

EASY REPAY FINANCE & INVESTMENT LIMITED

易還財務投資有限公司

(Continued in Bermuda with limited liability)

(Stock code: 8079)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

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.

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

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The board of Directors (the “Board”) of Easy Repay Finance & Investment Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March, 2018 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue from money lending	4(a)	61,660	75,571
Revenue from sale of goods	4(a)	130,108	106,039
Cost of goods sold		(114,245)	(91,859)
Gross profit from sale of goods		15,863	14,180
Investment and other income		798	526
Other gains and losses, net	5	(1,594)	(3,412)
Servicing, selling and distribution costs		(15,612)	(11,238)
Administrative expenses		(59,164)	(42,602)
Impairment losses on loans and advances to customers, net	11(b)	(8,240)	(321)
Bad debts recovery on loans and advances to customers	11(b)	–	279
Operating (loss)/profit		(6,289)	32,983
Finance costs	7	(1,189)	(1,728)
Share of results of associates		1,245	(145)
(Loss)/profit before taxation	6	(6,233)	31,110
Income tax expense	8	(255)	(4,713)
(Loss)/profit for the year		(6,488)	26,397
Other comprehensive (loss)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial asset at fair value through other comprehensive income		(1,809)	837
Other comprehensive (loss)/income for the year, net of tax		(1,809)	837
Total comprehensive (loss)/income for the year		(8,297)	27,234

	2018	2017
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year attributable to:		
Owners of the Company	(6,756)	26,315
Non-controlling interests	268	82
	<u>(6,488)</u>	<u>26,397</u>
Total comprehensive (loss)/income for the year attributable to:		
Owners of the Company	(8,565)	27,152
Non-controlling interests	268	82
	<u>(8,297)</u>	<u>27,234</u>
(Loss)/earnings per share		
Basic and diluted	(HK3.1 cents)	HK12 cents

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		23,615	20,675
Interests in associates		10,650	13,073
Financial assets at fair value through other comprehensive income		6,552	8,361
Prepayment for acquisition of property, plant and equipment		251	–
Deposits, prepayments and other receivables		1,102	–
Loans and advances to customers	11	160,338	167,303
		202,508	209,412
Current assets			
Inventories		13,180	12,356
Trade receivables	10	30,117	18,354
Deposits, prepayments and other receivables		11,796	5,784
Loans and advances to customers	11	247,294	232,864
Financial assets at fair value through profit or loss		768	9,700
Amounts due from associates		159	1,899
Tax recoverable		1,587	–
Pledged bank deposits		1,001	1,014
Cash and cash equivalents		11,053	23,324
		316,955	305,295
LIABILITIES			
Current liabilities			
Trade and other payables	12	13,795	10,741
Amounts due to non-controlling interests		754	852
Amount due to an associate		–	28
Amounts due to related parties		7,200	2,200
Borrowings	13	16,000	5,000
Obligation under a finance lease		–	105
Income tax payable		1,516	5,510
		39,265	24,436
Net current assets		277,690	280,859
Total assets less current liabilities		480,198	490,271

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	<u>231</u>	<u>–</u>
	<u>231</u>	<u>–</u>
Net assets	<u><u>479,967</u></u>	<u><u>490,271</u></u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	2,189	2,201
Reserves	<u>475,312</u>	<u>484,853</u>
	477,501	487,054
Non-controlling interests	<u>2,466</u>	<u>3,217</u>
Total equity	<u><u>479,967</u></u>	<u><u>490,271</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium*	Capital redemption reserve*	Capital reserve*	Investment revaluation reserve*	Contributed surplus*	Accumulated losses*			
	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	28,392	(15,383)	145,926	(55,332)	459,990	3,086	463,076
Profit for the year	-	-	-	-	-	-	26,315	26,315	82	26,397
Other comprehensive income:										
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	837	-	-	837	-	837
Total comprehensive income for the year	-	-	-	-	837	-	26,315	27,152	82	27,234
Reclassification of investment reserve upon disposal of all financial assets in a subsidiary	-	-	-	-	35	-	(35)	-	-	-
Transactions with owners:										
Buy-back of shares										
– Purchase of shares	-	-	(88)	-	-	-	-	(88)	-	(88)
– Cancellation of shares	(1)	-	1	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	49	49
Total transactions with owners of the Company	(1)	-	(87)	-	-	-	-	(88)	49	(39)
Balance at 31 March 2017 and 1 April 2017	2,201	353,907*	191*	28,392*	(14,511)*	145,926*	(29,052)*	487,054	3,217	490,271
Loss for the year	-	-	-	-	-	-	(6,756)	(6,756)	268	(6,488)
Other comprehensive loss:										
Changes in fair value of financial assets at fair value through other comprehensive loss	-	-	-	-	(1,809)	-	-	(1,809)	-	(1,809)
Total comprehensive loss for the year	-	-	-	-	(1,809)	-	(6,756)	(8,565)	268	(8,297)
Transactions with owners:										
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	-	-	(3)	(3)	3	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(1,022)	(1,022)
Buy-back of shares										
– Purchase of shares	-	(794)	(191)	-	-	-	-	(985)	-	(985)
– Cancellation of shares	(12)	12	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	(12)	(782)	(191)	-	-	-	(3)	(988)	(1,019)	(2,007)
Balance at 31 March 2018	2,189	353,125*	-	28,392*	(16,320)*	145,926*	(35,811)*	477,501	2,466	479,967

* These reserve accounts comprise the consolidated reserves of approximately HK\$475,312,000 (2017: HK\$484,853,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION

Easy Repay Finance & Investment Limited (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 Unit A, 8/F., D2 Place Two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon. 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, retail and wholesale business.

These consolidated financial statements were approved and authorised for issue by the board of directors on 25 June 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance and basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The HKICPA has issued certain amendments to HKFRSs that are effective for the first time for the current year. Further, the HKICPA has issued a number of new and revised HKFRSs that are not yet mandatorily effective for the current year. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The consolidated financial statements for the year ended 31 March 2018 comprise the financial statements of the Company, its subsidiaries and the Group’s interests in associates.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments, which are measured at fair values at the end of each reporting period. The measurement bases are described in the accounting policies below.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The consolidated financial statements are presented in Hong Kong dollars ("HKD" or "HK\$"), which is the same as the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand except where otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual improvements to HKFRSs	2014-2016 Cycle

These amendments do not have significant impact to the Group.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from money lending	61,660	75,571
Retail sales of grocery products, coupon and frozen food	20,734	18,546
Wholesale of grocery products and frozen food	109,374	87,493
Revenue from sales of goods	130,108	106,039
	191,768	181,610

(b) Segment information

The chief operating decision makers have been identified as the executive directors of the Company (the “Executive Directors”). The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

Management assesses the performance based on the nature of the Group’s businesses which are principally located in Hong Kong, and comprises (i) money lending; and (ii) groceries, frozen food and coupons retail and groceries and frozen food wholesale business.

Segment results represent the profit/(loss) generated by each segment without allocation of central administration costs, investment and other income, other gains and losses, finance costs, share of results of associates and taxation. This is the measure reported to the Executive Directors for the purposes of resources allocation and assessment of segment performance.

Segment assets include all assets, other than unallocated corporate assets. Segment liabilities include all liabilities, other than unallocated corporate liabilities, current and deferred tax liabilities.

(c) Segment results, assets and liabilities

	Money lending		Retail and wholesale		Total	
	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from external customers	61,660	75,571	130,108	106,039	191,768	181,610
Reportable segment profit/(loss) before taxation	15,726	49,371	(13,595)	(2,102)	2,131	47,269
Depreciation	776	301	1,657	1,293	2,433	1,594
Impairment losses on trade receivables	-	-	937	93	937	93
Impairment losses on loans and advances to customers, net	8,240	321	-	-	8,240	321
Bad debts recovery	-	(279)	-	-	-	(279)
Reportable segment assets	422,756	417,352	56,725	43,310	479,481	460,662
Additions to non-current segment assets – other capital expenditure	5,451	483	1,880	1,703	7,331	2,186
Reportable segment liabilities	649	4,537	12,505	8,133	13,154	12,670

(d) **Reconciliations of reportable segment revenue, (loss)/profit before taxation, assets and liabilities**

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue		
Reportable segment revenue and consolidated revenue	<u>191,768</u>	<u>181,610</u>
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
(Loss)/profit before taxation		
Reportable segment profit before taxation	2,131	47,269
Unallocated head office corporate expenses	(7,624)	(11,400)
Investment and other income	798	526
Other gains and losses, net	(1,594)	(3,412)
Share of results of associates	1,245	(145)
Finance costs	<u>(1,189)</u>	<u>(1,728)</u>
Consolidated (loss)/profit before taxation	<u>(6,233)</u>	<u>31,110</u>
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Assets		
Reportable segment assets	479,481	460,662
Unallocated corporate assets	<u>39,982</u>	<u>54,045</u>
Consolidated total assets	<u>519,463</u>	<u>514,707</u>
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Liabilities		
Reportable segment liabilities	13,154	12,670
Unallocated corporate liabilities	<u>26,342</u>	<u>11,766</u>
Consolidated total liabilities	<u>39,496</u>	<u>24,436</u>

(e) **Information about major customers**

No single customer contributed 10% or more to the Group's revenue for the years ended 31 March 2018 and 2017.

(f) **Geographical information**

All of the Group's operations and assets are located in Hong Kong, in which all of its revenue was derived.

5. OTHER GAINS AND LOSSES, NET

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange losses, net	(4)	–
Fair value losses on financial assets at fair value through profit or loss, net	(4,822)	(3,432)
Loss on disposal of a subsidiary	(1,092)	–
Fair value gain upon loss of significant influence in an associate	4,445	–
Loss on disposal of property, plant and equipment, net	(74)	–
Others	(47)	20
	<u>(1,594)</u>	<u>(3,412)</u>

6. (LOSS)/PROFIT BEFORE TAXATION

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit before taxation is arrived at after charging:		
Auditors' remuneration	650	600
Advertising expense	1,448	2,018
Commission expense		
– Money lending business	3,357	2,756
– Retail and wholesale business	680	906
Impairment loss on trade receivables	937	93
Impairment loss on amount due from an associate (included in administrative expenses)	1,090	–
Minimum lease payments in respect of operating lease of land and buildings	5,426	4,196
Employee benefit expenses	35,934	24,638
	<u>5,456</u>	<u>4,628</u>
Depreciation of property, plant and equipment		
– Owned assets (included in administrative expenses)	5,456	4,628
– Owned assets (included in cost of sales)	36	–
– Held under a finance lease (included in administrative expenses)	97	194
	<u>5,589</u>	<u>4,822</u>
Carrying amount of inventories sold	112,182	91,446
Write-down of inventories (included in cost of sales)	1,133	413
	<u>113,315</u>	<u>91,859</u>

7. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest expenses on:		
Bank overdrafts	–	1
Other borrowings	<u>1,188</u>	<u>1,723</u>
	1,188	1,724
Finance charge on obligation under a finance lease	<u>1</u>	<u>4</u>
Total interest expenses for financial liabilities that are not at fair value through profit or loss	<u>1,189</u>	<u>1,728</u>

8. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current tax: Hong Kong		
– Charge for the year	349	4,713
– Over-provision in prior years	<u>(325)</u>	<u>–</u>
	24	4,713
– Deferred tax liabilities	<u>231</u>	<u>–</u>
Income tax expense	<u>255</u>	<u>4,713</u>

The provision for Hong Kong Profits Tax for the year ended 31 March 2018 is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2017-18 subject to a maximum reduction of HK\$30,000 (2017: HK\$20,000) for each subsidiary.

No income tax expense in relation to any component of other comprehensive income for the years ended 31 March 2018 and 2017 was included in other comprehensive income.

The Hong Kong Inland Revenue Department (the “IRD”) initiated tax inquiries for the years of assessment 2009/10 to 2014/15 on a subsidiary of the Group. Protective assessments for additional taxes of HK\$292,000 and HK\$293,000 were issued by the IRD on 22 April 2016 and 6 December 2016, respectively.

The Group had lodged objection with the IRD against the additional taxes of HK\$292,000 and HK\$293,000 in respect of the years of assessment 2009/10 and 2010/11 respectively.

The IRD agreed to hold over the tax claims for the years of assessment 2009/10 and 2010/11, amounts held over on the condition that tax reserve certificates in the amounts of HK\$292,000 and HK\$293,000 were purchased on 4 May 2016 and 24 January 2017 respectively. As at 31 March 2017, the Group has cumulatively purchased the tax reserve certificates of HK\$585,000, such amount is included in deposits, prepayments and other receivables.

During the year ended 31 March 2018, the IRD has issued a revised notice of assessment to that subsidiary for the years of assessment 2009/10 and 2010/11, which stated that there are no profits chargeable to Hong Kong Profits Tax. The tax previously held over conditionally for the years of assessment 2009/10 and 2010/11 is completely discharged and the tax reserve certificate in the aggregate amount of HK\$292,000 was redeemed during the year ended 31 March 2018 and the unredeemed tax reserve certificate of HK\$293,000 remained in deposits, prepayments and other receivables.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the following data:

	2018	2017
	HK\$'000	HK\$'000
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	(6,756)	26,315
	2018	2017
Number of ordinary shares		
Weighted average number of ordinary shares		
for the purpose of basic (loss)/earnings per share	219,387,505	220,157,642

Diluted (loss)/earnings per share for the years ended 31 March 2018 and 2017 were the same as the basic (loss)/earnings per share as there were no potential ordinary shares outstanding for both years.

10. TRADE RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables		
– an associate	3,420	2,971
– third parties	26,697	15,476
Allowance for impairment	–	(93)
	<u>30,117</u>	<u>18,354</u>
Trade receivables	<u><u>30,117</u></u>	<u><u>18,354</u></u>

The Group maintains credit terms of cash on delivery for retail sales for both years ended 31 March 2018 and 2017. The credit term for certain wholesale customers is 30 to 90 days from the date of billing for the years ended 31 March 2018 and 31 March 2017. The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

At the end of the reporting period, the ageing analysis of the trade receivables based on the invoiced dates is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within three months	17,480	12,236
Over three months and within one year	8,075	3,425
Over one year	4,562	2,693
	<u>30,117</u>	<u>18,354</u>
	<u><u>30,117</u></u>	<u><u>18,354</u></u>

11. LOANS AND ADVANCES TO CUSTOMERS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Loans and advances to customers	422,475	407,582
Allowance for impairment	(14,843)	(7,415)
	<u>407,632</u>	<u>400,167</u>
	<u><u>407,632</u></u>	<u><u>400,167</u></u>
Analysed for reporting purpose as:		
Current portion	247,294	232,864
Non-current portion	160,338	167,303
	<u>407,632</u>	<u>400,167</u>
	<u><u>407,632</u></u>	<u><u>400,167</u></u>

As at 31 March 2018, loans and advances to customers of approximately HK\$104,939,000 (2017: HK\$125,541,000) and HK\$30,000,000 (2017: HK\$30,189,000) are secured by the customers' pledged properties and equity securities respectively. As at 31 March 2018, total market value of the customers' pledged properties as collaterals for these loans and advances to customers was approximately HK\$172,200,000 (2017: HK\$154,540,000) and the fair value of pledged equity securities was not determined (2017: HK\$105,958,000) as at the end of the reporting period. The pledged equity securities were listed on the Hong Kong Stock Exchange and have been suspended for trading since 3 October 2017. Pursuant to an option agreement dated 12 September 2016, in case the borrower default in repayment, the loan will be taken up by a private equity firm as an unsecured loan. In the opinion of the directors of the Company, the borrower has not default any repayment of interest and considered the loan balance recoverable.

All loans and advances to customers are denominated in HK\$. The Group's loans and advances to customers related to a large number of diversified customers. The loans and advances to customers carry fixed effective interest rate as follows with credit terms mutually agreed with the customers.

- (a) The maturity profile of loans and advances to customers net of allowance for impairment loss at the end of reporting period, analysed by the remaining periods to their contractual maturity dates is as follows:

	2018	2017
	HK\$'000	HK\$'000
Within one year	247,294	232,864
Over one year but within five years	64,036	54,761
Over five years	96,302	112,542
	407,632	400,167

- (b) The movements in allowance for impairment of loans and advances to customers:

	2018	2017
	HK\$'000	HK\$'000
Balance at the beginning of year	7,415	7,094
Impairment losses charged to profit or loss	8,815	635
Impairment losses reversed to profit or loss	(575)	(314)
Uncollectible amounts written off	(812)	-
Balance at the end of year	14,843	7,415
Recovery of loans and advances to customers directly written off in previous years	-	(279)

Included in the above provision for impairment of loans and advances to customers are allowances for individually impaired loans and advances to customers of HK\$10,893,000 (2017: HK\$6,044,000). The individually impaired receivables related to customers that were in financial difficulties or customers that were in default or delinquency in interest or principal payments and only a portion of the receivables is expected to be recovered.

- (c) Loans and advances to customers disclosed in note (a) above include amounts of HK\$64,398,000 (2017: HK\$38,847,000) which are past due but not impaired.

Loans and advances to customers past due but not impaired:

	2018	2017
	HK\$'000	HK\$'000
Past due within 6 months	44,422	23,974
Past due 6 to 12 months	1,619	7,924
Past due over 1 year	18,357	6,949
	<u>64,398</u>	<u>38,847</u>

The Group has not made impairment on these loans and advances to customers because, in the opinion of directors of the Company, there is either no significant change in credit quality of the customers or sufficient collaterals to recover the outstanding loans receivables, therefore the amounts are still considered recoverable.

- (d) The Group's loans and advances to customers of approximately HK\$343,234,000 (2017: HK\$361,320,000) that are neither past due nor impaired mainly represented loans granted to creditworthy customers for whom there was no recent history of default or secured by the collaterals which the value was higher than the carrying value of the loans and advances to customers.

12. TRADE AND OTHER PAYABLES

	2018	2017
	HK\$'000	HK\$'000
Trade payables	10,101	6,439
Other payables and accruals (<i>note</i>)	3,663	3,929
Receipts in advance	31	373
	<u>13,795</u>	<u>10,741</u>

Note: As at 31 March 2017, consideration payable for acquisition of interest in an associate amounting to HK\$2,000,000 was included in other payables and accruals. Such balance was fully paid during the year ended 31 March 2018.

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

At the end of the reporting period, the ageing analysis of trade payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 – 30 days	6,135	4,803
31 – 90 days	749	848
91 – 365 days	3,217	788
	<u>10,101</u>	<u>6,439</u>

13. BORROWINGS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Other loans – unsecured – repayable within one year	16,000	5,000

The other loans are denominated in HK\$ and is borrowed from independent third parties. The loans are unsecured, interest-bearing at the rate of 10% (2017: 10%) per annum and repayable on demand or within one year.

The maturity profile of the borrowings based on the scheduled repayment dates set out in the loan agreements is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
On demand	13,000	–
Within one year	3,000	5,000
	<u>16,000</u>	<u>5,000</u>

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2018 nor has any dividend been proposed since the end of reporting period (2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Revenue for the financial year ended 31 March 2018 was approximately HK\$191.8 million, representing an increase of approximately 5.6% when compared with the same period last year. The loss is mainly due to the increase in the administrative expenses and decrease in revenue from the money lending business.

Money Lending Business

After actively participating in money lending business for more than seven years, a solid client base has been built. In the financial year, revenue for this segment under review was approximately HK\$61.7 million, representing 18.4% decrease when compare with the operations in 2017.

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 and etc.) to the public.

The Group has also been developing the wholesale business since 2017. The wholesale business is a fine supplement to our retail business and it will certainly strengthen our overall business.

Revenue for this segment in the financial period under review was approximately HK\$130.1 million, representing 22.7% increase when compare with the same period in 2017. 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 look for ways to further improve its existing business and explore new investment opportunities to broaden the business scope of the Group with the ultimate goal to maximise the return to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internally generated cash flows. As at 31 March 2018, the Group had cash and cash equivalents of approximately HK\$11.1 million (2017: HK\$23.3 million).

As at 31 March 2018, the Group had borrowings of HK\$16 million (2017: HK\$5 million) which were used to finance the operation of the Group.

As at 31 March 2018, 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 2.5% (2017: nil).

CHARGES ON GROUP'S ASSETS

As at 31 March 2018, except for the pledged bank deposits, financial instruments of approximately HK\$6.4 million (2017: HK\$17.0 million) was pledged as collateral to securities brokers for margin financing granted to the Group. As at 31 March 2018, no margin financing was utilised by the Group.

TREASURY POLICIES

Cash and bank deposits of the Group are mainly denominated in HK dollars (“HK\$”).

Since 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 31 March 2018, the Group had around 130 (2017: 97) full-time employees. The total employee remuneration, including that of the Directors, for the year ended 31 March 2018 amounted to approximately HK\$35.9 million (2017: HK\$24.6 million). The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

CAPITAL STRUCTURE

During the year ended 31 March 2018, the capital structure of the Company was changed as follows:

The Company repurchased an aggregate of 1,200,000 shares through the Stock Exchange on 10 August 2017, 11 August 2017, 14 August 2017, 15 August 2017, 17 August 2017, and 18 August 2017 respectively and those shares were cancelled on 29 August 2017. The total issued share capital of the Company as at 31 March 2018 is 218,894,354 shares.

DISCLOSEABLE TRANSACTION – FORMATION OF JOINT VENTURE

On 17 May 2017, a wholly-owned subsidiary of the Group entered into an agreement with the existing shareholders of Keep Choice Limited (“KCL”), an associate of the Group, for the formation of Topwise Global Holdings Limited (“TGHL”) in which the Group has 22% equity interest. An investment holding company, Power Moto Holdings Limited (“Power Moto”) was formed by TGHL and an independent third party. TGHL is interested in 90% of the issued share capital of Power Moto. Power Moto and its subsidiaries will be engaged in the vehicle maintenance business.

As agreed among the shareholders of KCL, KCL has been transferred to Power Moto and hence became a wholly-owned subsidiary of Power Moto. The Group’s capital contribution made to KCL previously was deemed as part of the required capital contribution to TGHL.

CONTINGENT LIABILITIES

As at 31 March 2018, except for as disclosed below, the Company did not provide any corporate guarantee to third parties.

Contingent rental liabilities

On 20 October 2015, a new 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 with Wit Way Enterprises Limited in relation to the lease of the premises. The duration of the tenancy agreements is for two years commencing from 1 November 2015 to 31 October 2017 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.

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 taking up of the contingent rental liability constitutes a provision of financial assistance under the GEM Listing Rules.

The lease agreement expired on 31 October 2017.

Performance Guarantee

The Company provided a performance guarantee for KCL, an associate of the Company, regarding the management, operation and maintenance of New Kowloon Bay Vehicle Examination Centre and the relevant Hong Kong government tender. The letter of guarantee contains no specific amount and until the expiry of such contract. A counter-guarantee of 78% of the guarantee liability was provided by a shareholder of one of the shareholders of KCL.

SHARE OPTION SCHEMES

On 4 January 2011, the shareholders of the Company approved to terminate the old share option scheme and adopted 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 10 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 shall not be less than 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 year ended 31 March 2018, no option was granted and outstanding under the New Scheme.

There is no employee compensation expense which was included in the consolidated statement of comprehensive income for the year ended 31 March 2018 (2017: nil). No liabilities was recognised due to share-based payment transactions.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (“Code”) set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) (“GEM Listing Rules”) that are considered to be relevant to the Company and has complied with the Code save as disclosed below.

Mr. Shiu Yeuk Yuen currently holds the offices of Chairman and Chief Executive Officer of the Company. The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

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

For the year ended 31 March 2018, 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
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.

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 report 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. Currently, it consists of three Independent Non-executive Directors, Mr. Kam Tik Lun, chairman of the Audit Committee, Dr. Siu Yim Kwan, Sidney and Mr. Ho Siu King, Stanley. Four meetings were held during the financial year ended 31 March 2018. Attendance of the members of the Audit Committee is set out below:

Name of Directors	Number of meeting attended/Number of meeting held
Mr. Kam Tik Lun, <i>CPA, FCCA, LL.M (ICFL)</i>	4/4
Dr. Siu Yim Kwan, Sidney, <i>S.B.St.J.</i>	4/4
Mr. Ho Siu King, Stanley, <i>BEng (Civ E-Law) (HKU), LLB (HKU) and LL.M (LSE)</i>	4/4

The Company's annual results for the year ended 31 March 2018, have been reviewed by the Audit Committee.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company maintained the prescribed public float under the GEM Listing Rules.

COMPETING INTEREST

None of the Directors or the controlling shareholder (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 for the financial year ended 31 March 2018.

SCOPE OF WORK PERFORMED BY AUDITOR

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 March, 2018 have been compared by the Company's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Moore Stephens CPA Limited in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

LIST OF DIRECTORS

Mr. Shiu Yeuk Yuen	–	Executive Director
Mr. Leung Ge On, Andy	–	Executive Director
Ms. Siu Yeuk Hung, Clara (appointed on 9 August 2017)	–	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

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

Hong Kong, 25 June, 2018

This announcement will remain on the Company's website at www.ecrepay.com and at the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting.