

# **EASY REPAY FINANCE & INVESTMENT LIMITED**

## **易還財務投資有限公司**

*(Continued into Bermuda with limited liability)*

**(Stock code: 8079)**

### **FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **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 GEM 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.*

The board of Directors (the “**Board**”) of Easy Repay Finance & Investment Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March, 2020 together with the comparative figures as follows:

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2020*

|                                                                                                         | <i>Notes</i> | <b>2020</b><br><b>HK\$'000</b> | 2019<br>HK\$'000 |
|---------------------------------------------------------------------------------------------------------|--------------|--------------------------------|------------------|
| <b>Revenue from money lending</b>                                                                       | 4(a)         | <b>51,966</b>                  | 60,080           |
| <b>Revenue from sale of goods</b>                                                                       | 4(a)         | <b>64,144</b>                  | 146,188          |
| Cost of goods sold                                                                                      |              | <b>(49,901)</b>                | (126,373)        |
| <b>Gross profit from sale of goods</b>                                                                  |              | <b>14,243</b>                  | 19,815           |
| Investment and other income                                                                             | 5            | <b>1,523</b>                   | 3,456            |
| Other gains and losses, net                                                                             | 6            | <b>12</b>                      | (3,889)          |
| Servicing, selling and distribution costs                                                               |              | <b>(11,064)</b>                | (18,864)         |
| Administrative expenses                                                                                 |              | <b>(60,421)</b>                | (70,294)         |
| Allowance for expected credit losses on trade receivables, net                                          |              | <b>(4,915)</b>                 | (1,629)          |
| Allowance for expected credit losses on loans and advances to customers, net                            |              | <b>(54,133)</b>                | (24,552)         |
| Finance costs                                                                                           | 8            | <b>(1,242)</b>                 | (2,243)          |
| Share of results of associates                                                                          |              | <b>1,070</b>                   | 1,010            |
| Share of result of a joint venture                                                                      |              | <b>(872)</b>                   | (146)            |
| <b>Loss before tax</b>                                                                                  |              | <b>(63,833)</b>                | (37,256)         |
| Income tax (expense)/credit                                                                             | 9            | <b>(107)</b>                   | 122              |
| <b>Loss for the year</b>                                                                                |              | <b>(63,940)</b>                | (37,134)         |
| <b>Other comprehensive loss for the year, net of tax:</b>                                               |              |                                |                  |
| Items that will not be reclassified subsequently to profit or loss:                                     |              |                                |                  |
| Changes in fair value on equity instruments designated at fair value through other comprehensive income |              | <b>—</b>                       | (9,326)          |
| <b>Total comprehensive loss for the year</b>                                                            |              | <b>(63,940)</b>                | (46,460)         |

|                                                               |              | 2020                           | 2019                           |
|---------------------------------------------------------------|--------------|--------------------------------|--------------------------------|
|                                                               | <i>Notes</i> | <b><i>HK\$'000</i></b>         | <i>HK\$'000</i>                |
| <b>Loss for the year attributable to:</b>                     |              |                                |                                |
| Owners of the Company                                         |              | (63,441)                       | (37,108)                       |
| Non-controlling interests                                     |              | <u>(499)</u>                   | <u>(26)</u>                    |
|                                                               |              | <b><u>(63,940)</u></b>         | <b><u>(37,134)</u></b>         |
| <b>Total comprehensive loss for the year attributable to:</b> |              |                                |                                |
| Owners of the Company                                         |              | (63,441)                       | (46,434)                       |
| Non-controlling interests                                     |              | <u>(499)</u>                   | <u>(26)</u>                    |
|                                                               |              | <b><u>(63,940)</u></b>         | <b><u>(46,460)</u></b>         |
| <b>Loss per share</b>                                         |              |                                |                                |
| Basic and diluted                                             | 10           | <b><u>(28.47 HK cents)</u></b> | <b><u>(16.95 HK cents)</u></b> |

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31 March 2020*

|                                                                | <i>Notes</i> | <b>2020</b><br><b>HK\$'000</b> | <b>2019</b><br><b>HK\$'000</b> |
|----------------------------------------------------------------|--------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                                                  |              |                                |                                |
| <b>Non-current assets</b>                                      |              |                                |                                |
| Property, plant and equipment                                  |              | <b>16,415</b>                  | 19,990                         |
| Right-of-use assets                                            |              | <b>5,279</b>                   | –                              |
| Interests in associates                                        |              | <b>20,294</b>                  | 9,581                          |
| Interest in a joint venture                                    |              | <b>355</b>                     | 1,227                          |
| Deposits, prepayments and other receivables                    |              | <b>64</b>                      | 790                            |
| Loans and advances to customers                                | <i>12</i>    | <b>95,326</b>                  | 110,784                        |
|                                                                |              | <b>137,733</b>                 | 142,372                        |
| <b>Current assets</b>                                          |              |                                |                                |
| Inventories                                                    |              | <b>3,632</b>                   | 10,123                         |
| Trade receivables                                              | <i>11</i>    | <b>5,665</b>                   | 18,095                         |
| Deposits, prepayments and other receivables                    |              | <b>2,776</b>                   | 6,805                          |
| Loans and advances to customers                                | <i>12</i>    | <b>178,727</b>                 | 222,121                        |
| Financial assets at fair value through profit or loss          |              | <b>240</b>                     | 3,517                          |
| Amounts due from associates                                    |              | <b>1,341</b>                   | –                              |
| Tax recoverable                                                |              | <b>241</b>                     | 2,356                          |
| Pledged bank deposits                                          |              | <b>1,003</b>                   | 1,002                          |
| Cash and cash equivalents                                      |              | <b>47,438</b>                  | 34,779                         |
|                                                                |              | <b>241,063</b>                 | 298,798                        |
| Assets classified as held for sale                             |              | <b>–</b>                       | 2,318                          |
|                                                                |              | <b>241,063</b>                 | 301,116                        |
| <b>LIABILITIES</b>                                             |              |                                |                                |
| <b>Current liabilities</b>                                     |              |                                |                                |
| Trade and other payables                                       | <i>13</i>    | <b>8,441</b>                   | 8,530                          |
| Contract liabilities                                           | <i>14</i>    | <b>1,054</b>                   | 353                            |
| Lease liabilities                                              |              | <b>3,858</b>                   | –                              |
| Amount due to an associate                                     |              | <b>1,012</b>                   | –                              |
| Amount due to a joint venture                                  |              | <b>86</b>                      | –                              |
| Amounts due to related parties                                 |              | <b>–</b>                       | 5,700                          |
| Borrowings                                                     | <i>15</i>    | <b>–</b>                       | 7,500                          |
| Bank overdrafts                                                |              | <b>–</b>                       | 485                            |
| Income tax payable                                             |              | <b>95</b>                      | 887                            |
|                                                                |              | <b>14,546</b>                  | 23,455                         |
| Liabilities associated with assets classified as held for sale |              | <b>–</b>                       | 7                              |
|                                                                |              | <b>14,546</b>                  | 23,462                         |
| <b>Net current assets</b>                                      |              | <b>226,517</b>                 | 277,654                        |
| <b>Total assets less current liabilities</b>                   |              | <b>364,250</b>                 | 420,026                        |

|                                                     |              | 2020                   | 2019            |
|-----------------------------------------------------|--------------|------------------------|-----------------|
|                                                     | <i>Notes</i> | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| <b>Non-current liabilities</b>                      |              |                        |                 |
| Lease liabilities                                   |              | <b>658</b>             | –               |
| Deferred tax liabilities                            |              | <u><b>500</b></u>      | <u>123</u>      |
|                                                     |              | <u><b>1,158</b></u>    | <u>123</u>      |
| <b>Net assets</b>                                   |              | <u><b>363,092</b></u>  | <u>419,903</u>  |
| <b>EQUITY</b>                                       |              |                        |                 |
| <b>Equity attributable to owners of the Company</b> |              |                        |                 |
| Share capital                                       | 16           | <b>2,404</b>           | 2,189           |
| Reserves                                            |              | <u><b>358,314</b></u>  | <u>414,846</u>  |
|                                                     |              | <b>360,718</b>         | 417,035         |
| <b>Non-controlling interests</b>                    |              | <u><b>2,374</b></u>    | <u>2,868</u>    |
| <b>Total equity</b>                                 |              | <u><b>363,092</b></u>  | <u>419,903</u>  |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

|                                                                                                                                                       | Attributable to owners of the Company |               |                      |                 |                                |                     |                    |          |                           |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------|----------------------|-----------------|--------------------------------|---------------------|--------------------|----------|---------------------------|--------------|
|                                                                                                                                                       | Share capital                         | Share premium | Share option reserve | Capital reserve | Investment revaluation reserve | Contributed surplus | Accumulated losses | 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     |
|                                                                                                                                                       | (note 16(a))                          |               |                      |                 |                                |                     |                    |          |                           |              |
| Balance at 1 April 2018                                                                                                                               | 2,189                                 | 353,125       | —                    | 28,392          | (16,320)                       | 145,926             | (49,843)           | 463,469  | 2,466                     | 465,935      |
| Loss for the year                                                                                                                                     | —                                     | —             | —                    | —               | —                              | —                   | (37,108)           | (37,108) | (26)                      | (37,134)     |
| Other comprehensive income:                                                                                                                           |                                       |               |                      |                 |                                |                     |                    |          |                           |              |
| Changes in fair value on equity instruments designated at fair value through other comprehensive income                                               | —                                     | —             | —                    | —               | (9,326)                        | —                   | —                  | (9,326)  | —                         | (9,326)      |
| Transfer of revaluation reserves to accumulated losses upon disposal of equity instrument designated at fair value through other comprehensive income | —                                     | —             | —                    | —               | 25,646                         | —                   | (25,646)           | —        | —                         | —            |
| Total comprehensive expense for the year                                                                                                              | —                                     | —             | —                    | —               | 16,320                         | —                   | (62,754)           | (46,434) | (26)                      | (46,460)     |
| Transactions with owners:                                                                                                                             |                                       |               |                      |                 |                                |                     |                    |          |                           |              |
| Acquisition of non-controlling interest                                                                                                               | —                                     | —             | —                    | —               | —                              | —                   | —                  | —        | 428                       | 428          |
| Balance at 31 March 2019 and 1 April 2019                                                                                                             | 2,189                                 | 353,125       | —                    | 28,392          | —                              | 145,926             | (112,597)          | 417,035  | 2,868                     | 419,903      |
| Loss for the year                                                                                                                                     | —                                     | —             | —                    | —               | —                              | —                   | (63,441)           | (63,441) | (499)                     | (63,940)     |
| Transactions with owners                                                                                                                              |                                       |               |                      |                 |                                |                     |                    |          |                           |              |
| Disposal of subsidiaries                                                                                                                              | —                                     | —             | —                    | —               | —                              | —                   | —                  | —        | 5                         | 5            |
| Equity-settled share option arrangement                                                                                                               | —                                     | —             | 1,436                | —               | —                              | —                   | —                  | 1,436    | —                         | 1,436        |
| Share issued upon exercise of share option                                                                                                            | 215                                   | 6,884         | (1,411)              | —               | —                              | —                   | —                  | 5,688    | —                         | 5,688        |
| Total transactions with owners                                                                                                                        | 215                                   | 6,884         | 25                   | —               | —                              | —                   | —                  | 7,124    | 5                         | 7,129        |
| Balance at 31 March 2020                                                                                                                              | 2,404                                 | 360,009       | 25                   | 28,392          | —                              | 145,926             | (176,038)          | 360,718  | 2,374                     | 363,092      |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 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 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, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HKD**” or “**HK\$**”), which is the same as the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand except where otherwise indicated.

The Group is principally engaged in the money lending business, financial instruments and quoted shares investment and retail and wholesale business.

These consolidated financial statements were approved and authorised for issue by the board of directors on 24 June 2020.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time in the current year:

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

|                       |                                                      |
|-----------------------|------------------------------------------------------|
| HKFRS 16              | Leases                                               |
| HK(IFRIC) – Int 23    | Uncertainty over Income Tax Treatments               |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation       |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement            |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2015–2017 Cycle        |

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## ***HKFRS 16 Leases***

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases (“**HKAS 17**”), and the related interpretations.

### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

### *As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rates for certain leases of office buildings in Hong Kong were determined on a portfolio basis; and
- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied was 4.375%.

|                                                                                        | At 1 April<br>2019<br><i>HK\$'000</i> |
|----------------------------------------------------------------------------------------|---------------------------------------|
| Operating lease commitments disclosed as at 31 March 2019                              | 8,868                                 |
| Less: Recognition exemption – short-term leases                                        | <u>(2,294)</u>                        |
| Subtotal                                                                               | <u><u>6,574</u></u>                   |
| Lease liabilities discounted at relevant incremental borrowing rate as at 1 April 2019 | 5,732                                 |
| Add: Extension options reasonably certain to be exercised                              | <u>245</u>                            |
|                                                                                        | <u><u>5,977</u></u>                   |
| Analysed as                                                                            |                                       |
| Current                                                                                | 3,879                                 |
| Non-current                                                                            | <u>2,098</u>                          |
|                                                                                        | <u><u>5,977</u></u>                   |

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

|                                                                                                            | At 1 April<br>2019<br><i>HK\$'000</i> |
|------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Right-of-use assets relating to operating leases recognised upon application of HKFRS 16 – office building | 5,977                                 |
| Adjustments on rental deposits at 1 April 2019                                                             | <u>343</u>                            |
|                                                                                                            | <u><u>6,320</u></u>                   |

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

|                                            | <b>Carrying amounts<br/>previously<br/>reported at<br/>31 March 2019<br/>HK\$'000</b> | <b>Adjustments<br/>HK\$'000</b> | <b>Carrying amounts<br/>under HKFRS 16<br/>at 1 April 2019<br/>HK\$'000</b> |
|--------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------------------------------------------|
| <b>Non-current assets</b>                  |                                                                                       |                                 |                                                                             |
| Right-of-use assets                        | –                                                                                     | 6,320                           | 6,320                                                                       |
| Deposits, prepayment and other receivables | –                                                                                     | (216)                           | (216)                                                                       |
| <b>Current assets</b>                      |                                                                                       |                                 |                                                                             |
| Deposits, prepayment and other receivables | –                                                                                     | (127)                           | (127)                                                                       |
| <b>Current liabilities</b>                 |                                                                                       |                                 |                                                                             |
| Lease liabilities                          | –                                                                                     | (3,879)                         | (3,879)                                                                     |
| <b>Non-current liabilities</b>             |                                                                                       |                                 |                                                                             |
| Lease liabilities                          | –                                                                                     | (2,098)                         | (2,098)                                                                     |

#### **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

|                                            |                                                                                                    |
|--------------------------------------------|----------------------------------------------------------------------------------------------------|
| HKFRS 17                                   | Insurance Contracts <sup>1</sup>                                                                   |
| Amendment to HKFRS 16                      | Covid-19-Related Rent Concessions <sup>5</sup>                                                     |
| Amendments to HKFRS 3                      | Definition of a Business <sup>2</sup>                                                              |
| Amendments to HKFRS 10 and HKAS 28         | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to HKAS 1 and HKAS 8            | Definition of Material <sup>4</sup>                                                                |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform <sup>4</sup>                                                        |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 April 2020.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”).

#### Basis of preparation and consolidation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments, which are measured at fair values at the end of each reporting period. The measurement bases are described in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries and the Group’s interests in associates and a joint venture. The income and expenses of subsidiaries acquired or disposed of during the year are included in profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a debit balance.

All intra-group transactions, balances, income and expenses within the Group are eliminated on consolidation.

Non-controlling interest in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

#### 4. REVENUE AND SEGMENT INFORMATION

##### (a) Revenue

|                                                                                   | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|-----------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Revenue from contracts with customers within the scope of HKFRS 15</b>         |                         |                         |
| Contracts with customers                                                          |                         |                         |
| Retail sales of grocery products, coupons, operating a restaurant and frozen food | 40,594                  | 27,231                  |
| Wholesale of grocery products and frozen food                                     | <u>23,550</u>           | <u>118,957</u>          |
|                                                                                   | -----<br>64,144         | -----<br>146,188        |
| <b>Revenue from contracts with customers not within the scope of HKFRS 15</b>     |                         |                         |
| Revenue from money lending                                                        | -----<br>51,966         | -----<br>60,080         |
|                                                                                   | <u>116,110</u>          | <u>206,268</u>          |
| Timing of revenue recognition within the scope of HKFRS 15                        |                         |                         |
| At point in time                                                                  | <u>64,144</u>           | <u>146,188</u>          |

##### (b) Segment information

The chief operating decision makers have been identified as the executive directors of the Company (the “**Executive Directors**”). The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

Management assesses the performance based on the nature of the Group’s businesses which are principally located in Hong Kong, and comprises (i) money lending; and (ii) groceries, frozen food, operating a restaurant and catering coupons retail and wholesale business.

Segment results represent the loss generated by each segment without allocation of central administration costs, investment and other income, other gains and losses, finance costs, share of results of associates, share of result of a joint venture and taxation. This is the measure reported to the Executive Directors for the purposes of resources allocation and assessment of segment performance.

Segment assets include all assets, other than unallocated corporate assets. Segment liabilities include all liabilities, other than unallocated corporate liabilities, current tax liabilities.

(c) Segment results, assets and liabilities

|                                                                              | Money lending          |                       | Groceries retail<br>and wholesale |                        | Total                  |                        |
|------------------------------------------------------------------------------|------------------------|-----------------------|-----------------------------------|------------------------|------------------------|------------------------|
|                                                                              | 2020                   | 2019                  | 2020                              | 2019                   | 2020                   | 2019                   |
|                                                                              | HK\$'000               | HK\$'000              | HK\$'000                          | HK\$'000               | HK\$'000               | HK\$'000               |
| <b>Reportable segment revenue from external customers</b>                    | <b><u>51,966</u></b>   | <b><u>60,080</u></b>  | <b><u>64,144</u></b>              | <b><u>146,188</u></b>  | <b><u>116,110</u></b>  | <b><u>206,268</u></b>  |
| <b>Reportable segment loss before tax</b>                                    | <b><u>(36,933)</u></b> | <b><u>(8,208)</u></b> | <b><u>(15,058)</u></b>            | <b><u>(19,054)</u></b> | <b><u>(51,991)</u></b> | <b><u>(27,262)</u></b> |
| Depreciation of property, plant and equipment                                | 1,683                  | 1,806                 | 1,686                             | 2,512                  | 3,369                  | 4,318                  |
| Depreciation of right-of-use assets                                          | 1,956                  | –                     | 1,769                             | –                      | 3,725                  | –                      |
| Allowance for expected credit losses on trade receivables, net               | –                      | –                     | 4,915                             | 1,629                  | 4,915                  | 1,629                  |
| Allowance for expected credit losses on loans and advances to customers, net | 54,133                 | 24,552                | –                                 | –                      | 54,133                 | 24,552                 |
| <b>Reportable segment assets</b>                                             | <b>305,180</b>         | <b>360,418</b>        | <b>38,557</b>                     | <b>43,470</b>          | <b>343,737</b>         | <b>403,888</b>         |
| Assets classified as held for sale                                           | –                      | –                     | –                                 | 2,318                  | –                      | 2,318                  |
|                                                                              | <b><u>305,180</u></b>  | <b><u>360,418</u></b> | <b><u>38,557</u></b>              | <b><u>45,788</u></b>   | <b><u>343,737</u></b>  | <b><u>406,206</u></b>  |
| Additions to property, plant and equipment                                   | 722                    | 1,502                 | 296                               | 4,341                  | 1,018                  | 5,843                  |
| <b>Reportable segment liabilities</b>                                        | <b>4,642</b>           | <b>1,137</b>          | <b>8,797</b>                      | <b>6,851</b>           | <b>13,439</b>          | <b>7,988</b>           |
| Liability associated with asset classified as held for sale                  | –                      | –                     | –                                 | 7                      | –                      | 7                      |
|                                                                              | <b><u>4,642</u></b>    | <b><u>1,137</u></b>   | <b><u>8,797</u></b>               | <b><u>6,858</u></b>    | <b><u>13,439</u></b>   | <b><u>7,995</u></b>    |

(d) **Reconciliations of reportable segment revenue, loss before tax, assets and liabilities**

|                                                             | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|-------------------------------------------------------------|-------------------------|-------------------------|
| <b>Revenue</b>                                              |                         |                         |
| Reportable segment revenue and consolidated revenue         | <u>116,110</u>          | <u>206,268</u>          |
|                                                             | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
| <b>Loss before tax</b>                                      |                         |                         |
| Reportable segment loss before tax                          | (51,991)                | (27,262)                |
| Unallocated head office corporate expenses                  | (12,333)                | (8,182)                 |
| Investment and other income                                 | 1,523                   | 3,456                   |
| Other gains and losses, net                                 | 12                      | (3,889)                 |
| Share of results of associates                              | 1,070                   | 1,010                   |
| Share of result of a joint venture                          | (872)                   | (146)                   |
| Finance costs                                               | <u>(1,242)</u>          | <u>(2,243)</u>          |
| Consolidated loss before tax                                | <u>(63,833)</u>         | <u>(37,256)</u>         |
|                                                             | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
| <b>Assets</b>                                               |                         |                         |
| Reportable segment assets                                   | 343,737                 | 403,888                 |
| Unallocated corporate assets                                | <u>35,059</u>           | <u>37,282</u>           |
|                                                             | 378,796                 | 441,170                 |
| Assets held for sale                                        | <u>–</u>                | <u>2,318</u>            |
| Consolidated total assets                                   | <u>378,796</u>          | <u>443,488</u>          |
|                                                             | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
| <b>Liabilities</b>                                          |                         |                         |
| Reportable segment liabilities                              | 13,439                  | 7,988                   |
| Unallocated corporate liabilities                           | <u>2,265</u>            | <u>15,590</u>           |
|                                                             | 15,704                  | 23,578                  |
| Liability associated with asset classified as held for sale | <u>–</u>                | <u>7</u>                |
| Consolidated total liabilities                              | <u>15,704</u>           | <u>23,585</u>           |

**(e) Information about major customers**

No single customer contributed 10% or more to the Group's revenue for the years ended 31 March 2020 and 2019.

**(f) Geographical information**

All of the Group's operations and assets are located in Hong Kong, in which all of its revenue was derived.

**5. INVESTMENT AND OTHER INCOME**

|                                                | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|------------------------------------------------|-------------------------|-------------------------|
| Dividend income from financial assets at FVTPL | 5                       | 267                     |
| Interest income from                           |                         |                         |
| – bank balances                                | 417                     | 50                      |
| – an independent third party                   | –                       | 1,439                   |
| Rental income from sub-letting of              |                         |                         |
| – office premises                              | 154                     | 86                      |
| Sponsorship income                             | 329                     | 880                     |
| Others                                         | <u>618</u>              | <u>734</u>              |
|                                                | <u><u>1,523</u></u>     | <u><u>3,456</u></u>     |

**6. OTHER GAINS AND LOSSES, NET**

|                                                        | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|--------------------------------------------------------|-------------------------|-------------------------|
| Exchange losses, net                                   | (273)                   | (57)                    |
| Fair value gains on financial assets at FVTPL, net     | 2,181                   | 2                       |
| Gain/(loss) on disposal of subsidiaries                | 709                     | (2,909)                 |
| Loss on disposal of an associate                       | –                       | (909)                   |
| Impairment loss of interests in associates             | (2,339)                 | –                       |
| Gain on bargain purchase of a subsidiary               | 102                     | –                       |
| Loss on disposal of property, plant and equipment, net | <u>(368)</u>            | <u>(16)</u>             |
|                                                        | <u><u>12</u></u>        | <u><u>(3,889)</u></u>   |

## 7. LOSS BEFORE TAX

|                                                                            | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
|----------------------------------------------------------------------------|------------------|------------------|
| Loss before tax is arrived at after charging:                              |                  |                  |
| Auditors' remuneration                                                     | 650              | 690              |
| Commission expense (included in employee benefit expenses)                 |                  |                  |
| – Money lending business                                                   | 3,768            | 3,968            |
| – Retail and wholesale business                                            | 142              | 2,048            |
| Minimum lease payments in respect of operating lease of land and buildings | 843              | 7,620            |
| Employee benefit expenses                                                  |                  |                  |
| – Basic salaries, allowances and other benefits in kind                    | 32,274           | 44,116           |
| – Retirement benefit scheme contributions                                  | 2,138            | 1,465            |
| Equity-settled share option expense                                        | 1,436            | –                |
|                                                                            | <u>35,848</u>    | <u>45,581</u>    |
| Depreciation of property, plant and equipment                              |                  |                  |
| – Owned assets (included in administrative expenses)                       | 5,209            | 6,540            |
| – Owned assets (included in cost of sales)                                 | 646              | 442              |
|                                                                            | <u>5,855</u>     | <u>6,982</u>     |
| Depreciation of right-of-use assets                                        |                  |                  |
| – Included in administrative expenses                                      | 3,129            | –                |
| – Included in cost of sales                                                | 596              | –                |
|                                                                            | <u>3,725</u>     | <u>–</u>         |
| Carrying amount of inventories sold                                        | 47,352           | 121,436          |
| Write-down of inventories (included in cost of sales)                      | 1,332            | 1,374            |
|                                                                            | <u>48,684</u>    | <u>122,810</u>   |

## 8. FINANCE COSTS

|                       | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
|-----------------------|------------------|------------------|
| Interest expenses on: |                  |                  |
| Other loans           | 1,088            | 2,243            |
| Lease liabilities     | <u>154</u>       | <u>–</u>         |
|                       | <u>1,242</u>     | <u>2,243</u>     |

## 9. INCOME TAX EXPENSE/(CREDIT)

|                                 | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
|---------------------------------|------------------|------------------|
| Current tax: Hong Kong          |                  |                  |
| – Over-provision in prior years | <u>(270)</u>     | <u>(14)</u>      |
| Deferred tax                    | <u>377</u>       | <u>(108)</u>     |
| Income tax expense/(credit)     | <u>107</u>       | <u>(122)</u>     |

For the year ended 31 March 2020, Hong Kong Profits Tax was calculated at 16.5% (2019: 16.5%) on the estimated assessable profits.

## 10. LOSS PER SHARE

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

|                                                         | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
|---------------------------------------------------------|------------------|------------------|
| <b>Loss</b>                                             |                  |                  |
| Loss for the year attributable to owners of the Company | <u>(63,441)</u>  | <u>(37,108)</u>  |

|                                                                                                | 2020               | 2019               |
|------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Number of ordinary shares</b>                                                               |                    |                    |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | <u>222,845,898</u> | <u>218,894,354</u> |

The computation of diluted loss per share for the years ended 31 March 2020 and 2019 does not assume the conversion of the Company's outstanding the exercise of share options since their assumed exercise would result in a decrease in loss per share.

## 11. TRADE RECEIVABLES

|                             | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|-----------------------------|-------------------------|-------------------------|
| Trade receivables           | 8,046                   | 22,194                  |
| Allowance for credit losses | <u>(2,381)</u>          | <u>(4,099)</u>          |
|                             | <u><b>5,665</b></u>     | <u><b>18,095</b></u>    |

The Group maintains payment terms of cash on delivery for retail sales for both years ended 31 March 2020 and 2019. The credit term for certain wholesale customers is 30 to 90 days from the date of billing for the years ended 31 March 2020 and 2019. The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

The following is an aged analysis of trade receivables, net of impairment:

|                                       | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|---------------------------------------|-------------------------|-------------------------|
| Within three months                   | 1,919                   | 13,479                  |
| Over three months and within one year | <u>3,746</u>            | <u>4,616</u>            |
|                                       | <u><b>5,665</b></u>     | <u><b>18,095</b></u>    |

## 12. LOANS AND ADVANCES TO CUSTOMERS

|                                    | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|------------------------------------|-------------------------|-------------------------|
| Loans and advances to customers    | 355,467                 | 364,685                 |
| Allowance for impairment           | <u>(81,414)</u>         | <u>(31,780)</u>         |
|                                    | <u><b>274,053</b></u>   | <u><b>332,905</b></u>   |
| Analysed for reporting purpose as: |                         |                         |
| Current portion                    | 178,727                 | 222,121                 |
| Non-current portion                | <u>95,326</u>           | <u>110,784</u>          |
|                                    | <u><b>274,053</b></u>   | <u><b>332,905</b></u>   |

As at 31 March 2020, loans and advances to customers of HK\$40,208,000 (2019: HK\$93,260,000) are secured by the customers' pledged first charge properties located in Hong Kong of which the fair value of the property is higher of the respective loan. As at 31 March 2020, total market value of the customers' pledged properties as collaterals for these loans and advances to customers was HK\$101,950,000 (2019: HK\$183,900,000). The remaining balances are unsecured that includes unsecured personal loans and second and third mortgage loans.

All loans and advances to customers are denominated in HK\$. The Group's loans and advances to customers related to a large number of diversified customers with principal amount ranged from HK\$8,000 to HK\$32,680,000 (2019: HK\$4,500 to HK\$32,680,000). The loans and advances to customers carry fixed effective interest rate as follows with credit terms mutually agreed with the customers:

### 13. TRADE AND OTHER PAYABLES

|                             | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|-----------------------------|-------------------------|-------------------------|
| Trade payables              | 4,014                   | 4,307                   |
| Other payables and accruals | <u>4,427</u>            | <u>4,223</u>            |
|                             | <u><b>8,441</b></u>     | <u><b>8,530</b></u>     |

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

|               | 2020<br><i>HK\$'000</i> | 2019<br><i>HK\$'000</i> |
|---------------|-------------------------|-------------------------|
| 0–30 days     | 2,190                   | 4,246                   |
| 31–90 days    | 150                     | 17                      |
| 91–365 days   | 1,293                   | 44                      |
| Over 365 days | <u>381</u>              | <u>–</u>                |
|               | <u><b>4,014</b></u>     | <u><b>4,307</b></u>     |

#### 14. CONTRACT LIABILITIES

|                                                     | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
|-----------------------------------------------------|------------------|------------------|
| Receipt in advance of retail and wholesale products | <u>1,054</u>     | <u>353</u>       |

All contract liabilities are expected to be recognised as income within one year.

Movements in contract liabilities are as follows:

|                                    | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
|------------------------------------|------------------|------------------|
| At 1 April                         | 353              | 31               |
| Receipt in advance during the year | 4,627            | 25,422           |
| Revenue recognised during the year | <u>(3,926)</u>   | <u>(25,100)</u>  |
| At 31 March                        | <u>1,054</u>     | <u>353</u>       |

#### 15. BORROWINGS

|                                             | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
|---------------------------------------------|------------------|------------------|
| Other loans – unsecured ( <i>note (i)</i> ) | <u>–</u>         | <u>7,500</u>     |

*Note:*

- (i) During the year ended 31 March 2019, the other loans were denominated in HK\$ and were borrowed from independent third parties. The loans were unsecured, interest-bearing at the rate of 10% per annum and repayable on demand or within one year.

The maturity profile of the borrowings based on the scheduled repayment dates set out in the loan agreements is as follows:

|                 | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
|-----------------|------------------|------------------|
| On demand       | –                | 6,500            |
| Within one year | <u>–</u>         | <u>1,000</u>     |
|                 | <u>–</u>         | <u>7,500</u>     |

## 16. CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

During the year ended 31 March 2020, options were exercised to subscribe 21,465,000 ordinary shares in the Company at a consideration of HK\$5,688,000, resulting in additional share capital of HK\$215,000, share premium of HK\$6,884,000 and a reduction of share option reserve of HK\$1,411,000.

|                                                                   | Number of<br>shares       | HK\$'000            |
|-------------------------------------------------------------------|---------------------------|---------------------|
| <b>Authorised ordinary shares of HK\$0.01 each:</b>               |                           |                     |
| At 1 April 2018, 31 March 2019, 1 April 2019 and<br>31 March 2020 |                           |                     |
| Ordinary shares of HK\$0.01 each                                  | <u>30,000,000,000</u>     | <u>300,000</u>      |
| <b>Issued and fully paid ordinary shares of HK\$0.01 each:</b>    |                           |                     |
| At 1 April 2018, 31 March 2019 and 1 April 2019                   | 218,894,354               | 2,189               |
| Share option exercise                                             | <u>21,465,000</u>         | <u>215</u>          |
| <b>At 31 March 2020</b>                                           | <u><b>240,359,354</b></u> | <u><b>2,404</b></u> |

All issued shares rank pari passu in all respects with each other.

### (b) Dividend

No dividend was paid or proposed during the year ended 31 March 2020 nor has any dividend been proposed since the end of reporting period (2019: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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

The Company reviewed that the E-commerce 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 continue to develop self-own brand products, namely Master Chef Series and FRESHNESSMART, Dawooyeon Hanwoo, 李朝, 月姐滋養湯 and 老蕭燉湯 and source different types of products from local or overseas suppliers to satisfy the ever-changing conditions of our customers.

The Company has a trial to step into the local catering market in December 2019. It is expected to increase the revenue and market share in Hong Kong.

### **OPERATION REVIEW**

Revenue for the financial year ended 31 March 2020 was approximately HK\$116.1 million (2019: HK\$206.3 million). The loss before tax is mainly arising from the increase of the allowance for expected credit losses on loans and advances to customers.

#### **Money Lending Business**

After actively participating in money lending business for more than seven years, a solid client base has been built. In the financial year, revenue for this segment under review was approximately HK\$52.0 million (2019: HK\$60.1 million).

The demand for loans is correlated to consumer and business sentiment on expenditure and/or purchase of real estate assets for residential or investment purposes which can then be reflected in the level of domestic economic activities. The economic activities and business sentiment have been affected by the novel coronavirus infection. Many enterprises suffer from a plunge in business turnover, resulting in a liquidity problem, in particular those small and medium enterprises which have difficulty in obtaining commercial bank loans due to their scale of operation. This may provide potential opportunities for licensed money lenders, particularly when banks' attitudes have become more conservative under the worsened economic environment, notwithstanding that the Group has become more cautious in its lending given the weakening economy in Hong Kong which may give rise to more bad debts in the industry.

## **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 been operating a Korean BBQ restaurant in Hong Kong since December 2019. We will continue to monitor the operation and develop new market in order to increase the revenue and market share.

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

Revenue for this segment for the year ended 31 March 2020 was approximately HK\$64.1 million (2019: HK\$146.2 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 through better inventory and accounts receivable management, thus the Company could more focus in its money lending business and other possible investment.

In view of the recent social incidents, US-Mainland trade tensions and novel coronavirus outbreak, the Group's retail and restaurant business may be potentially affected. However, this may hasten the shift of consumers' behaviour to shop online instead of physical shops as consumers stay at homes and avoid going to crowded areas in the wake of the novel coronavirus, which may in turn stimulate the Group's existing online retail business, mitigating the potential adverse impact on the Group's retail and restaurant business. Although it is difficult to estimate how long the novel coronavirus will remain, consumers currently have a higher tendency and frequency to shop online than before. It is expected that after experiencing online shopping for several months, certain consumers may change their shopping behavior from offline to online. This may provide potential opportunities for retailers with an online presence.

## **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.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally financed its operations with internally generated cash flows. As at 31 March 2020, the Group had cash and cash equivalents of approximately HK\$47.4 million (2019: HK\$34.3 million).

As at 31 March 2020, the Group had no borrowings (2019: HK\$7.5 million) which were used to finance the operation of the Group.

As at 31 March 2020, the Group's gearing ratio, expressed as a percentage of total borrowings (comprising amounts due to related parties, borrowings) less cash and cash equivalents then divided by total equity was nil (2019: nil).

## **CHARGES ON GROUP'S ASSETS**

As at 31 March 2020, except for the pledged bank deposits and financial instruments of approximately HK\$0.1 million (2019: HK\$2.4 million) was pledged as collateral to securities brokers for margin financing granted to the Group, no margin financing was utilised by the Group.

## **TREASURY POLICIES**

Cash and bank deposits of the Group are mainly denominated in HK dollars (“**HK\$**”).

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 31 March 2020, the Group had around 99 (2019: 124) full-time employees. The total employee remuneration, including that of the Directors, for the year ended 31 March 2020 amounted to approximately HK\$35.8 million (2019: HK\$45.6 million). The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

## **CAPITAL STRUCTURE**

During the year ended 31 March 2020, the Company has been changed as follows.

On 10 December 2019, in order to motivate the employee's performance, the Company has granted an aggregate of 21,850,000 share options at exercise price of HK\$0.265 per share to 10 grantees ("**Grantees**") who all are full time employees of the Company and each of the Grantee has 2,185,000 share option of HK\$0.01 each in the share capital of the Company subject to acceptance of the Grantees under the share option scheme adopted by the Company on 4 January 2011.

For the year ended 31 March 2020, an aggregate of 21,465,000 shares option have been exercised and remaining of 385,000 shares option was outstanding.

The total issued share capital of the Company as at 31 March 2020 is 240,359,354 shares.

### **Placing of New Shares under General Mandate**

On 6 December 2019, the Company entered into the Placing Agreement with Head & Shoulders Securities Limited, as placing agent to place on a best effort basis, a maximum of 43,500,000 placing shares at the placing price of HK\$0.169 per placing share. The gross proceeds and net proceeds from the placing will be approximately HK\$7.35 million and HK\$7.21 million respectively, which will be used for general working capital of the Group.

On 30 December 2019, the conditions of the placing have not been fulfilled. The placing agreement has lapsed and the placing will not proceed.

Details of the placing has been disclosed in the announcements on 6 December 2019, 12 December 2019 and 30 December 2019 respectively.

### **Placing of New Shares under General Mandate**

On 25 February 2020, the Company entered into the placing agreement with Finet Securities Limited ("**Finet**"), as placing agent to place on a best effort basis, a maximum of 43,500,000 placing shares at the placing price of HK\$0.315 per placing share. The gross proceeds and net proceeds from the placing will be approximately HK\$13.7 million and HK\$13.2 million respectively, which will be used for general working capital of the Group.

On 20 March 2020, the Company and Finet entered into the supplemental placing agreement to increase the initial placing price from HK\$0.315 to HK\$0.325. The gross proceeds and net proceeds from the placing will be increased to approximately HK\$14.1 million and HK\$13.4 million respectively, which will be used for money lending business, retail and wholesale business; for settlement of the professional fees and relevant legal proceedings against the Company; for hiring new personnel for the expansion of online retail platform; and purchasing software and equipment for the expansion of online retail platform.

On 27 March 2020, the Company and Finet mutually agreed to terminate the placing agreement.

Details of the placing has been disclosed in the announcements on 25 February 2020, 28 February 2020, 20 March 2020 and 27 March 2020 respectively.

## **ACQUISITION OF A SUBSIDIARY**

In December 2019, the Company initiated to explore the opportunities of potential vertical integration by acquiring a 100% equity interest in a company, Head Captain Limited, which is principally engaged in operation of a Korean cuisine restaurant in Hong Kong for a consideration of HK\$2.0 million. It is signified the Group's initial trial to step into local catering market after years of experience in sourcing food supplies for the local restaurants.

## **INVESTMENT IN THREE ASSOCIATES**

On 2 March 2020, Perfect Catering Group Limited (a wholly-owned subsidiary of the Company) (the “**Purchaser**”) entered into three agreements with three independent third parties respectively. Agreement A was entered into between the Purchaser and Vendor A in relation to an acquisition of a 20% equity interest in Big Max Limited (“**Target A**”) for a consideration of HK\$3.85 million. Agreement B and Agreement C was entered into by the Purchaser with Vendor B and Vendor C respectively in respect of an acquisition of a 20% equity interest in Diamond Brave Limited (“**Target B**”) and Wing Way Limited (“**Target C**”) respectively for the same consideration of HK\$4.1 million. Target A, Target B and Target C is principally engaged in the operation of a HK-style restaurant under the same brand name “Times Cafe 時代冰室” in Kowloon Bay, Shatin and North Point respectively.

Details of the acquisitions was disclosed in the announcement dated 9 April 2020.

## **CONTINGENT LIABILITIES**

As at 31 March 2020, 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 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.

## **DIVIDEND**

The Directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2020 (2019: Nil).

## **EVENT AFTER REPORTING PERIOD**

### **Voluntary Conditional Cash Offers**

On 10 March 2020 (after trading hours), the Board received a letter from Mr. Cheung Siu Fai (the “**Offeror**”) notifying the Board of the Offeror’s firm intention to make voluntary conditional cash offers (“**Offers**”) (i) to acquire all the shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it); and (ii) to cancel all outstanding options in compliance with Rule 13.5 of the Takeovers Code.

On 13 March 2020, the Offeror published the Offer Announcement setting out details of the Offers. As disclosed in the Offer Announcement, Kingsway Financial Services Group Limited, for and on behalf of the Offeror, make (i) the Share Offer at the Share Offer Price of HK\$0.29 per Offer Share (subject to any reduction by the amount of cash dividend or fair market value of any non-cash distribution if the Company declares or pays so on each Share for any period in the year ending 31 March 2020); and (ii) the Option Offer at the Option Offer Price of HK\$0.025 for cancellation of each Option. On 3 April 2020, the Offeror despatched the Offer Document.

An Independent Board Committee (“**IBC**”) comprising all the independent non-executive Directors of the Company has been formed to advise the Shareholders and the Optionholder in respect of the Offers. The Company has issued a Response Document on 17 April 2020 in respect of the Offers. The Board concurs with the IBC and the independent financial adviser and is of the view that the Offers are unfair and not in the interests of the Shareholders and the Optionholder, and recommends the Shareholders and the Optionholder to REJECT the Offers.

On 18 May 2020, in order to provide additional time for the Shareholders and Optionholders to consider the Offers, the Offeror has decided to extend the closing time and date of the Offers from 4:00 p.m. on 18 May 2020 to 4:00 p.m. on 2 June 2020 (the “**Extended Closing Date**”).

On 29 May 2020, the Company was informed by Mr. Shiu Yeuk Yuen (“**Mr. Shiu**”), the chairman of the Company, that a proposed settlement was reached between Mr. Shiu and his two wholly-owned companies, Mr. Shiu Stephen Junior and his wholly-owned company and the Offeror (“**Proposed Settlement**”). The Proposed Settlement constitutes a special deal under Rule 25 of the Takeovers Code. The Company understands from Mr. Shiu that the Offeror has applied to the Executive for consent to the Special Deal and such consent, if granted, will be subject to (i) an independent financial adviser to the Company publicly stating that in its opinion the terms of the Proposed Settlement are fair and reasonable; and (ii) the Proposed Settlement being approved at the special general meeting (“**SGM**”) by the Independent Shareholders. The SGM was held by the Company on 19 June 2020 and the resolution of Proposed Settlement was approved by Independent Shareholders.

On 2 June 2020, the Offeror had received (a) 17 valid acceptances in respect of a total of 2,339,438 Offer Shares (the “**Acceptance Shares**”), representing approximately 0.97% of the total number of Shares in issue as at 2 June 2020; and (b) no acceptance of any Option Offer. The Offeror Concert Group is interested in an aggregate of 26,093,500 Shares, representing approximately 10.86% of the issued share capital of the Company. Taking into account the Acceptance Shares together with the Shares already owned by the Offeror Concert Group, the Offeror Concert Group would be interested in an aggregate of 28,432,938 Shares, representing approximately 11.83% of the total issued share capital and voting rights of the Company.

In light of the level of acceptance of the Offers as set out above, the Acceptance Condition has not been satisfied as at the Extended Closing Date, and therefore the Offers have not become unconditional and lapsed on 2 June 2020.

Details of the Voluntary Conditional Cash Offers were disclosed on 13 March 2020, 20 March 2020, 26 March 2020, 3 April 2020, 17 April 2020, 21 April 2020, 18 May 2020, 29 May 2020, 1 June 2020, 2 June 2020, 11 June 2020 and 19 June 2020 respectively.

### **Requisition of Special General Meeting by Shareholder**

On 23 April 2020, Ms. Bai Yu, a registered holder of 26,093,500 Shares, representing approximately 10.86% of the issued share capital of the Company, deposited the requisition notice dated 15 April 2020 (“**Requisition Notice**”) to the registered office of the Company at Bermuda, requesting the Board to convene the SGM in accordance with the Companies Act, the Bye-laws and other applicable laws, rules and codes for the purpose of considering and, if thought fit, approving the Requisition Resolutions as ordinary resolutions of the Company. The Requisitioned Resolutions are reproduced from the Requisition Notice as follows:

1. that the maximum number of Directors for the purposes of Bye-law 101 of the Bye-laws be fixed at 11, which number shall be deemed to include any Director appointed pursuant to any of resolutions 2 to 7 below, whether or not the appointment has taken effect;

2. that Mr. Cheung Siu Fai be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong (the “**Takeovers Code**”);
3. that Mr. Fong Wai Ho and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
4. that Mr. Lam Chik Shun, Marcus be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
5. that Mr. Leung Wai Kei be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
6. that Mr. Wong Ka Wai be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
7. that Mr. Wong Yiu Kui be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code; and
8. that the general mandate given to the Directors to allot, issue and deal with additional shares not exceeding 20% of the issued share capital of the Company by an ordinary resolution passed at the annual general meeting of the Company held on 5 December 2019 be revoked with immediate effect.

It is noted that Requisitioned Resolutions numbered 2 to 7 (the “**Relevant Alternate Directors Resolutions**”) in the Requisition Notice refer to the proposed appointment of several candidates (the “**Candidates**”) pursuant to Bye-Law 90 of the Bye-Laws of the Company. Pursuant to Bye-Law 90 of the Bye-Laws of the Company, the Company in general meeting may by ordinary resolution elect a person or persons to act as alternate directors to any of the Directors of the Company. However, there is no information in the Requisition Notice as to which existing Directors to which the Candidates will act as alternate and the Company has still not received such information as at the date of this announcement. Based on the advice of the legal adviser to the Company as to Bermuda laws, the Relevant Alternate Directors Resolutions are not capable of taking effect due to the omission of the aforesaid information.

The Relevant Alternate Directors Resolutions as reproduced from the Requisition Notice will not be put forward for voting at the special general meeting which held on 29 May 2020 (“**SGM**”).

On 29 May 2020, the Requisitioned Resolutions numbered 1 and 8 (the “**Remaining Resolutions**”) were put forward for voting at the SGM and the Remaining Resolutions were duly passed by the Shareholders by way of poll at the SGM.

## **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 year ended 31 March 2020, an aggregate of 21,850,000 option was granted and 385,000 option was outstanding under the New Scheme.

### **Movement of the New Scheme**

|          | Exercise<br>Price | Date of<br>grant | Granted    | Exercised         | Cancelled/<br>Lapsed | Outstanding    | Period of Exercise     |
|----------|-------------------|------------------|------------|-------------------|----------------------|----------------|------------------------|
| Employee | 0.2650            | 10/12/2019       | 21,850,000 | <u>21,465,000</u> | —                    | <u>385,000</u> | 10/12/2019 – 9/12/2020 |
| Total:   |                   |                  |            | <u>21,465,000</u> | —                    | <u>385,000</u> |                        |

There is no employee compensation expense which was included in the consolidated statement of comprehensive income for the year ended 31 March 2020 (2019: nil). No liabilities was recognised due to share-based payment transactions.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Practices**

The Company is committed to achieving high standards of corporate governance to protect the interests of the shareholders of the Company. The Company had complied with the code provisions set out in the Code on Corporate Governance Practices (the “**Code**”) contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2020.

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.

Mr. Shiu Yeuk Yuen has resigned as the chief executive officer of the Company with effect from 10 January 2019, but will continue to serve as the chairman and executive director of the Company.

Ms. Siu Yeuk Hung Clara, currently an executive director of the Company and the director of several subsidiaries of the Company, has been appointed as the chief executive officer of the Company with effect from 10 January 2019.

Following the aforesaid change, the Company has complied with the Code A.2.1.

During the year ended 31 March 2020, the Board was responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group’ s policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Group’s policies and practices on compliance with all legal and regulatory requirements (where applicable);

- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Group's compliance with the Code and disclosure requirements in the corporate governance report.

Following the resignation of Mr. Ho Siu King, Stanley and Mr. Siu Chi Yiu, Kenny on 7 June 2020 and 18 June 2020 respectively, (i) the Company has only one independent non-executive Director which deviated from the requirement under the Rule 5.05(1) of the Rules Governing the Listing of Securities on the GEM on the Stock Exchange (the “**GEM Listing Rules**”); (ii) the Company has only one member in the Audit Committee which deviated from the requirement under the Rule 5.28 of the GEM Listing Rules; and (iii) the number of independent non-executive Directors in the Remuneration Committee does not meet the majority requirement under Rule 5.34 of the GEM Listing Rules. The Board will make its best endeavours to identify an appropriate person to fill the vacancy of independent non-executive Director, member of the Audit Committee and the Remuneration Committee as required under Rules 5.05(1), 5.28 and 5.34 of the GEM Listing Rules as soon as practicable.

## **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 for the financial year ended 31 March 2020.

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

For the year ended 31 March 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **REVIEW OF RESULTS**

The audited annual results of the Group for the year ended 31 March 2020 have been reviewed by the audit committee of the Company, which 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. The audit committee comprises Independent Non-executive Director, Mr. Lee King Fui.

## **REVIEW OF THE FINAL RESULTS ANNOUNCEMENT BY THE AUDITOR**

The figures in respect of this final results announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2020. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on the final results announcement.

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

Hong Kong, 24 June, 2020

As at the date hereof, the Board comprises Mr. Shiu Yeuk Yuen and Ms. Siu Yeuk Hung, Clara as Executive Directors and Mr. Lee King Fui as Independent Non-executive Director.

*This announcement will remain on the Company's website at [www.ecrepay.com](http://www.ecrepay.com) and at the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting.*