

EASY REPAY FINANCE & INVESTMENT LIMITED

易還財務投資有限公司

(Continued in Bermuda with limited liability)

(Stock Code: 8079)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, 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 GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the three months ended 30 June 2019 amounted to approximately HK\$28.2 million, representing a decrease of approximately 48.1% as compared with the corresponding period in 2018 (three months ended 30 June 2018: HK\$54.3 million).
- Loss attributable to owners of the Company for the three months ended 30 June 2019 amounted to approximately HK\$0.7 million (three months ended 30 June 2018: loss of HK\$3.2 million).
- The Board of Directors (the “Board”) does not recommend the payment of a dividend for the three months ended 30 June 2019 (three months ended 30 June 2018: Nil).

FIRST QUARTERLY RESULTS

The Board of the Company present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2019, together with the comparative figures for the corresponding period in 2018 as follows:

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

For the three months ended 30 June 2019

		Three months ended	
		30 June	
	Notes	2019	2018
		HK\$'000	HK\$'000
Revenue	3	28,163	54,279
Cost of sales		(12,761)	(33,793)
		<hr/>	<hr/>
Gross profit		15,402	20,486
Investment and other income	4	405	70
Other gains/(losses), net	5	1,187	(150)
Servicing, selling and distribution costs		(2,109)	(3,404)
Administrative expenses		(15,463)	(19,879)
		<hr/>	<hr/>
Operating loss		(578)	(2,877)
Finance costs		(329)	(791)
Share of results of joint venture		(47)	-
Share of results of associates		302	416
		<hr/>	<hr/>
Loss before income tax		(652)	(3,252)
Income tax	6	-	-
		<hr/>	<hr/>
Loss for the period		(652)	(3,252)
		<hr/>	<hr/>
Other comprehensive loss:			
Changes in fair value of financial assets at FVTOCI		-	(274)
		<hr/>	<hr/>
Other comprehensive loss for the period, net of tax		-	(274)
		<hr/>	<hr/>
Total comprehensive loss for the period		(652)	(3,526)
		<hr/> <hr/>	<hr/> <hr/>

	Three months ended	
	30 June	
	2019	2018
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period attributable to:		
Owners of the Company	(627)	(3,243)
Non-controlling interests	(25)	(9)
	<u>(652)</u>	<u>(3,252)</u>
Total comprehensive loss for the period attributable to:		
Owners of the Company	(627)	(3,517)
Non-controlling interests	(25)	(9)
	<u>(652)</u>	<u>(3,526)</u>
Loss per share	8	
Basic and diluted (HK cents)	<u>(0.29)</u>	<u>(1.48)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2019

	Attributable to owners of the Company						Total	Non- controlling interests	Total equity
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>			
Balance at 31 March 2018 and 1 April 2018	2,189	353,125	(35,811)	28,392	(16,320)	145,926	477,501	2,466	479,967
Impact on application of HKFRS 9	-	-	(14,032)	-	-	-	(14,032)	-	(14,032)
Balance at 1 April 2018	2,189	353,125	(49,843)	28,392	(16,320)	145,926	463,469	2,466	465,935
Comprehensive loss									
Loss for the period	-	-	(3,243)	-	-	-	(3,243)	(9)	(3,252)
Other comprehensive loss									
Changes in fair value of financial assets at fair value through other comprehensive loss	-	-	-	-	(274)	-	(274)	-	(274)
Total comprehensive loss	-	-	(3,243)	-	(274)	-	(3,517)	(9)	(3,526)
Balance at 30 June 2018	<u>2,189</u>	<u>353,125</u>	<u>(53,086)</u>	<u>28,392</u>	<u>(16,594)</u>	<u>145,926</u>	<u>459,952</u>	<u>2,457</u>	<u>462,409</u>
Balance at 1 April 2019	2,189	353,125	(112,597)	28,392	-	145,926	417,035	2,868	419,903
Comprehensive loss									
Loss for the period	-	-	(627)	-	-	-	(627)	(25)	(652)
Total comprehensive loss	-	-	(627)	-	-	-	(627)	(25)	(652)
Balance at 30 June 2019	<u>2,189</u>	<u>353,125</u>	<u>(113,224)</u>	<u>28,392</u>	<u>-</u>	<u>145,926</u>	<u>416,408</u>	<u>2,843</u>	<u>419,251</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1. General information

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 Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The principal places of business of the Company and its subsidiaries (collectively referred to as the “Group”) are in Hong Kong. The Company’s principal place of business in Hong Kong is Unit A, 8/F, D2 Place Two, No 15 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company’s shares are listed on the GEM (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group is principally engaged in the money lending business, 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 2019.

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 2019, 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 represents the aggregate of the net amounts received and receivable from third parties for the year. There is no seasonality and cyclicity of the operations of the Group. The performance obligation is part of a contract that has an original expected duration of one year or less. Disaggregation revenue from contracts with the customers are as follow:

	(Unaudited)	
	Three months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
Revenue from contracts with customers not within the scope of HKFRS 15		
Revenue from money lending	11,823	14,175
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of grocery products – retail and wholesale	16,340	40,104
	<u>28,163</u>	<u>54,279</u>

(a) Turnover by business segment

	(Unaudited)	
	Three months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
Money lending	11,823	14,175
Sales of grocery products – retail and wholesale	16,340	40,104
	<u>28,163</u>	<u>54,279</u>

3. Revenue (Continued)

(b) Turnover by geographical market

(Unaudited)
Three months ended
30 June

2019 **2018**
HK\$'000 **HK\$'000**

Hong Kong	28,163	54,279
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4. Investment and other income

(Unaudited)
Three months ended
30 June

2019 **2018**
HK\$'000 **HK\$'000**

Rental income from letting of office premises	41	–
Others	364	70
	405	70

5. Other gains/(losses), net

(Unaudited)
Three months ended
30 June

2019 **2018**
HK\$'000 **HK\$'000**

Net exchange losses	(11)	(18)
Fair value gains/(losses) on financial assets at fair value through profit or loss	196	(132)
Net gains on disposal of financial assets at fair value through profit or loss	316	–
Others	686	–
	1,187	(150)

6. Income tax

	(Unaudited)	
	Three months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
Current tax: Hong Kong		
– Charge for the period	<u>–</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made for the three months ended 30 June 2019 as the Group have no assessable profits for Hong Kong Profits Tax purpose (three months ended 30 June 2018: Nil).

7. Dividend

The Board does not recommend payment of a dividend for the three months ended 30 June 2019 (three months ended 30 June 2018: Nil).

8. Loss per share

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

	(Unaudited)	
	Three months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	<u>627</u>	<u>3,243</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>218,894</u>	<u>218,894</u>

9. Share Option Schemes

On 4 January 2011, the shareholders of the Company approved to terminate the old share option scheme and adopted a new share option scheme (the “New Scheme”).

The major terms of the New Scheme are summarized as follows:

1. The purpose of the New Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group.
2. The Board of Directors may, at its discretion, offer the options to any 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, shareholder of any member of the Group, consultants to subscribe for shares of the Company.
3. The maximum number of ordinary 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 per cent. Of the share capital of the Company in issue from time to time.

The total number of ordinary shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the ordinary shares in issue on the date of approval of the New Scheme (the “Scheme Limit”) or as at the date of the Shareholders’ approval of the refreshed Scheme Limit.

4. The total number of ordinary shares issued and which may fall to be issued upon exercise of the options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being.
5. The exercise period of any option granted under the New Scheme shall be determined by the Board but such period shall not exceed 10 years from the date of grant.
6. The New Scheme does not specify any minimum holding period.

7. The acceptance of an offer of the grant of the option under the New Scheme (“Offer”) must be made within 21 days from the date on which the letter containing the Offer is delivered to that participant together with a non-refundable payment of HK\$1.00 from each grantee.
8. The subscription price will be determined by the Board of Directors of the Company and shall not be less than the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company’s shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company’s shares on the five trading days immediately preceding the date of offer of the options.
9. 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 three months ended 30 June 2019, no option was granted under the New Scheme.

For the three months ended 30 June 2019, no employee compensation expense has been included in the unaudited condensed consolidated statement of profit or loss and other comprehensive income (three months ended 30 June 2018: Nil).

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

10. Contingent Liabilities

As at 30 June 2019, except for as disclosed below, the Company did not provide any corporate guarantee to third parties.

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 one of the ultimate shareholders of KCL.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The money lending business is the core business of the Group and generate stable income to the Group.

The Company reviewed that the ecommerce is a part of the modern urban lifestyle in Hong Kong. The Group has been developing the retails and online sales business since year 2015. The Group will keep on to exploit self-own brand products, namely Master Chef Series and FRESHNESSMART, Dawooyeon Hanwoo and 李朝, and source different types of products from local or overseas suppliers to satisfy the ever-changing conditions of our customers.

The Group engages catering coupon distribution business in Hong Kong local market from 2016. End customers are eager to purchase these catering coupons with discounts and more willing to dine out. The Group cooperates with certain key catering companies and builds an extensive sales channel and network. It is expected to be benefit to our shareholders.

Operation Review

Turnover for the three months ended 30 June 2019 was approximately HK\$28.2 million, representing a decrease of approximately 48.1% when compared with the same period last year. Loss attributable to owners of the Company for the three months ended 30 June 2019 was approximately HK\$0.7 million and the corresponding period in 2018 was a loss of HK\$3.2 million.

Money Lending Business

The Group has been engaging actively in money lending business for more than seven years and a solid client base was built. For the three months ended 30 June 2019, turnover for this segment under review was approximately HK\$11.8 million. It is expected to generate sustainable income in the coming future.

Retail and Wholesale Business

The Group is operating 3 retail shops which located in Wanchai, Lai Chi Kok and Tai Po and online business for the sales of grocery products. Beyond the general products like frozen food, the Group will focus more the in-house ready-to-eat products for the public.

The Group has also been developing the wholesale business since 2015. However, the wholesale business is highly competitive and the Group is streamlining the business segment.

Turnover for this segment for the three months ended 30 June 2019 under review was approximately HK\$16.3 million, being 59.4% decrease when compared with the corresponding period in 2018 was of HK\$40.1 million.

Due to highly competitive of the wholesale business in Hong Kong and the increase in the cost of sales and administration fee in this segment, the Company decided to streamline this business segment by reducing the market share in the wholesales business. The Company can improve the working capital after better manage its inventory and its accounts receivable. After increasing of the working capital, the Company could more focus in its money lending business and other possible investment.

Outlook

The Group will proceed to seek investment opportunities for further improving the business and explore new investments to boarder 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 2019 (three months ended 30 June 2018: 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 2019, 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 2019
Mr. Shiu Yeuk Yuen (note 1)	1,005,000	7 (note 2)	82,288,613 (note 3)	83,293,620	38.05%

Notes:

1. Mr. Shiu Yeuk Yuen (“Mr. Shiu”) is the Executive Director of the Company.
2. 7 shares 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 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 2019, 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 2019
China Creative Digital Entertainment Limited (<i>note</i>)	26,093,500	11.92%

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

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 2019 to 30 June 2019.

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 2019.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the three months ended 30 June 2019, 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.

REVIEW OF QUARTERLY RESULTS

The unaudited consolidated results of the Group for the three months ended 30 June 2019 have not been audited nor reviewed by the Company’s auditor, Moore Stephens 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. Lee King Fui, chairman of the Audit Committee, Mr. Siu Chi Yiu, Kenny and Mr. Ho Siu King, Stanley.

AUDIT COMMITTEE

The Company established an audit committee (the “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-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 Audit Committee comprises three independent Non-executive Directors, Mr. Lee King Fui, the Chairman of the Audit Committee, Mr. Siu Chi Yiu, Kenny and Mr. Ho Siu King, Stanley. The Group’s unaudited results for the three months ended 30 June 2019 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results had complied with the applicable accounting standards and requirements and that adequate disclosures had been made.

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 for securities transactions by employees who are likely to be in possession of any unpublished inside information of the Company.

LIST OF DIRECTORS

Mr. Shiu Yeuk Yuen	–	Executive Director
Ms. Siu Yeuk Hung, Clara	–	Executive Director
Mr. Lee King Fui	–	Independent Non-executive Director
Mr. Siu Chi Yiu, Kenny	–	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, 14 August 2019

LIST OF DIRECTORS

Mr. Shiu Yeuk Yuen	–	Executive Director
Ms. Siu Yeuk Hung, Clara	–	Executive Director
Mr. Ho Siu King, Stanley	–	Independent Non-executive Director
Mr. Siu Chi Yiu, Kenny	–	Independent Non-executive Director
Mr. Lee King Fui	–	Independent Non-executive Director

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

Hong Kong, 14 August 2019

This announcement will remain on the “Latest Company Announcements” page of the website of the GEM at www.hkgem.com for at least seven days from the date of its posting and on the Company’s website at www.ecrepay.com.