



易還財務投資有限公司

EASY REPAY FINANCE & INVESTMENT LIMITED

Continued in Bermuda with limited liability

Stock Code : 8079

First Quarterly Report
2015/16

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

HIGHLIGHTS

- Turnover of the Group for the three months ended 30 June 2015 amounted to approximately HK\$22.3 million, representing an increase of approximately 69% per cent as compared with the corresponding period of last year (Three months ended 30 June 2014: HK\$13.2 million).
- Profit attributable to owners of the Company for the three months ended 30 June 2015 amounted to approximately HK\$13.3 million (Three months ended 30 June 2014: HK\$5.4 million).
- The Board does not recommend the payment of a dividend for the three months ended 30 June 2015 (Three months ended 30 June 2014: Nil).

FIRST QUARTERLY RESULTS

The board of directors (the “Board”) of Easy Repay Finance & Investment Limited (the “Company”) would like to report the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 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

For the three months ended 30 June 2015

		Three months ended 30 June	
	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	2	22,324	13,220
Cost of sales		(5,153)	(355)
Gross profit		17,171	12,865
Investment and other income	3	404	284
Other gains and (losses), net	4	35,847	(28)
Servicing, selling and distribution costs		(395)	(682)
Impairment losses on loans and advances to customers		(28,000)	-
Administrative expenses		(11,008)	(6,274)
Operating profit		14,019	6,165
Finance costs		(469)	(348)
Share of result of associates		(346)	(430)
Profit before income tax		13,204	5,387
Income tax	5	-	-
Profit for the period		13,204	5,387
Other comprehensive income:			
Changes in fair value of financial assets at fair value through other comprehensive income		1,148	4,247
Other comprehensive income for the period, net of tax		1,148	4,247
Total comprehensive income for the period		14,352	9,634

		Three months ended	
		30 June	
		2015	2014
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period attributable to:			
	Owners of the Company	13,269	5,439
	Non-controlling interests	(65)	(52)
		<u>13,204</u>	<u>5,387</u>
Total comprehensive income for the period attributable to:			
	Owners of the Company	14,417	9,686
	Non-controlling interests	(65)	(52)
		<u>14,352</u>	<u>9,634</u>
Earnings per share			
			7
	Basic and Diluted (HK cents) (2014: restated)	<u>13.45</u>	<u>30.36</u>

Notes:

1. Basis of preparation

The unaudited quarterly financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies used in the preparation of the unaudited condensed consolidated results are consistent with those used in the audited financial statements and notes thereto for the year ended 31 March 2015.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 April 2015, the adoption has no material impact on the reported results and the financial position of the Group for the current or prior accounting periods; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

The first quarterly results are unaudited but have been reviewed by the Company’s audit committee.

2. Revenue

Revenue is measured at 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 income is recognised when the shareholder’s right to receive payment is established prior to the end of reporting period.

Commission income are recognised when the services have been rendered.

2. Revenue (Continued)

(a) Turnover by business segment

	(Unaudited) Three months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Money lending	17,931	12,593
Rental income from investment properties	-	176
Sales of grocery products – retail	726	451
– wholesale	3,667	-
	<u>22,324</u>	<u>13,220</u>

(b) Turnover by geographical market

	(Unaudited) Three months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Hong Kong	<u>22,324</u>	<u>13,220</u>

3. Investment and other income

	(Unaudited) Three months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Dividend income from financial assets at fair value through profit or loss	270	218
Interest income from available-for-sale financial assets	56	-
Interest income from banks	69	7
Rental income from letting of office premises	9	9
Others	-	50
	<u>404</u>	<u>284</u>

4. Other gains and (losses), net

	(Unaudited) Three months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Net exchange gains	138	27
Gain on early conversion of convertible bonds classified as financial asset at fair value through profit or loss – held for trading – Fair value gain	-	2,130
Fair value gains/(losses) on financial assets at fair value through profit or loss	34,488	(187)
Net gains/(losses) on disposal of financial assets at fair value through profit or loss	<u>1,221</u>	<u>(1,998)</u>
	<u>35,847</u>	<u>(28)</u>

5. Income tax

No provision for Hong Kong Profits Tax has been made for the three months ended 30 June 2015 as the Group either has no assessable profits or has available tax losses brought forward from prior years to offset against current period's estimated assessable profits (Three months ended 30 June 2014: Nil)

6. Dividend

The Board does not recommend payment of a dividend for the three months ended 30 June 2015 (Three months ended 30 June 2014: Nil).

7. Earnings per share

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

	(Unaudited)	
	Three months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
		(restated)
Profit for the period attributable to owners of the Company	<u>13,269</u>	<u>5,439</u>
<i>Number of ordinary shares</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>98,689</u>	<u>17,917</u>

8. Comparative figures

Certain comparative figures have been re-classified to conform with the presentation of current period.

9. Condensed consolidated statement of changes in equity (unaudited)
For the three months ended 30 June 2015

	Attributable to equity shareholders of the Company									Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Contributed surplus HK\$'000	Total HK\$'000	Non-controlling interests 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	-	-	-	5,439	-	-	-	5,439	(52)	5,387
Other comprehensive income										
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	4,247	-	4,247	-	4,247
Total comprehensive income	-	-	-	5,439	-	4,247	-	9,686	(52)	9,634
Balance at 30 June 2014	<u>6,292</u>	<u>246,126</u>	<u>278</u>	<u>(198,314)</u>	<u>28,546</u>	<u>(6,021)</u>	<u>201,218</u>	<u>278,125</u>	<u>(328)</u>	<u>277,797</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	-	-	-	13,269	-	-	-	13,269	(65)	13,204
Other comprehensive income										
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	1,148	-	1,148	-	1,148
Total comprehensive income	-	-	-	13,269	-	1,148	-	14,417	(65)	14,352
Balance at 30 June 2015	<u>2,202</u>	<u>353,907</u>	<u>278</u>	<u>(149,760)</u>	<u>28,546</u>	<u>(19,691)</u>	<u>221,038</u>	<u>436,520</u>	<u>(144)</u>	<u>436,376</u>

10. Contingent Liabilities

As at 30 June 2015, the Company had provided a pledge bank deposit of approximately HK\$679,000 to secure a letter of guarantee issued by a bank.

On 9 October 2012, a tenancy agreement was jointly entered between Wit Way Enterprise Limited, as the landlord, and Top Euro Limited, an indirect wholly-owned subsidiary of the Company, and Mark Glory International Enterprise Limited, an indirect wholly-owned subsidiary of China 3D Digital Entertainment Limited, both as tenants, in relation to the lease of an office premises. The duration of the tenancy agreement is for three years commencing from 1 November 2012 with a monthly rental of HK\$220,000 inclusive of management charges (equivalent to HK\$2,640,000 per annum), but exclusive of government rates and all other outgoings.

The rent, government rates and all other outgoings of the office premises shall be paid by the tenants in equal share. 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 amounting to HK\$1,320,000 per annum. The taking-up of the contingent rental liability constitutes a provision of financial assistance under the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover for the three months ended 30 June 2015 (“Three-month Period”) was approximately HK\$22.3 million, representing an increase of approximately 69% when compared with the corresponding period of last year. Profit attributable to owners of the Company for the Three-Month Period was approximately HK\$13.3 million whilst the profit was approximately HK\$5.4 million for the corresponding period of last year.

Securities and bonds Investment

In view of the volatility of the global economic environment, the Group will take more conservative step to invest in securities and bonds investment. Focus will be placed on corporate bonds with higher credit rating instead of listed securities in the volatile stock market.

Money Lending

After actively participating in money lending business for more than four years, the Group has built up a wide solid client base and made satisfactory profit. In the Three-month Period, turnover for this segment under review was approximately HK\$17.9 million, representing 42.4% increase when compared with that of 2014. The Group expects money lending business will grow steadily and generate sustainable income in the coming future.

Retail Business

The Group’s current distribution office in Taikoo opened in January, 2013 for the purpose of catering online sales and its online shopping service in Hong Kong for the sales of grocery products (including frozen seafood, personal care products, stationery, electrical appliances and etc.) to the public.

Turnover for this segment in the Three-month Period under review was approximately HK\$0.7 million, representing 61% increase when compared with that of 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 complement to our retail business and it has contributed HK\$3.7 million to the turnover of the Group during the Three-month Period. 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 broaden the business scope of the Group with the ultimate goal to maximise the return to shareholders.

Dividend

The Board does not recommend the payment of a dividend for the three months ended 30 June 2015 (Three months ended 30 June 2014: 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 June 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:

Interests in Shares

Long positions

Name	Personal Interests	Family Interests	Other Interests	Total	Approximate percentage to the issued share capital of the Company as at 30 June 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 ("Mr. Shiu") and Mr. Leung Ge On, Andy are the Executive Directors of the Company.
2. 1 share of the Company are held by Ms. Hau Lai Mei, the spouse of Mr. Shiu Yeuk Yuen.
3. 78,110,943 shares of the Company are held by Able Rich Consultants Limited, a wholly-owned subsidiary of Rich Treasure Group Limited, of which Mr. Shiu is the sole director and shareholder of that company.

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

So far as known to the Directors, as at 30 June 2015, the Directors were not aware of any other person 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 June 2015
China 3D Digital Entertainment Limited (<i>note</i>)	30,103,500	13.67%

Note: 30,103,500 Shares refer to the aggregate of (a) 28,299,075 Shares held by China 3D Digital Entertainment Limited and (b) 1,804,425 Shares held by New Smart International Creation Limited, a directly wholly-owned subsidiary of China 3D Digital Entertainment Limited.

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 three months ended 30 June 2015.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the three months ended 30 June 2015, the Company has complied with the code provisions (“Code Provisions”) set out in the Code on Corporate Governance Practices contained in Appendix 15 to the Listing Rules, except for the following deviation of Code Provision A.2.1.

Code Provision 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 has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants.

The audit committee (the “Audit Committee”) comprises three independent non-executive Directors, namely Dr. Siu Yim Kwan, Sidney, Mr. Kam Tik Lun and Mr. Lau Gar Hung, Christopher. Mr. Kam Tik Lun is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review the Company’s annual report and accounts, half-year reports, quarterly reports and monthly reports and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and monitoring the Company’s internal control procedures. The Group’s unaudited results for the three months ended 30 June 2015 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

REMUNERATION AND NOMINATION COMMITTEE

A nomination committee (the “Nomination Committee”) and a remuneration committee (the “Remuneration Committee”) both consisting of three independent non-executive Directors and two executive Directors were 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 and selection of directorships. The Remuneration Committee is responsible for reviewing and developing the remuneration policies of the Directors and senior management.

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 three months ended 30 June 2015.

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

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

None of the members of the Group purchased, sold or redeemed any of the Group’s listed securities during the period from 1 April 2015 to 30 June 2015.

LIST OF DIRECTORS

Mr. Shiu Yeuk Yuen	–	Executive Director
Mr. Leung Ge On Andy	–	Executive Director
Dr. Siu Yim Kwan, Sidney	–	Independent Non-executive Director
Mr. Kam Tik Lun	–	Independent Non-executive Director
Mr. Lau Gar Hung, Christopher	–	Independent Non-executive Director

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

Hong Kong, 12 August 2015