



8

First Quarterly Report

2017/18

EASY
REPAY

易還財務投資有限公司
EASY REPAY FINANCE & INVESTMENT LIMITED

Continued in Bermuda with limited liability
Stock Code : 8079

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 Stock 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the three months ended 30 June 2017 amounted to approximately HK\$44.9 million, representing an increase of approximately 20.1% as compared with the corresponding period in 2016 (three months ended 30 June 2016: HK\$37.4 million).
- Profit attributable to owners of the Company for the three months ended 30 June 2017 amounted to approximately HK\$6.2 million (three months ended 30 June 2016: HK\$6.0 million).
- The Board of Directors (the “Board”) does not recommend the payment of a dividend for the three months ended 30 June 2017 (three months ended 30 June 2016: 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 2017, together with the comparative figures for the corresponding period in 2016 as follows:

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

For the three months ended 30 June 2017

	Notes	Three months ended	
		2017	2016
		HK\$'000	HK\$'000
Revenue	3	44,910	37,397
Cost of sales		(23,059)	(19,061)
		<hr/>	<hr/>
Gross profit		21,851	18,336
Investment and other income	4	36	62
Other gains and losses, net	5	(1,511)	1,102
Servicing, selling and distribution costs		(2,772)	(1,181)
Administrative expenses		(11,323)	(11,342)
		<hr/>	<hr/>
Operating profit		6,281	6,977
Finance costs		-	(431)
Share of results of associates		641	-
		<hr/>	<hr/>
Profit before income tax		6,922	6,546
Income tax	6	(766)	(386)
		<hr/>	<hr/>
Profit for the period		6,156	6,160
		<hr/>	<hr/>
Other comprehensive (loss)/income:			
Changes in fair value of financial assets at fair value through other comprehensive income		(685)	3,701
		<hr/>	<hr/>
Other comprehensive (loss)/income for the period, net of tax		(685)	3,701
		<hr/>	<hr/>
Total comprehensive income for the period		5,471	9,861
		<hr/> <hr/>	<hr/> <hr/>

	Three months ended	
	30 June	
	2017	2016
<i>Notes</i>	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to:		
Owners of the Company	6,205	6,039
Non-controlling interests	(49)	121
	<u>6,156</u>	<u>6,160</u>
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	5,520	9,740
Non-controlling interests	(49)	121
	<u>5,471</u>	<u>9,861</u>
Earnings per share	8	
Basic and diluted (HK cents)	<u>2.82</u>	<u>2.74</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2017

Attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Accumulated losses	Capital reserve	Investment revaluation reserve	Contributed surplus	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2016	2,202	353,907	278	(55,332)	28,392	(15,383)	145,926	459,990	3,086	463,076
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>
Balance at 1 April 2017	2,201	353,907	191	(29,052)	28,392	(14,511)	145,926	487,054	3,217	490,271
Comprehensive income										
Profit for the period	-	-	-	6,205	-	-	-	6,205	(49)	6,156
Other comprehensive income										
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(685)	-	(685)	-	(685)
Total comprehensive income	-	-	-	6,205	-	(685)	-	5,520	(49)	5,471
Balance at 30 June 2017	<u>2,201</u>	<u>353,907</u>	<u>191</u>	<u>(22,847)</u>	<u>28,392</u>	<u>(15,196)</u>	<u>145,926</u>	<u>492,574</u>	<u>3,168</u>	<u>495,742</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

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 7th Floor, Zung Fu Industrial Building, 1067 King’s Road, Hong Kong. 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.

2. 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 2017.

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 2017, 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.

3. 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 and related risks and reward of ownership.

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.

3. Revenue (Continued)

(a) Turnover by business segment

	(Unaudited) Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Money lending	16,361	15,521
Sales of grocery products – retail and wholesale	28,549	21,876
	<u>44,910</u>	<u>37,397</u>

(b) Turnover by geographical market

	(Unaudited) Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Hong Kong	<u>44,910</u>	<u>37,397</u>

4. Investment and other income

	(Unaudited) Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Interest income from banks	1	1
Rental income from letting of office premises	27	9
Others	8	52
	<u>36</u>	<u>62</u>

5. Other gains and losses, net

	(Unaudited) Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Net exchange gains	(4)	59
Fair value gains on financial assets at fair value through profit or loss	-	893
Net gains on disposal of financial assets at fair value through profit or loss	(1,500)	150
Others	(7)	-
	<u>(1,511)</u>	<u>1,102</u>

6. Income tax

	(Unaudited)	
	Three months ended	
	30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax: Hong Kong		
– Charge for the period	<u>766</u>	<u>386</u>

The provision for Hong Kong Profits Tax for the three months ended 30 June 2017 is calculated at 16.5% (three months ended 30 June 2016: 16.5%) of the estimated assessable profits for the period.

7. Dividend

The Board does not recommend payment of a dividend for the three months ended 30 June 2017 (three months ended 30 June 2016: Nil).

8. 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	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(restated)
Profit for the period attributable to owners of the Company	<u>6,205</u>	<u>6,039</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>220,094</u>	<u>220,219</u>

9. Contingent Liabilities

As at 30 June 2017, 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 China 3D Digital Entertainment Limited (now known as “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.

Performance Guarantee

The Company provided a performance guarantee for Keep Choice Limited (“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.

10. Comparative figures

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE OPERATION REVIEW

Revenue for the three months ended 30 June 2017 was approximately HK\$44.9 million, representing an increase of approximately 20.1% when compared with the same period last year. Profit attributable to owners of the Company for the three months period was approximately HK\$6.2 million and the corresponding period in 2016 was profit of HK\$6.0 million.

Money Lending Business

After actively participating in money lending business for more than six years, a solid client base has been built. For the three months ended 30 June 2017, revenue for this segment under review was approximately HK\$16.4 million. The Group expects this segment to grow steadily and generate sustainable income in the coming future.

Retail and Wholesale Business

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

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

Revenue for this segment for the three months ended 30 June 2017 was approximately HK\$28.5 million and the corresponding period in 2016 was of HK\$21.9 million, representing 30.5% increase. We will continue to monitor the operation and develop new market in order to increase the revenue and market share. The Group expects this segment to grow steadily and generate sustainable income in the coming future.

Discloseable Transaction on 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 Company, for the formation of Topwise Global Holdings Limited ("Topwise Global") in which the Group has 22% equity interest. An investment holding company, Power Moto Holdings Limited ("Power Moto") was formed by Topwise Global and an independent third party. Topwise Global 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 Topwise Global.

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 2017 (three months ended 30 June 2016: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Name	Personal Interests	Family Interests	Other Interests	Total	Approximate
					percentage to the issued share capital of the Company as at 30 June 2017
Mr. Shiu Yeuk Yuen (note 1)	-	1 (note 2)	82,288,613 (note 3)	82,288,614	37.39%
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 2017, the Directors were not aware of any other person (other than the Directors and chief executive of the Company as disclosed above) who had an interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

Name	No. of Shares	Approximate percentage to the issued share capital of the Company as at 30 June 2017
HMV Digital China Group Limited (<i>note</i>)	26,093,500	11.86%

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

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 2017.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the three months ended 30 June 2017, 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, Mr. Shiu Yuek Yuen. 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 (the “Audit Committee”) with written terms of reference in compliance with the GEM Listing Rules.

The Audit Committee comprises three independent Non-executive Directors, Mr. Kam Tik Lun, the Chairman of the Audit Committee, Dr. Siu Yim Kwan, Sidney and Mr. Ho Siu King, Stanley. The primary duties of the Audit Committee are to review the Company’s annual report and financial statements, half-year reports and quarterly reports and to provide advice and comments 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. The Group’s unaudited results for the three months ended 30 June 2017 have been reviewed by the Audit Committee.

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 compliance with the Code Provision A.5.3. and B.1.3. respectively. 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 2017.

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 2017 to 30 June 2017.

LIST OF DIRECTORS

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