277,190</b>	232,864
Inventories		<b>17,062</b>	12,356
Financial assets at fair value through profit or loss		<b>3,500</b>	9,700
Amounts due from associates	9	<b>2,735</b>	1,899
Pledged bank deposits		<b>1,016</b>	1,014
Cash and cash equivalents		<b>20,409</b>	23,324
		<hr/> <b>363,556</b> <hr/>	<hr/> 305,295 <hr/>

	<i>Notes</i>	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	<b>As at 31 March 2017 (Audited) HK\$'000</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		<b>15,150</b>	10,741
Amounts due to non-controlling interests		<b>852</b>	852
Amounts due to related parties		<b>2,200</b>	2,200
Borrowings		<b>5,000</b>	5,000
Provision for tax		<b>7,076</b>	5,510
Obligation under a finance lease		–	105
Amount due to an associate		<b>28</b>	28
		<u><b>30,306</b></u>	<u>24,436</u>
<b>Net current assets</b>		<u><b>333,250</b></u>	<u>280,859</u>
<b>Total assets less current liabilities</b>		<u><b>501,471</b></u>	<u>490,271</u>
<b>Net assets</b>		<u><b>501,471</b></u>	<u>490,271</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	<b>2,189</b>	2,201
Reserves		<b>496,109</b>	484,853
		<u><b>498,298</b></u>	<u>487,054</u>
<b>Non-controlling interests</b>		<u><b>3,173</b></u>	<u>3,217</u>
<b>Total equity</b>		<u><b>501,471</b></u>	<u>490,271</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

*For the six months ended 30 September 2017*

	Equity attributable to the owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Accumulated losses	Capital reserves	Investment revaluation reserve	Contributed surplus	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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/(loss) for the period	-	-	-	13,275	-	-	-	13,275	(5)	13,270
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	74	-	74	-	74
Total comprehensive income/(loss)	-	-	-	13,275	-	74	-	13,349	(5)	13,344
Balance at 30 September 2016	<u>2,202</u>	<u>353,907</u>	<u>278</u>	<u>(42,057)</u>	<u>28,392</u>	<u>(15,309)</u>	<u>145,926</u>	<u>473,339</u>	<u>3,081</u>	<u>476,420</u>
Balance at 1 April 2017	2,201	353,907	191	(29,052)	28,392	(14,511)	145,926	487,054	3,217	490,271
Profit/(loss) for the period	-	-	-	13,737	-	-	-	13,737	(44)	13,693
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(1,508)	-	(1,508)	-	(1,508)
Total comprehensive income/(loss)	-	-	-	13,737	-	(1,508)	-	12,229	(44)	12,185
Transaction with owners:										
Repurchase of shares:	(12)	-	(973)	-	-	-	-	(985)	-	(985)
Balance at 30 September 2017	<u>2,189</u>	<u>353,907</u>	<u>(782)</u>	<u>(15,315)</u>	<u>28,392</u>	<u>(16,019)</u>	<u>145,926</u>	<u>498,298</u>	<u>3,173</u>	<u>501,471</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
CASH FLOWS**

	<b>For the six months ended 30 September</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash generated from/(used in) operating activities	<b>185</b>	(36,048)
Net cash used in investing activities	<b>(2,010)</b>	(4,738)
Net cash (used in)/generated from financing activities	<b>(1,090)</b>	8,897
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(2,915)</b>	(31,889)
Cash and cash equivalents at the beginning of period	<b>23,324</b>	39,989
	<hr/>	<hr/>
Cash and cash equivalents at the end of period	<b><u>20,409</u></b>	<b><u>8,100</u></b>



## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### **1. Basis of preparation**

This unaudited condensed consolidated interim financial report has 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 Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

In the current period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the current period. The application of the above new or revised HKFRSs has had no material effect on the Group’s financial statements.

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements have been consistently applied by the Group and are consistent with those used in preparing the Company’s annual audited financial statements for the year ended 31 March 2017.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2017 have not been audited or reviewed by the Company’s auditors, but have been reviewed by the audit committee of the Company.

### **2. Revenue, other revenue and other gains/(losses) – net**

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.

## 2. Revenue, other revenue and other gains/(losses) – net (Continued)

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

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

Revenue arising from the sale of properties held for resale is recognised 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.

	For the three months ended 30 September		For the six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Revenue</b>				
Money lending	16,239	18,211	32,600	33,732
Retail and wholesale income	37,688	29,359	66,237	51,235
	<u>53,927</u>	<u>47,570</u>	<u>98,837</u>	<u>84,967</u>
<b>Other revenue and other gains/ (losses), – net</b>				
Dividend income from listed investments	-	67	-	67
Fair value losses on financial assets at fair value through profit or loss	(97)	(1,152)	(97)	(259)
Gains/(losses) on disposal of financial assets at fair value through profit or loss	100	8	(1,400)	158
Bank interest income	1	-	2	1
Recovery of bad debts written off	-	515	-	515
Others	266	31	290	151
	<u>270</u>	<u>(531)</u>	<u>(1,205)</u>	<u>633</u>

### 3. 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 reportable operating segments results before income tax for the period is as follows:

#### For the six months ended 30 September 2017

(Unaudited)

	Money lending <i>HK\$'000</i>	Retail and wholesale business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>			
Revenue from external customers	32,600	66,237	98,837
Other revenue and other gains – net	31	240	271
	<u>32,631</u>	<u>66,477</u>	<u>99,108</u>
Segment results	<u>21,635</u>	<u>(2,876)</u>	<u>18,759</u>
Unallocated income			291
Unallocated expenses			<u>(4,489)</u>
Operating profit			14,561
Finance costs			(317)
Share of results of associates			<u>1,081</u>
Profit before income tax			15,325
Income tax			<u>(1,632)</u>
Profit for the period			<u>13,693</u>

### 3. Segment information (Continued)

For the six months ended 30 September 2016  
(Unaudited)

	<b>Money lending HK\$'000</b>	<b>Retail and wholesale business HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue:</b>			
Revenue from external customers	33,732	51,235	84,967
Other revenue and other gains – net	47	160	207
	<u>33,779</u>	<u>51,395</u>	<u>85,174</u>
Segment results	<u>24,692</u>	<u>(2,780)</u>	<u>21,912</u>
Unallocated income			127
Unallocated expenses			<u>(6,166)</u>
Operating profit			15,873
Finance costs			(948)
Share of results of associates			<u>(329)</u>
Profit before income tax			14,596
Income tax			<u>(1,326)</u>
Profit for the period			<u>13,270</u>

#### *Geographical information*

Revenue from external customers by geographical markets:

	<b>For the six months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<u>98,837</u>	<u>84,967</u>

#### 4. Profit before income tax

Profit before income tax is stated at after charging/(crediting) the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Auditors' remuneration	187	165	350	330
Cost of inventories recognised as expenses	33,411	25,126	56,470	44,187
Depreciation	1,605	1,289	2,426	2,327
Net exchange loss	-	1	4	1
Minimum lease payments under operating lease	1,047	1,169	2,378	2,338
Provision for impairment on loans	250	-	250	-
Rental income net of outgoings in respect of investment properties	(9)	(9)	(36)	(18)

#### 5. Income tax

	(Unaudited) six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Current tax : Hong Kong -Charge for the period	1,632	1,326

The provision for Hong Kong Profits Tax for the six months ended 30 September 2017 is calculated at 16.5% of the estimated assessable profits for the year. (Six months ended 30 September 2016: 16.5%).

#### 6. Interim dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017. (Six months ended 30 September 2016: Nil).

## 7. Earnings per share

The calculation of basic earnings per share for the three months ended 30 September 2017 is based on the profit attributable to shareholders of approximately HK\$7,532,000 (three months ended 30 September 2016: approximately HK\$7,236,000) and the weighted average number of 219,877,961 ordinary shares in issue during the period (three months ended 30 September 2016: 220,219,354 shares).

The calculation of basic earnings per share for the six months ended 30 September 2017 is based on the profit attributable to shareholders of approximately HK\$13,737,000 (six months ended 30 September 2016: approximately HK\$13,275,000) and the weighted average number of 219,877,961 ordinary shares in issue during the period (six months ended 30 September 2016: 220,219,354 shares).

The calculation of diluted earnings per share for the three months ended 30 September 2017 is based on the profit attributable to shareholders of approximately HK\$7,532,000 (three months ended 30 September 2016: approximately HK\$7,236,000) and the weighted average number of 219,877,961 ordinary shares for the purpose of diluted earnings per share during the period (three months ended 30 September 2016: 220,219,354 shares).

The calculation of diluted earnings per share for the six months ended 30 September 2017 is based on the profit attributable to shareholders of approximately HK\$13,737,000 (six months ended 30 September 2016: approximately HK\$13,275,000) and the weighted average number of 219,877,961 ordinary shares for the purpose of diluted earnings per share during the period (six months ended 30 September 2016: 220,219,354 shares).

## 8. Property, plant and equipment

	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	<b>As at 31 March 2017 (Audited) HK\$'000</b>
At beginning of the period/year	<b>20,675</b>	22,395
Additions	<b>3,171</b>	3,102
Depreciation	<b>(2,426)</b>	(4,822)
	<b><u>21,420</u></b>	<b><u>20,675</u></b>

## 9. Interests in associates

	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	<b>As at 31 March 2017 (Audited) HK\$'000</b>
Unlisted shares, at cost	<b>6,247</b>	15,108
Share of post-acquisition profits/(losses)	<b>1,081</b>	(2,035)
	<b><u>7,328</u></b>	<b><u>13,073</u></b>

The amounts due from associates are unsecured, interest free and repayable on demand.

## 9. Interests in associates (Continued)

Particulars of the material associate as at 30 September 2017 are as follows:

Name of associates	Particulars of issued and fully paid capital	Country of incorporation	Proportion of ownership interest		Principal activities
			Group's effective interest	Held by a subsidiary	
Keep Choice Limited	100 ordinary shares of HK\$1 each	Hong Kong	22%	22%	Operation of a motor vehicle examination centre

The movement in loans to associates during the period/year is as follows:

	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	As at 31 March 2017 (Audited) HK\$'000
Loans to associates:	<b><u>17,370</u></b>	<u>16,534</u>

The movement in the provision for impairment of loans to associates is as follows:

	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	As at 31 March 2017 (Audited) HK\$'000
Balance at the beginning and at the end of the period/year	<b><u>14,635</u></b>	<u>14,635</u>

The summarised financial information of the Group's associates extracted from their management accounts is as follows:

	<b>For the six months ended 30 September</b>	
	<b>2017 (Unaudited) HK\$'000</b>	2016 (Unaudited) HK\$'000
Total revenue	<b><u>18,273</u></b>	<u>-</u>
Total profit/(loss) for the period	<b><u>4,914</u></b>	<u>(1,497)</u>
The Group's share of profit/(loss) of associates	<b><u>1,081</u></b>	<u>(329)</u>

## 10. Financial assets at fair value through other comprehensive income

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
Listed shares, at fair value (Note a)	<u>6,853</u>	<u>8,361</u>

Note a: The fair values of listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges.

## 11. Loans and advances

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
Loans and advances to customers	417,475	407,582
Less: impairment allowances	<u>(7,665)</u>	<u>(7,415)</u>
Loans and advances to customers – net	<u>409,810</u>	<u>400,167</u>

Ageing analysis of loans and advances to customers:

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
Within one year	277,190	232,864
Over one year but within five years	54,144	54,761
Over five years	<u>78,476</u>	<u>112,542</u>
	<u>409,810</u>	<u>400,167</u>

Reconciliation of provision for impairment on loans and advances to customers:

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
Balance at the beginning of the period/year	7,415	7,094
Impairment losses charged to profit or loss	250	635
Impairment losses reversed to profit or loss	<u>-</u>	<u>(314)</u>
Balance at the end of the period/year	<u>7,665</u>	<u>7,415</u>
Recovery of loan and advances to customers directly written off in previous years	<u>-</u>	<u>(279)</u>



## 12. Trade receivables

The aging analysis of trade receivables is as follows:

	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	<b>As at 31 March 2017 (Audited) HK\$'000</b>
Neither past due nor impaired	<b><u>25,251</u></b>	<b><u>18,354</u></b>

## 13. Share capital

	<b>As at 30 September 2017 (Unaudited)</b>		<b>As at 31 March 2017 (Audited)</b>	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
Authorized:				
Ordinary shares of HK\$0.01 each	<b><u>30,000,000,000</u></b>	<b><u>300,000</u></b>	<b><u>30,000,000,000</u></b>	<b><u>300,000</u></b>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<b><u>218,894,354</u></b>	<b><u>2,189</u></b>	<b><u>220,094,354</u></b>	<b><u>2,201</u></b>

## 14. 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 six months ended 30 September 2017, no option was granted under the New Scheme.

For the six months ended 30 September 2017, no employee compensation expense has been include in the unaudited condensed consolidated statement of profit or loss and other comprehensive income (six months ended 30 September 2016: Nil).

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

## 15. Commitments

*Operating lease commitments – where the Group as lessee*

As at 30 September 2017, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	As at 31 March 2017 (Audited) HK\$'000
Within one year	<b>5,530</b>	4,702
In the second to fifth years, inclusive	<b>5,948</b>	2,223
	<b><u>11,478</u></b>	<u>6,925</u>

## 16. Related party transactions

During the financial period under review, the Group had transactions with related parties as follows:

	<b>For the three months ended 30 September</b>		<b>For the six months ended 30 September</b>	
	<b>2017 (Unaudited) HK\$'000</b>	2016 (Unaudited) HK\$'000	<b>2017 (Unaudited) HK\$'000</b>	2016 (Unaudited) HK\$'000
Rental income	<b><u>9</u></b>	<u>9</u>	<b><u>18</u></b>	<u>18</u>

For the six months ended 30 September 2017, rental income of approximately HK\$18 was received from the Company controlled by the family member of Mr. Leung Ge On, Andy, an Executive Director.

## 17. 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.

During the Six-month Period, 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 Six-month Period.

## 18. 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 proceeds 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 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 demand of our customers.

Furthermore, the Group has been starting the frozen food processing and distribution business since 2016. The Group continues 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 has also been obtaining the restricted food permit for online sale of prepackaged frozen meat and frozen poultry since May 2016. Furthermore, the distribution center is located at Kwai Hing which 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 been engaging since January 2015. The wholesale business generates a sustainable income to the Group.

The Group engages catering coupon distribution business. Customers are eager to purchase the catering coupons with discounts and more pleased to dine out. The Group cooperates with some key catering companies and establish an extensive sales channel and network. It is expected to be benefit to our shareholders.

### **Operation Review**

Revenue of the Group for the six months ended 30 September 2017 (“Six-month Period”) was approximately HK\$98.8 million, representing an increase of approximately 16% when compared with the corresponding period of last year. Profit attributable to owners of the Company for the Six-month Period was approximately HK\$13.7 million and the corresponding period in 2016 was HK\$13.3 million.

#### *Securities and bonds Investment*

In view of the variability of the global economic environment in the Six-month Period, the Group will take conservative step to invest in securities and bonds investment. It will be focused on corporate bonds with higher credit rating instead of listed securities in the volatile stock market.

### *Money Lending Business*

The Group has actively participating in money lending business for more than six years. It has built up a wide solid client base and made satisfactory profit. For the Six-month Period, revenue for this segment under review was approximately HK\$32.6 million. The Group expects this segment to grow steadily and generate sustainable income in the future.

### *Retail and Wholesale Business*

The Group has been developing the retails and online sales business for the sales of grocery products (including frozen soup, frozen seafood, personal care products, stationery, electrical appliances and etc.) to the public.

The Group has also been developing the wholesale business in 2016. The wholesale business is a fine supplement to our retail business and it will certainly strengthen our overall business.

Revenue for this segment for the six months ended 30 September 2017 was approximately HK\$66.2 million and the corresponding period in 2016 was of HK\$51.2 million, representing 29% increase. We will continue to monitor the operation and develop new market in order to increase the revenue and market share. The Group expects this segment to grow steadily and generate sustainable income in the coming future.

### *Outlook*

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally financed its operations with internally generated cash flows. As at 30 September 2017, the Group had cash and cash equivalents of approximately HK\$20 million (31 March 2017: HK\$23 million).

As at 30 September 2017, the Group had borrowings of HK\$5 million (31 March 2017: HK\$5 million) which were used to finance the money lending business, marketable securities and bonds investment.

As at 30 September 2017, the Group's gearing ratio, expressed as a percentage of total borrowings, (comprising amounts due to related parties, borrowings and obligation under a finance lease) less cash and cash equivalents then divided by total equity, was nil (31 March 2017: nil).

## **CHARGES ON GROUP'S ASSET**

As at 30 September 2017, except for the pledged bank deposits, financial instruments of approximately of HK\$9.5 million was pledged as collateral to securities brokers for margin financing granted to the Group. As at 30 September 2017, no margin financing was utilised by the Group.

## **TREASURY POLICIES**

Cash and bank deposits of the Group are mainly in Hong Kong dollars, Renminbi and US dollar.

For most of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk have been implemented.

## **EMPLOYEES**

As at 30 September 2017, the Group had around 105 (30 September 2016: 83) full-time and part-time employees. The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

## **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 30 September 2017, 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
					30 September 2017
Mr. Shiu Yeuk Yuen <i>(note 1)</i>	-	1 <i>(note 2)</i>	82,288,613 <i>(note 3)</i>	82,288,614	37.59%
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 30 September 2017, 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
		30 September 2017
HMV Digital China Group Limited <i>(note)</i>	26,093,500	11.92%

*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**

During the Six-month Period, the Company repurchased its own shares through the Stock Exchange as follows:

<b>Date of Repurchase</b>	<b>Number of shares repurchased</b>	<b>Aggregate Consideration</b>	<b>Price per share repurchased</b>
10 August 2017	50,000	HK\$41,100	HK\$0.82-HK\$0.83
11 August 2017	285,000	HK\$233,700	HK\$0.82
14 August 2017	380,000	HK\$311,350	HK\$0.81-HK\$0.82
15 August 2017	250,000	HK\$206,100	HK\$0.82-HK\$0.83
17 August 2017	100,000	HK\$82,000	HK\$0.82
18 August 2017	135,000	HK\$110,700	HK\$0.82
Total:	<u>1,200,000</u>	<u>HK\$984,950</u>	

The above shares were cancelled on 29 August 2017.

## **RELATED PARTY TRANSACTIONS**

Details of the related party transactions for the period are set out in note 16 to the unaudited condensed consolidated interim financial statements.

Save as disclosed therein, there was no other transactions to be disclosed as related party transactions in accordance with the requirements of the GEM Listing Rules.

## **COMPETING INTEREST**

None of the Directors or the management 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 Six-month Period.

As of the date of this report, the Board of Directors of the Company comprises Executive Directors who are Mr. Shiu Yeuk Yuen, Mr. Leung Ge On, Andy and Ms. Siu Yeuk Hung, Clara; 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 Six-month Period, 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 INTERIM RESULTS**

The unaudited consolidated results of the Group for the Six-month Period 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 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 Six-month Period.

The Company also 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 TRANSACTIONS**

### **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”) 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 is a substantial shareholder of the Company as at the Date of Agreement. Accordingly, HMV Digital 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 period from 1 April 2017 to 31 October 2017 is HK\$2,354,800 and the transaction amount in connection with the continuing connected transactions for the Six-month Period was HK\$1,017,350, 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 during the Six-month Period.

The related party transactions in respect of the sales and purchase of groceries products make up 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 2017 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 Six-month Period.

**LIST OF DIRECTORS**

Mr. Shiu Yeuk Yuen	- Executive Director
Mr. Leung Ge On, Andy	- Executive Director
Ms. Siu Yeuk Hung, Clara	- 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 November 2017

*As at the date of this announcement, the board of directors of the Company comprises Mr. Shiu Yeuk Yuen, Mr. Leung Ge On, Andy and Ms Siu Yeuk Hung, Clara as executive Directors; Dr. Siu Yim Kwan, Sidney, Mr. Kam Tik Lun and Mr. Ho Siu King, Stanley as independent non-executive Directors.*

*This announcement will remain on the “Latest Company Announcements” page of the website of the GEM at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting and on the Company’s website at [www.ecrepay.com](http://www.ecrepay.com).*