



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

2016/17

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 2016 amounted to approximately HK\$37.4 million, representing an increase of approximately 67.5% as compared with the corresponding period in 2015 (three months ended 30 June 2015: HK\$22.3 million).
- Profit attributable to owners of the Company for the three months ended 30 June 2016 amounted to approximately HK\$6.0 million (three months ended 30 June 2015: HK\$13.3 million).
- The Board of Directors (the “Board”) does not recommend the payment of a dividend for the three months ended 30 June 2016 (three months ended 30 June 2015: Nil).

FIRST QUARTERLY RESULTS

The Board of the Company 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 ended 30 June 2016, together with the comparative figures for the corresponding period in 2015 as follows:

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

For the three months ended 30 June 2016

	Notes	Three months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Revenue	2	37,397	22,324
Cost of sales		(19,061)	(5,153)
Gross profit		18,336	17,171
Investment and other income	3	62	404
Other gains, net	4	1,102	35,847
Servicing, selling and distribution costs		(1,181)	(395)
Impairment losses on loans and advances to customers		-	(28,000)
Administrative expenses		(11,342)	(11,008)
Operating profit		6,977	14,019
Finance costs		(431)	(469)
Share of result of associates		-	(346)
Profit before income tax		6,546	13,204
Income tax	5	(386)	-
Profit for the period		6,160	13,204
Other comprehensive income:			
Changes in fair value of financial assets at fair value through other comprehensive income		3,701	1,148
Other comprehensive income for the period, net of tax		3,701	1,148
Total comprehensive income for the period		9,861	14,352

		Three months ended	
		30 June	
		2016	2015
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period attributable to:			
	Owners of the Company	6,039	13,269
	Non-controlling interests	121	(65)
		<u>6,160</u>	<u>13,204</u>
Total comprehensive income for the period attributable to:			
	Owners of the Company	9,740	14,417
	Non-controlling interests	121	(65)
		<u>9,861</u>	<u>14,352</u>
Earnings per share			
			7
	Basic and Diluted (HK cents) (2015: restated)	<u>2.74</u>	<u>6.03</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 2016.

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 2016, 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	
	2016	2015
	HK\$'000	HK\$'000
Money lending	15,521	17,931
Sales of grocery products – retail	2,382	726
– wholesale	19,494	3,667
	<u>37,397</u>	<u>22,324</u>

(b) Turnover by geographical market

	(Unaudited)	
	Three months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
Hong Kong	<u>37,397</u>	<u>22,324</u>

3. Investment and other income

	(Unaudited)	
	Three months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
Dividend income from financial assets at fair value through profit or loss	–	270
Interest income from available-for-sale financial assets	–	56
Interest income from banks	1	69
Rental income from letting of office premises	9	9
Others	52	–
	<u>62</u>	<u>404</u>

4. Other gains, net

	(Unaudited)	
	Three months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
Net exchange gains	59	138
Fair value gains on financial assets at fair value through profit or loss	893	34,488
Net gains on disposal of financial assets at fair value through profit or loss	150	1,221
	<u>1,102</u>	<u>35,847</u>

5. Income tax

	(Unaudited)	
	Three months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
Current tax: Hong Kong		
– Charge for the period	386	–

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.

6. Dividend

The Board does not recommend payment of a dividend for the three months ended 30 June 2016 (three months ended 30 June 2015: Nil).

7. Earnings per share

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

	(Unaudited)	
	Three months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
		(restated)
Profit for the period attributable to owners of the Company	6,039	13,269
<i>Number of ordinary shares</i>	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	220,219	220,219

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 2016

	Attributable to equity shareholders of the Company									Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital		Investment		Contributed surplus HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
			redemption reserve HK\$'000	Accumulated losses HK\$'000	Capital reserve HK\$'000	revaluation reserve HK\$'000				
Balance at 1 April 2015	2,202	353,907	278	(163,029)	28,546	(20,839)	221,038	422,103	(79)	422,024
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>
Balance at 1 April 2016	2,202	353,907	278	(55,332)	28,392	(15,383)	145,926	459,990	3,086	463,076
Comprehensive income										
Profit for the period	-	-	-	6,039	-	-	-	6,039	121	6,160
Other comprehensive income										
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	3,701	-	3,701	-	3,701
Total comprehensive income	-	-	-	6,039	-	3,701	-	9,740	121	9,861
Balance at 30 June 2016	<u>2,202</u>	<u>353,907</u>	<u>278</u>	<u>(49,293)</u>	<u>28,392</u>	<u>(11,682)</u>	<u>145,926</u>	<u>469,730</u>	<u>3,207</u>	<u>472,937</u>

10. Contingent Liabilities

On 9 October 2012, the Group and Mark Glory International Enterprise Limited, a wholly owned subsidiary of China 3D Digital Entertainment Limited ("China 3D") has jointly entered into a tenancy agreement in relation to the lease of an office premises as a joint tenant. The tenancy agreement was renewed on 20 October 2015, effective for two years commencing from 1 November 2015. If either party fails to fulfill their leasing obligations under the agreement, the other party will obligate to pay the other party's outstanding contingent rental liability. The guarantee of the contingent rental liability constitutes a continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

During the three months ended 30 June 2016, both parties have made appropriate operating lease payment under the lease. No outstanding contingent rental liability is required to be paid by the Group under the lease for the three months ended 30 June 2016. The maximum exposure of the Group in the remaining lease term amounted to approximately HK\$3,196,000.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Turnover for the three months ended 30 June 2016 was approximately HK\$37.4 million, representing an increase of approximately 67.5% when compared with the same period last year. Profit attributable to owners of the Company for the three months period was approximately HK\$6.0 million and the corresponding period in 2015 was profit of HK\$13.3 million.

Securities and bonds Investment

In view of the volatility of the global economic environment driven by the economic downturn in Hong Kong continues in the financial year, 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 Business

After actively participating in money lending business for more than five years, a solid client base has been built. For the three months ended 30 June 2016, turnover for this segment under review was approximately HK\$15.5 million. The Group expects this segment to grow steadily and generate sustainable income in the coming future.

Retail Business

The distribution office of the Group was moved to Kwai Hing in February 2016 for the purpose of catering online sales and its online shopping service continuously in Hong Kong for the sales of grocery products (including frozen soup, frozen seafood, personal care products, stationery, electrical appliances and etc.) to the public.

Turnover for this segment for the three months ended 30 June 2016 was approximately HK\$2.4 million, representing 228% increase when compare with the same period in 2015. We will continue to monitor the operation and develop new market in order to increase the turnover and market share.

Wholesale Business

The Group has also been developing the wholesale business in 2015. The wholesale business is a fine supplement to our retail business and it will certainly strengthen our overall business. For the three months ended 30 June 2016, turnover for this segment from external customers under review was approximately HK\$19.5 million. 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.

Dividend

The Board does not recommend the payment of a dividend for the three months ended 30 June 2016 (three months ended 30 June 2015: 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 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO"), which were required to be notified to the Company and the 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 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 2016
Mr. Shiu Yeuk Yuen (note 1)	-	1 (note 2)	82,288,613 (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. 82,288,613 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 2016, the Directors were not aware of any other person (other than the Directors and chief executive of the Company as disclosed above) who had an interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

Name	No. of Shares	Approximate percentage to the issued share capital of the Company as at 30 June 2016
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 and (b) 4,584,425 shares held by New Smart International Creation Limited, a direct wholly-owned subsidiary of China 3D.

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 2016.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the three months ended 30 June 2016, 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 (the “Audit Committee”) with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee comprises three independent non-executive Directors, namely Dr. Siu Yim Kwan, Sidney, Mr. Kam Tik Lun and Mr. Ho Siu King, Stanley. 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 2016 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 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 2016.

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 2016 to 30 June 2016.

LIST OF DIRECTORS

Mr. Shiu Yeuk Yuen	-	Executive Director
Mr. Leung Ge On, Andy	-	Executive Director
Dr. Siu Yim Kwan, Sidney	-	Independent Non-executive Director
Mr. Kam Tik Lun	-	Independent Non-executive Director
Mr. Lau Gar Hung, Christopher (resigned on 30 June 2016)	-	Independent Non-executive Director
Mr. Ho Siu King, Stanley (appointed on 1 July 2016)	-	Independent Non-executive Director

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

Hong Kong, 13 August 2016