

EASY REPAY FINANCE & INVESTMENT LIMITED

易還財務投資有限公司

(Continued in Bermuda with limited liability)

(Stock Code: 8079)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This 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 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 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 document misleading.

HIGHLIGHTS

- Turnover for the six months ended 30 September 2016 was approximately HK\$85 million (six months ended 30 September 2015: HK\$51 million) representing an increase of approximately 67%, as compared with the corresponding period in 2015.
- Profit attributable to owners of the Company for the six months ended 30 September 2016 was approximately HK\$13.3 million (six months ended 30 September 2015: HK\$20.0 million).
- The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 September 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 September		For the six months ended 30 September	
		2016	2015	2016	2015
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	47,570	28,453	84,967	50,777
Cost of sales		(25,126)	(8,866)	(44,187)	(14,019)
Gross profit		22,444	19,587	40,780	36,758
Investment and other income	2	678	353	740	757
Other (losses) and gains, net	2	(1,209)	(28,919)	(107)	6,928
Servicing, selling and distribution costs		(4,350)	(1,823)	(5,531)	(2,218)
Reversal of/(provision for) impairment on loans		–	26,244	–	(1,756)
Administrative expenses		(8,667)	(8,116)	(20,009)	(19,124)
Operating profit		8,896	7,326	15,873	21,345
Finance costs		(517)	(385)	(948)	(854)
Share of results of associates	9	(329)	7	(329)	(339)
Profit before income tax	4	8,050	6,948	14,596	20,152
Income tax	5	(940)	–	(1,326)	–
Profit for the period		7,110	6,948	13,270	20,152
Other comprehensive income/(loss):					
Changes in fair value of financial assets at fair value through other comprehensive income (2015: available-for-sale financial assets)		(3,627)	3,015	74	4,163
Other comprehensive income/(loss) for the period		(3,627)	3,015	74	4,163
Total comprehensive income for the period		3,483	9,963	13,344	24,315

	<i>Notes</i>	For the three months ended 30 September		For the six months ended 30 September	
		2016	2015	2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) attributable to:					
Owners of the Company		7,236	6,690	13,275	19,959
Non-controlling interests		(126)	258	(5)	193
		<u>7,110</u>	<u>6,948</u>	<u>13,270</u>	<u>20,152</u>
Total comprehensive income/(loss) attributable to:–					
Owners of the Company		3,609	9,705	13,349	24,122
Non-controlling interests		(126)	258	(5)	193
		<u>3,483</u>	<u>9,963</u>	<u>13,344</u>	<u>24,315</u>
Earnings per share attributable to owners of the Company					
Basic and diluted (2015: restated)	7	<u>HK3.29 cents</u>	<u>HK3.04 cents</u>	<u>HK6.03 cents</u>	<u>HK9.06 cents</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	8	22,123	22,395
Interests in associates	9	5,819	—
Financial assets at fair value through other comprehensive income	10	21,789	8,813
Loans and advances	11	193,064	196,348
		242,795	227,556
Current assets			
Trade receivables	12	12,904	2,542
Prepayments, deposits and other receivables		7,503	2,375
Loans and advances	11	228,224	185,993
Inventories		11,083	7,026
Financial assets at fair value through profit or loss		3,699	19,156
Amounts due from associates	9	1,337	2,147
Pledged bank deposits		1,011	1,010
Cash and cash equivalents		8,100	39,989
		273,861	260,238

		As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
	<i>Notes</i>		
LIABILITIES			
Current liabilities			
Trade and other payables		11,018	5,577
Financial liability at fair value through profit or loss		3	3
Amounts due to non-controlling interests		600	746
Amounts due to related parties		19,200	10,200
Borrowings		7,000	7,000
Provision for tax		2,206	880
Obligations under finance leases		209	207
		<u>40,236</u>	<u>24,613</u>
Net current assets		<u>233,625</u>	<u>235,625</u>
Total assets less current liabilities		<u>476,420</u>	<u>463,181</u>
Non-current liabilities			
Obligations under finance leases		–	105
		<u>–</u>	<u>105</u>
Net assets		<u><u>476,420</u></u>	<u><u>463,076</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	2,202	2,202
Reserves		471,137	457,788
		<u>473,339</u>	<u>459,990</u>
Non-controlling interests		<u>3,081</u>	<u>3,086</u>
Total equity		<u><u>476,420</u></u>	<u><u>463,076</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2016

	Equity attributable to the owners of the Company									
	Share capital	Share premium	Capital redemption reserve	Accumulated losses	Capital reserves	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 2015	2,202	353,907	278	(163,029)	28,546	(20,839)	221,038	422,103	(79)	422,024
Profit for the period	–	–	–	19,959	–	–	–	19,959	193	20,152
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	4,163	–	4,163	–	4,163
Total comprehensive income	–	–	–	19,959	–	4,163	–	24,122	193	24,315
Balance at 30 September 2015	<u>2,202</u>	<u>353,907</u>	<u>278</u>	<u>(143,070)</u>	<u>28,546</u>	<u>(16,676)</u>	<u>221,038</u>	<u>446,225</u>	<u>114</u>	<u>446,339</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
Profit/(loss) for the period	–	–	–	13,275	–	–	–	13,275	(5)	13,270
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	74	–	74	–	74
Total comprehensive income/(loss)	–	–	–	13,275	–	74	–	13,349	(5)	13,344
Balance at 30 September 2016	<u>2,202</u>	<u>353,907</u>	<u>278</u>	<u>(42,057)</u>	<u>28,392</u>	<u>(15,309)</u>	<u>145,926</u>	<u>473,339</u>	<u>3,081</u>	<u>476,420</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(36,048)	56,322
Net cash (used in)/generated from investing activities	(4,738)	17,998
Net cash generated from/(used in) financing activities	<u>8,897</u>	<u>(78,579)</u>
Net decrease in cash and cash equivalents	(31,889)	(4,259)
Cash and cash equivalents at the beginning of period	<u>39,989</u>	<u>66,403</u>
Cash and cash equivalents at the end of period	<u><u>8,100</u></u>	<u><u>62,144</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

In the current period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the current period. The application of the above new or revised HKFRSs has had no material effect on the Group’s financial statements.

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements have been consistently applied by the Group and are consistent with those used in preparing the Company’s annual audited financial statements for the year ended 31 March 2016.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2016 have not been audited or reviewed by the Company’s auditors, but have been reviewed by the audit committee of the Company.

2. REVENUE, OTHER REVENUE AND OTHER GAINS/(LOSSES) – NET

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group’s activities as described below:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

Revenue arising from money lending is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Rental income is recognised on a straight-line basis over the term of the lease.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

Revenue arising from the sale of properties held for resale is recognised upon signing of sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, whichever is the later.

Management fee income is recognised when services are rendered.

	For the three months ended 30 September		For the six months ended 30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Money lending	18,211	16,695	33,732	34,626
Rental income from investment properties	–	18	–	18
Retail services income	5,357	3,343	7,739	4,069
Wholesale income	24,002	8,397	43,496	12,064
	<u>47,570</u>	<u>28,453</u>	<u>84,967</u>	<u>50,777</u>
Other revenue and other gains/(losses), – net				
Dividend income from listed investments	67	51	67	321
Fair value (losses)/gains on financial assets at fair value through profit or loss	(1,152)	(24,993)	(259)	9,495
Gains/(losses) on disposal of financial assets at fair value through profit or loss	8	(3,788)	158	(2,567)
Interest income from corporate coupon bonds	–	273	–	329
Bank interest income	–	52	1	61
Recovery of bad debts written off	515	–	515	–
Others	31	(161)	151	46
	<u>(531)</u>	<u>(28,566)</u>	<u>633</u>	<u>7,685</u>

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief executive directors and the management staff that are used to make strategic decisions.

An analysis of the Group's reportable operating segments results before income tax for the period is as follows:

For the six months ended 30 September 2016

(Unaudited)

	Securities and bonds investment HK\$'000	Money lending HK\$'000	Retail services HK\$'000	Wholesale business HK\$'000	Total HK\$'000
Segment revenue:					
Revenue from external customers	–	33,732	7,739	43,496	84,967
Other revenue and other gains – net	67	47	91	2	207
	<u>67</u>	<u>33,779</u>	<u>7,830</u>	<u>43,498</u>	<u>85,174</u>
Segment results	<u>(2,069)</u>	<u>24,692</u>	<u>(137)</u>	<u>(574)</u>	<u>21,912</u>
Unallocated income					127
Unallocated expenses					(6,166)
Operating profit					15,873
Finance costs					(948)
Share of results of associates					(329)
Profit before income tax					14,596
Income tax					(1,326)
Profit for the period					<u>13,270</u>

For the six months ended 30 September 2015
(Unaudited)

	Property investment <i>HK\$'000</i>	Securities and bonds investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Retail services <i>HK\$'000</i>	Wholesale business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:						
Revenue from						
external customers	18	–	34,626	4,069	12,064	50,777
Other revenue and						
other gains – net	–	7,931	11	2	12	7,956
	<u>18</u>	<u>7,931</u>	<u>34,637</u>	<u>4,071</u>	<u>12,076</u>	<u>58,733</u>
Segment results	<u>18</u>	<u>4,649</u>	<u>22,496</u>	<u>459</u>	<u>199</u>	<u>27,821</u>
Unallocated income						239
Unallocated expenses						(6,715)
Operating profit						21,345
Finance costs						(854)
Share of results of associates						(339)
Profit before income tax						20,152
Income tax						–
Profit for the period						<u>20,152</u>

Geographical information

Revenue from external customers by geographical markets:

	For the six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<u>84,967</u>	<u>50,777</u>

4. PROFIT BEFORE INCOME TAX

Profit before income tax is stated at after charging/(crediting) the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Auditors' remuneration	165	114	330	223
Cost of inventories recognised as expenses	25,126	8,866	44,187	14,019
Depreciation	1,289	124	2,327	504
Net exchange (gain)/loss	1	7	1	(131)
Minimum lease payments under operating lease	1,169	708	2,338	1,317
(Reversal of)/provision for impairment on loans	–	(26,244)	–	1,756
Rental income net of outgoings in respect of investment properties	9	9	18	18
	<u>9</u>	<u>9</u>	<u>18</u>	<u>18</u>

5. INCOME TAX

	(Unaudited) six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Current tax : Hong Kong		
– Charge for the period	1,326	–
	<u>1,326</u>	<u>–</u>

The provision for Hong Kong Profits Tax for the six months ended 30 September 2016 is calculated at 16.5% of the estimated assessable profits for the year. (Six months ended 30 September 2015: No provision for Hong Kong Profits Tax has been made for the companies in the Group as they either have no assessable profits or have available tax losses brought forward from prior years to offset against estimated assessable profits).

6. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 September 2016 is based on the profit attributable to shareholders of approximately HK\$7,236,000 (three months ended 30 September 2015: approximately HK\$6,690,000) and the weighted average number of 220,219,354 ordinary shares in issue during the period (three months ended 30 September 2015: 220,219,354 shares).

The calculation of basic earnings per share for the six months ended 30 September 2016 is based on the profit attributable to shareholders of approximately HK\$13,275,000 (six months ended 30 September 2015: approximately HK\$19,959,000) and the weighted average number of 220,219,354 ordinary shares in issue during the period (six months ended 30 September 2015: 220,219,354 shares).

The calculation of diluted earnings per share for the three months ended 30 September 2016 is based on the profit attributable to shareholders of approximately HK\$7,236,000 (three months ended 30 September 2015: approximately HK\$6,690,000) and the weighted average number of 220,219,354 ordinary shares for the purpose of diluted earnings per share during the period (three months ended 30 September 2015: 220,219,354 shares).

The calculation of diluted earnings per share for the six months ended 30 September 2016 is based on the profit attributable to shareholders of approximately HK\$13,275,000 (six months ended 30 September 2015: approximately HK\$19,959,000) and the weighted average number of 220,219,354 ordinary shares for the purpose of diluted earnings per share during the period (six months ended 30 September 2015: 220,219,354 shares).

8. PROPERTY, PLANT AND EQUIPMENT

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
At beginning of the period/year	22,395	4,194
Additions	2,055	20,084
Depreciation	(2,327)	(1,883)
	<u>22,123</u>	<u>22,395</u>

9. INTERESTS IN ASSOCIATES

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Unlisted shares, at cost	8,038	1,890
Share of post-acquisition losses	(2,219)	(1,890)
	<u>5,819</u>	<u>—</u>

The amounts due from associates are unsecured, interest free and repayable on demand.

Particulars of the associates as at 30 September 2016 are as follows:

Name of associates	Particulars of issued and fully paid capital	Country of incorporation	Proportion of ownership interest		Principal activities
			Group's effective interest	Held by a subsidiary	
Keep Choice Limited	100 ordinary shares of HK\$1 each	Hong Kong	22%	22%	Operation of a motor vehicle examination centre
KOC Jetfun Limited	10,000 ordinary shares of HK\$1 each	Hong Kong	40%	40%	Food & beverage internet platform
One Dollar Movies Productions Limited	10 ordinary shares of HK\$1 each	Hong Kong	40%	40%	Movies production
One Dollar Distribution Limited	10,000 ordinary shares of HK\$1 each	Hong Kong	40%	40%	Movies distribution
Perfect Talent Limited	1 ordinary share of HK\$1 each	Hong Kong	40%	40%	Movies production
Smart Investment Development Limited	10,000 ordinary shares of HK\$1 each	Hong Kong	45.65%	45.65%	Operation of a dispensary

The movement in loans to associates during the period/year is as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Loans to associates:		
Balance at the beginning of the period/year	16,782	16,782
Decrease	(810)	—
Balance at the end of the period/year	<u>15,972</u>	<u>16,782</u>

The movement in the provision for impairment of loans to associates is as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Balance at the beginning of the period/year	14,635	12,600
Additions	<u>—</u>	<u>2,035</u>
Balance at the end of the period/year	<u>14,635</u>	<u>14,635</u>

The summarised financial information of the Group's associates extracted from their management accounts is as follows:

	For the six months ended 30 September 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Total revenue	<u>—</u>	<u>9,038</u>
Total loss for the period	<u>(1,497)</u>	<u>(1,806)</u>
The Group's share of loss of associates	<u>(329)</u>	<u>(339)</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Listed shares, at fair value (<i>Note a</i>)	20,769	7,813
Real estate funds, at fair value (<i>Note b</i>)	<u>1,020</u>	<u>1,000</u>
	<u>21,789</u>	<u>8,813</u>

Note a: The fair values of listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges.

Note b: The unlisted investment funds represent the Group's investment in China Real Estate Development II Fund, which invested in private equity real estate development projects in the People's Republic of China through CAPITALAND China Development Fund II Limited, managed by CAPITALAND China Development Fund Management PTE Ltd. The fair value of the investment is determined by reference to the net asset values at the end of the reporting period.

11. LOANS AND ADVANCES

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Loans and advances to customers	428,382	389,435
Less: impairment allowances	(7,094)	(7,094)
Loans and advances to customers – net	421,288	382,341

Ageing analysis of loans and advances to customers:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Within one year	228,224	185,993
Over one year but within five years	67,089	193,735
Over five years	125,975	2,613
	421,288	382,341

Reconciliation of provision for impairment on loans and advances to customers:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Balance at the beginning of the period/year	7,094	6,899
Provision for impairment on loans	–	2,459
Reversal of impairment recognised in prior year	–	(375)
Amount written off during the period/year	–	(1,889)
	<u>7,094</u>	<u>7,094</u>
Balance at the end of the period/year	<u>7,094</u>	<u>7,094</u>
Recovery of loan and advances to customers directly written off in previous years	<u>(515)</u>	<u>(2,904)</u>

12. TRADE RECEIVABLES

The aging analysis of trade receivables is as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Neither past due nor impaired	<u>12,904</u>	<u>2,542</u>

13. SHARE CAPITAL

	As at 30 September 2016 (Unaudited) <i>No. of shares</i>	<i>HK\$'000</i>	As at 31 March 2016 (Audited) <i>No. of shares</i>	<i>HK\$'000</i>
Authorized:				
Ordinary shares of HK\$0.01 each	<u>30,000,000,000</u>	<u>300,000</u>	<u>30,000,000,000</u>	<u>300,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>220,219,354</u>	<u>2,202</u>	<u>220,219,354</u>	<u>2,202</u>

14. SHARE OPTION SCHEMES

The share option scheme approved by the shareholders of the Company on 24 September 2001 was expired and on 4 January 2011, the shareholders of the Company approved to adopt a new share option scheme (the “New Scheme”) under which its Board of Directors may, at its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries, suppliers, customers, advisors or consultants options to subscribe for shares of the Company. The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme adopted by the Group shall not exceed 30 per cent. of the share capital of the Company in issue from time to time. The subscription price will be determined by the Company’s Board of Directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company’s shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company’s shares on the five trading days immediately preceding the date of offer of the options.

The New Scheme is valid for ten years from the date of adoption.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

For the six months ended 30 September 2016, no option was granted under the New Scheme.

For the six months ended 30 September 2016, no employee compensation expense has been include in the unaudited condensed consolidated statement of profit or loss and other comprehensive income (six months ended 30 September 2015: Nil).

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

15. COMMITMENTS

Operating lease commitments – where the Group as lessee

As at 30 September 2016, the Group’s total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 September 2016 (Unaudited) HK\$’000	As at 31 March 2016 (Audited) HK\$’000
Within one year	5,271	5,442
In the second to fifth years, inclusive	1,687	3,663
	<u>6,958</u>	<u>9,105</u>

16. RELATED PARTY TRANSACTIONS

During the financial period under review, the Group had transactions with related parties as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental income	<u>9</u>	<u>9</u>	<u>18</u>	<u>18</u>

For the six months ended 30 September 2016, rental income of approximately HK\$18,000 was received from the Company controlled by the family member of Mr. Leung Ge On, Andy, an Executive Director.

17. CONTINGENT LIABILITIES

On 9 October 2012, the Group and Mark Glory International Enterprise Limited, a wholly owned subsidiary of HMV Digital China Group Limited (“HMV Digital China”) 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 to 31 October 2017. 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 Six-month Period, 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 Six-month Period.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period’s presentation to align with the financial statements presentation of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The money lending business has continued to achieve satisfactory, which will continue to be the core business of the Group and to generate stable income to the Group.

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

In addition, the Group kicks off the frozen food processing and distribution business in 2016. The Group starts to import different kinds of frozen food, such as seafood, meats and fruits from local or overseas suppliers in supporting the retails and wholesales business of the Group. In addition, the Group also obtained the restricted food permit for online sale of prepackaged frozen meat and frozen poultry in May 2016. Furthermore, the distribution center is located at Kwai Hing which also obtained a certificate for the processing, storage and packaging of frozen meat, chilled meat and frozen marine products and also obtained the ISO22000:2005 food safety management system in June 2016 respectively. The Group puts the emphasis on food safety in our operation.

The wholesale business has also been engaging since January 2015. The wholesale business generates a sustainable income to the Group.

Due to economic downturn, catering industry players find it difficult to boost their business in Hong Kong local market. So the Group engages catering coupon distribution business. End customers are eager to purchase these catering coupons with discounts and more willing to dine out. The Group cooperates with some 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 six months ended 30 September 2016 (“Six-month Period”) was approximately HK\$85 million, representing an increase of approximately 67% when compared with the corresponding period of last year. Profit attributable to owners of the Company for the Six-month Period was approximately HK\$13.3 million and the corresponding period in 2015 was HK\$20 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. It will be focused 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, the Group has built up a wide solid client base and made satisfactory profit. For the Six-month Period, turnover for this segment under review was approximately HK\$33.7 million. By the end of September 2016, the Group had built up a lending portfolio of HK\$421 million and it would continue to grow steadily and generate sustainable income in the coming future.

Retail Business

Turnover for this segment for the Six-month Period under review was approximately HK\$7.7 million, being 90% increased when compared with that of 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 been developing the wholesale business in 2015. The wholesale business is a fine supplement to our retail business and it has contributed HK\$43.5 million to the turnover of the Group during the Six-month Period. The Group expects this segment 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internally generated cash flows. As at 30 September 2016, the Group had cash and cash equivalents of approximately HK\$8 million (31 March 2016: HK\$40 million).

As at 30 September 2016, the Group had borrowings of HK\$7 million (31 March 2016: HK\$7 million) which were used to finance the money lending business, marketable securities and bonds investment.

As at 30 September 2016, the Group's gearing ratio, expressed as a percentage of total borrowings, (comprising amounts due to related parties, borrowings and obligation under a finance lease) less cash and cash equivalents then divided by total equity, was 4% (31 March 2016: nil).

CHARGES ON GROUP'S ASSET

As at 30 September 2016, except for the pledged bank deposits, financial instruments of approximately of HK\$22 million was pledged as collateral to securities brokers for margin financing granted to the Group. As at 30 September 2016, no margin financing was utilised by the Group.

TREASURY POLICIES

Cash and bank deposits of the Group are mainly in Hong Kong dollars, Renminbi and US dollar.

Since most of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk have been implemented.

EMPLOYEES

As at 30 September 2016, the Group had around 83 (30 September 2015: 52) full-time and part-time employees. The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 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 September 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 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 September 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 is held by Ms. Hau Lai Mei, the spouse of Mr. Shiu.
3. Able Rich Consultants Limited, a wholly-owned subsidiary of Rich Treasure Group Limited, of which Mr. Shiu is the sole director and shareholder.

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 September 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 September 2016
HMV Digital China Group Limited (note)	26,093,500	11.85%

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.

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

During the Six-month Period, the Company repurchased its own shares through the Stock Exchange as follows:

Date of Repurchase	Number of shares repurchased	Aggregate Consideration	Price per share repurchased
28 September 2016	25,000	HK\$17,250	HK\$0.69
Total:	25,000	HK\$17,250	

The above shares were cancelled on 17 October 2016.

RELATED PARTY TRANSACTIONS

Details of the related party transactions for the period are set out in note 16 to the unaudited condensed consolidated interim financial statements.

Save as disclosed therein, there were no other transactions to be disclosed as related party transactions in accordance with the requirements of the GEM Listing Rules.

COMPETING INTEREST

None of the Directors or the management 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 Six-month Period.

As of the date of this report, the Board of Directors of the Company comprises Executive Directors who are Mr. Shiu Yeuk Yuen and Mr. Leung Ge On, Andy; and Independent Non-executive Directors who are Dr. Siu Yim Kwan, Sidney, Mr. Kam Tik Lun and Mr. Ho Siu King, Stanley.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Six-month Period, the Company has complied with the code provisions (“Code”) set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules, except for the following deviation of Code A.2.1.

Code A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The positions of Chairman of the Board and Chief Executive Officer (“CEO”) of the Company are both currently carried on by the same person. The Board considers that this structure does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and there is a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). Given the composition of the Board, the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-yearly reports and quarterly reports and to provide advice and comment thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

REVIEW OF INTERIM RESULTS

The unaudited consolidated results of the Group for the Six-month Period 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. Kam Tik Lun, chairman of the Audit Committee, Dr. Siu Yim Kwan, Sidney and Mr. Ho Siu King, Stanley.

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 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 Six-month Period.

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

CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transaction I

On 9 October 2012, a 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 HMV Digital China with Wit Way Enterprise Limited, in relation to the lease of the premises. As the tenancy agreement expired on 31 October 2015, a new tenancy agreement was entered into by the same parties on 20 October 2015 (“Date of Agreement”). The terms of the new tenancy agreement is for two years commencing from 1 November 2015 to 31 October 2017, both days inclusive, with a monthly rental of HK\$325,000 inclusive of management charges (equivalent to HK\$3,900,000 per annum), but exclusive of government rates and all other outgoings. The rent, government rates and all outgoings of the premises shall be paid by Top Euro and Mark Glory in equal shares.

HMV Digital China is a substantial shareholder of the Company as at the Date of Agreement. Accordingly, HMV Digital China are regarded as connected person of the Company under the GEM Listing Rules. Therefore, the new tenancy agreement (including the contingent rental liability, being a provision of financial assistance) constitutes continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

The aggregate annual cap of the aforesaid continuing connected transactions for the financial year ending 31 March 2017 is HK\$4,036,800 and the transaction amount in connection with the continuing connected transactions for the Six-month Period was HK\$1,011,650, which was within the annual caps as set out in the Company’s announcement dated 20 October 2015.

Continuing Connected Transaction II

Basic Wholesale Limited (“Basic”) is a subsidiary of the Company. The Company indirectly holds 80% of equity interests in Basic and the remaining 20% is held by Upstair Wholesale (HK) Limited (“Upstair”). Mr. Yeung Tak Lok (“Mr. Yeung”), a director of Basic, is one of the directors and shareholders with 30% or above equity interests in Upstair and Lok Chun Trading Limited.

Mr. Yeung or its related parties has a good networks and a wide range of sources or suppliers in the wholesale industry. Therefore, Basic was authorised to have purchase and sales transactions with Mr. Yeung or its related parties during the Six-month Period.

The related party transactions in respect of the sales and purchase of groceries products constitute continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules as the non-controlling shareholder is a connected person at subsidiary level.

Auditor's letter on continuing connected transactions

The Board has engaged Moore Stephens CPA Limited, the auditor of the Company to report the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the Practice Note 740 "Auditor's Letter on Continuing Connected Transaction under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing their findings and conclusions in respect of the continuing connected transactions of the Group disclosed above in accordance with Rule 20.54 of the GEM Listing Rules. The auditor has confirmed to the Company that nothing has come to their attention that causes them to believe that the continuing connected transactions of the Group for the year ended 31 March 2016 disclosed above:

- (1) have not been approved by the Company's board of directors;
- (2) were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) have exceeded the annual cap as set by the Company.

Confirmation of Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the continuing connected transactions and have confirmed that the transactions have been entered into by the Group in the ordinary and usual course of its business, on normal commercial terms, and in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Contracts of Significance

Except for the disclosure under the heading "continuing connected transactions" above and there are no other contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted during the Six-month Period.

LIST OF DIRECTORS

Mr. Shiu Yeuk Yuen	–	Executive Director
Mr. Leung Ge On, Andy	–	Executive Director
Dr. Siu Yim Kwan, Sidney	–	Independent Non-executive Director
Mr. Kam Tik Lun	–	Independent Non-executive Director
Mr. Ho Siu King, Stanley	–	Independent Non-executive Director

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

Hong Kong, 11 November 2016

As at the date of this announcement, the board of directors of the Company comprises Mr. Shiu Yeuk Yuen and Mr. Leung Ge On, Andy as executive directors; Dr. Siu Yim Kwan, Sidney, Mr. Kam Tik Lun and Mr. Ho Siu King, Stanley as independent non-executive directors.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, 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.

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.