



易還財務投資有限公司

EASY REPAY FINANCE & INVESTMENT LIMITED

Continued in Bermuda with limited liability

Stock Code : 8079

Third Quarterly Report  
2015/16

**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 report, 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 report 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**

- Turnover for the nine months ended 31 December 2015 was approximately HK\$83.7 million (nine months ended 31 December 2014: HK\$47.4 million) representing an increase of approximately 76.3%, as compared with the corresponding period in 2014.
- Profit attributable to owners of the Company for the nine months ended 31 December 2015 was approximately HK\$24.2 million (nine months ended 31 December 2014: HK\$23.9 million)
- The Board of Directors (the “Board”) does not recommend the payment of a dividend for the nine months ended 31 December 2015 (nine months ended 31 December 2014: 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 2015, together with the comparative figures for the corresponding period in 2014 as follows:

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

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>	2	<b>32,884</b>	18,305	<b>83,661</b>	47,446
Cost of sales		(14,163)	(1,095)	(28,182)	(2,590)
<b>Gross profit</b>		<b>18,721</b>	17,210	<b>55,479</b>	44,856
Investment and other income	2	253	312	1,010	1,253
Other gain and losses, net	2	279	(1,295)	7,207	7,062
Servicing, selling and distribution costs		(1,861)	(1,660)	(4,079)	(3,341)
Administrative expenses		(12,563)	(6,078)	(33,443)	(23,211)
<b>Operating profit</b>		<b>4,829</b>	8,489	<b>26,174</b>	26,619
Finance costs		(460)	(576)	(1,314)	(1,428)
Share of results of associates		(170)	(249)	(509)	(1,161)
<b>Profit before income tax</b>		<b>4,199</b>	7,664	<b>24,351</b>	24,030
Income tax	4	(120)	-	(120)	-
<b>Profit for the period</b>		<b>4,079</b>	7,664	<b>24,231</b>	24,030
<b>Other comprehensive income:</b>					
Changes in fair value of available-for-sale investments		(205)	(4,112)	3,958	(8,507)
<b>Other comprehensive income/(loss) for the period</b>		<b>(205)</b>	(4,112)	<b>3,958</b>	(8,507)
<b>Total comprehensive income for the period</b>		<b>3,874</b>	3,552	<b>28,189</b>	15,523
<b>Profit attributable to:</b>					
Owners of the Company		4,245	7,575	24,204	23,877
Non-controlling interests		(166)	89	27	153
		<b>4,079</b>	7,664	<b>24,231</b>	24,030
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		4,040	3,463	28,162	15,370
Non-controlling interests		(166)	89	27	153
		<b>3,874</b>	3,552	<b>28,189</b>	15,523
<b>Earnings per share attributable to owners of the Company</b>					
Basic and diluted (2014: restated)	6	<b>HK1.93 cents</b>	HK12.03 cents	<b>HK10.99 cents</b>	HK37.95 cents

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. 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 2015 are consistent with those followed in the annual report of the Group for the year ended 31 March 2015, 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 2015. 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.

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

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 to recognised when services are rendered.

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2015	2014	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Revenue</b>				
Money lending	16,449	16,623	51,075	43,058
Rental income from investment properties	9	9	27	248
Retail service income	3,597	1,673	7,666	4,140
Wholesale income	12,829	-	24,893	-
	<u>32,884</u>	<u>18,305</u>	<u>83,661</u>	<u>47,446</u>
<b>Other revenue and other (losses)/gains, plus unallocated income – net</b>				
Dividend income from listed investments	100	193	421	840
Fair value (losses)/gains on financial assets at fair value through profit or loss	(1,572)	(3,964)	7,923	(1,105)
Gain/(loss) on disposal of financial assets through profit or loss	1,850	2,543	(717)	4,646
Gain on disposal of investment properties	-	-	-	3,350
Interest income from corporate coupon bonds	120	-	449	22
Bank interest income	28	1	89	18
Others	6	244	52	544
	<u>532</u>	<u>(983)</u>	<u>8,217</u>	<u>8,315</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 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	
	2015	2014	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Hong Kong	<u>32,884</u>	<u>18,305</u>	<u>83,661</u>	<u>47,446</u>

#### 4. Income tax

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 offset against current period's estimated assessable profits (nine months ended 31 December 2014: Nil).

	Nine months ended	
	31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Current tax:</b>		
Hong Kong		
– Charge for the year	–	–
– Under-provision in prior years	120	–
	<u>120</u>	<u>–</u>
Taxation charge	<u>120</u>	<u>–</u>

Hong Kong profits tax was calculated at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong during the period. Overseas taxation was calculated at the rates applicable in the respective jurisdictions.

#### 5. Dividend

The Directors do not recommend the payment of a dividend for the nine months ended 31 December 2015 (nine months ended 31 December 2014: Nil).

#### 6. Earnings per share

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

	Nine months ended	
	31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the period attributable to owners of the Company	<u>24,204</u>	<u>23,877</u>
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>220,219</u>	<u>62,920</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 2015 and 2014 have been adjusted.

Diluted earnings per share for the period ended 31 December 2015 and 2014 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.

**7. Unaudited condensed consolidated statement of changes in equity**  
*For the nine months ended 31 December 2015*

	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			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2014	6,292	246,126	278	(203,753)	28,546	(10,268)	201,218	268,439	(276)	268,163
Comprehensive income										
Profit for the period	-	-	-	23,877	-	-	-	23,877	153	24,030
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(8,507)	-	(8,507)	-	(8,507)
Total comprehensive income	-	-	-	23,877	-	(8,507)	-	15,370	153	15,523
Balance at 31 December 2014	<u>6,292</u>	<u>246,126</u>	<u>278</u>	<u>(179,876)</u>	<u>28,546</u>	<u>(18,775)</u>	<u>201,218</u>	<u>283,809</u>	<u>(123)</u>	<u>283,686</u>
Balance at 1 April 2015	2,202	353,907	278	(163,029)	28,546	(20,839)	221,038	422,103	(79)	422,024
Comprehensive income										
Profit for the period	-	-	-	24,204	-	-	-	24,204	27	24,231
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	<u>2,202</u>	<u>353,907</u>	<u>278</u>	<u>(138,825)</u>	<u>28,546</u>	<u>(16,881)</u>	<u>221,038</u>	<u>450,265</u>	<u>(52)</u>	<u>450,213</u>

## 8. Share option schemes

On 24 September 2001, the shareholders of the Company approved a share option scheme (the "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, options to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 30% of the issued share capital of the Company. 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.

On 4 January 2011, the shareholders of the Company approved to terminate the 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 30% 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 2015, no option was granted under the New Scheme.

The fair values of options granted were determined using the Black-Scholes valuation model.

For the period ended 31 December 2015, no employee compensation expense has been included in the consolidated statement of comprehensive income (2014: Nil).

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

## **9. Contingent liabilities**

As at 31 December 2015, the Company did not provide any corporate guarantee to third parties.

On 20 October 2015, a new tenancy agreement was jointly entered between Wit Way, as landlord and 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 China 3D Digital Entertainment Limited (“China 3D”), both as tenants, in relation to the lease of the premises. The duration of the tenancy agreement 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 the tenants in equal shares.

If either party fails to fulfill their leasing obligations under the agreement, the other party will obligate to pay the other's party outstanding contingent rental liability amounting to HK\$1,950,000 per annum. The taking up of the contingent rental liability constitutes a provision of financial assistance under the GEM Listing Rules.

## **10. Events after the reporting period**

### **Acquisition of 75% equity interests in Vision Lion Limited (“Vision Lion”)**

The Board announced that Rainbow Cosmetic (BVI) Limited (“Rainbow Cosmetic”), a wholly-owned subsidiary of the Company and an individual, an independent third party, entered into the Sale and Purchase Agreement, pursuant to which an individual agreed to sell and transfer, and Rainbow Cosmetic agreed to purchase 30% of the entire issued share capital of Vision Lion at the consideration of HK\$3,900,000 in cash on 22 January 2016 (“Acquisition”).

The Board acquired 45% of the entire issued share capital of Vision Lion from ex-shareholder of Vision Lion at the consideration of HK\$5,850,000 on 16 June 2015 (“Prior Transaction”).

The Acquisition plus Prior Transaction within a 12-month period is HK\$9,750,000.

Details of the Acquisition are set out in the announcement dated 22 January 2016.

## **11. Comparative figures**

Certain comparative figures have been re-stated to conform with the current period presentation to align with the financial statements presentation of the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

Turnover for the nine months ended 31 December 2015 was approximately HK\$83.7 million, representing an increase of approximately 76.3% when compared with the same period last year. Profit attributable to owners of the Company for the nine months ended 31 December 2015 was approximately HK\$24.2 million and the corresponding period in 2014 was HK\$23.9 million.

#### *Securities and bonds Investment*

As at 31 December 2015, an amount of approximately HK\$0.7 million has been recorded as loss on disposal of financial assets at fair value through profit or loss and the corresponding period in 2014 was gain of HK\$4.6 million.

#### *Money Lending Business*

After actively participating in money lending business for more than five years, a solid client base has been built. For the nine months ended 31 December 2015, turnover for this segment under review was approximately HK\$51.1 million, representing 18.6% increase when compared with the corresponding period in 2014. A satisfactory profit was also brought from this segment. By the end of December 2015, the Group had built up a lending portfolio of HK\$340 million and 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 2015 under review was approximately HK\$7.7 million, being 85.2% increase when compared with the corresponding period in 2014. 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\$24.9 million to the turnover of the Group for the nine months ended 31 December 2015. 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 2015, 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 2015
Mr. Shiu Yeuk Yuen (note 1)	4,177,670	1 (note 2)	78,110,943 (note 3)	82,288,614	37.37%
Mr. Leung Ge On, Andy (note 1)	22,050	-	-	22,050	0.01%

*Notes:*

1. Mr. Shiu Yeuk Yuen and Mr. Leung Ge On, Andy are the Executive Directors of the Company.
2. 1 share is held by Ms. Hau Lai Mei, the spouse of Mr. Shiu Yeuk Yuen.
3. Able Rich Consultants Limited is wholly-owned by Rich Treasure Group Limited of which Mr. Shiu is the sole director and shareholder holding it on trust for certain family members.

## **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 2015, 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.

<b>Name</b>	<b>No. of Shares</b>	<b>Approximate percentage to the issued share capital of the Company as at 31 December 2015</b>
China 3D Digital Entertainment Limited ( <i>note</i> )	26,093,500	11.85%

*Note:* 26,093,500 Shares refer to the aggregate of (a) 21,509,075 Shares held by China 3D Digital Entertainment Limited and (b) 4,584,425 Shares held by New Smart International Creation Limited, a direct wholly-owned subsidiary of China 3D Digital Entertainment Limited.

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

For the nine months ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **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 2015.

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. Lau Gar Hung, Christopher and Mr. Kam Tik Lun.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

Throughout the period of the nine months ended 31 December 2015, 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 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.

## **REVIEW OF QUARTER RESULTS**

The unaudited consolidated results of the Group for the nine months ended 31 December 2015 have not been audited nor reviewed by the Company's auditor, Ting Ho Kwan & Chan 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. Lau Gar Hung, Christopher.

## **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**

On 20 October 2015 ("Date of Agreement"), a new tenancy agreement was jointly entered into between Wit Way, as landlord and Top Euro, an indirect wholly-owned subsidiary of the Company and Mark Glory, an indirect wholly owned subsidiary of China 3D, both as tenants, in relation to the lease of a premises. 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 the tenants in equal shares.

## **CONTINUING CONNECTED TRANSACTION (CONTINUED)**

China 3D is a substantial shareholder of the Company as at the Date of Agreement. Accordingly, China 3D 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 transaction for the Company under Chapter 20 of the GEM Listing Rules.

The applicable percentage ratio (as defined in the GEM Listing Rules) on an annual basis for the new tenancy agreement (including the contingent rental liability, being a provision of financial assistance) for the Company and China 3D exceed 5% but are less than 25% and the annual caps under the new tenancy agreement are less than HK\$10,000,000. Accordingly, pursuant to Rule 20.74(2) of the GEM Listing Rules, the new tenancy agreement (including the contingent rental liability, being a provision of financial assistance) is subject to reporting and announcement requirements but exempted from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### **Auditor's letter on continuing connected transactions**

The Board has engaged Ting Ho Kwan & Chan CPA Limited, the auditor of the Company to report the Group's continuing connected transaction 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 transaction 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 year ended 31 March 2015 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;

### **Auditor's letter on continuing connected transactions (continued)**

- (3) were not entered into, in all material respects, in accordance with the relevant agreements governing such transaction; and
- (4) have exceeded the maximum aggregate annual value for the year ended 31 March 2015 as disclosed in the previous announcement dated 9 October 2012 made by the Company in respect of the disclosed continuing connected transaction.

#### *Confirmation of Independent Non-executive Directors*

The Independent Non-executive Directors have reviewed the continuing connected transaction and the report of the auditor and have confirmed that the transaction has 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 transaction that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

There being no contracts of significance to which the Company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the period ended 31 December 2015 or at any time during the period.

### **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. Lau Gar Hung, Christopher	-	Independent Non-executive Director
Mr. Kam Tik Lun	-	Independent Non-executive Director

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

Hong Kong, 4 February 2016