



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

Continued in Bermuda with limited liability

Stock Code : 8079

Interim Report
2018/19

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 report, for which the directors (the “Directors”) of Easy Repay Finance & Investment Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2018 was approximately HK\$106.6 million (six months ended 30 September 2017: HK\$98.8 million) representing an increase of approximately 7.9%, as compared with the corresponding period in 2017.
- Loss attributable to owners of the Company for the six months ended 30 September 2018 was approximately HK\$6.8 million (six months ended 30 September 2017: profit HK\$13.7 million).
- The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

INTERIM RESULTS

The Board of the Company present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 September 2018, together with the comparative figures for the corresponding period in 2017 as follows:

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

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	2	52,351	53,927	106,630	98,837
Cost of sales		(28,676)	(33,411)	(62,469)	(56,470)
Gross profit		23,675	20,516	44,161	42,367
Investment and other income	2	67	255	137	291
Other (losses) and gains, net	2	(41)	15	(191)	(1,496)
Servicing, selling and distribution costs		(3,999)	(3,456)	(7,403)	(6,228)
Administrative expenses		(19,080)	(8,800)	(37,959)	(20,123)
Impairment losses on loans and advances to customers, net		(4,015)	(250)	(5,015)	(250)
Operating (loss)/profit		(3,393)	8,280	(6,270)	14,561
Finance costs		(737)	(317)	(1,528)	(317)
Share of results of associates	9	333	440	749	1,081
(Loss)/profit before income tax	4	(3,797)	8,403	(7,049)	15,325
Income tax	5	-	(866)	-	(1,632)
(Loss)/profit for the period		(3,797)	7,537	(7,049)	13,693
Other comprehensive loss:					
Changes in fair value of financial assets at fair value through other comprehensive income		(439)	(823)	(713)	(1,508)
Other comprehensive loss for the period		(439)	(823)	(713)	(1,508)
Total comprehensive (loss)/income for the period		(4,236)	6,714	(7,762)	12,185

	<i>Notes</i>	For the three months ended 30 September		For the six months ended 30 September	
		2018	2017	2018	2017
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit attributable to:-					
Owners of the Company		(3,555)	7,532	(6,798)	13,737
Non-controlling interests		(242)	5	(251)	(44)
		<u>(3,797)</u>	<u>7,537</u>	<u>(7,049)</u>	<u>13,693</u>
Total comprehensive (loss)/income attributable to:-					
Owners of the Company		(3,994)	6,709	(7,511)	12,229
Non-controlling interests		(242)	5	(251)	(44)
		<u>(4,236)</u>	<u>6,714</u>	<u>(7,762)</u>	<u>12,185</u>
(Loss)/earnings per share attributable to owners of the Company					
Basic and diluted	7	<u>(HK1.62 cents)</u>	<u>HK3.43 cents</u>	<u>(HK3.11 cents)</u>	<u>HK6.25 cents</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

		As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	8	23,442	23,615
Interests in associates	9	11,399	10,650
Financial assets at fair value through other comprehensive income	10	5,839	6,552
Prepayment for acquisition of property, plant and equipment		-	251
Deposits, prepayments and other receivables		1,362	1,102
Loans and advances to customers	11	120,986	160,338
		163,028	202,508
Current assets			
Inventories		17,687	13,180
Trade receivables	12	31,375	30,117
Prepayments, deposits and other receivables		10,367	11,796
Loans and advances to customers	11	249,355	247,294
Financial assets at fair value through profit or loss		4,773	768
Amounts due from associates	9	-	159
Tax Recoverable		2,042	1,587
Pledged bank deposits		1,001	1,001
Cash and cash equivalents		35,189	11,053
		351,789	316,955

	<i>Notes</i>	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
LIABILITIES			
Current liabilities			
Trade and other payables		15,543	13,795
Amounts due to non-controlling interests		754	754
Amount due to associates		74	–
Amounts due to related parties		14,700	7,200
Borrowings		10,785	16,000
Income tax payable		525	1,516
		<u>42,381</u>	<u>39,265</u>
Net current assets		<u>309,408</u>	<u>277,690</u>
Total assets less current liabilities		<u>472,436</u>	<u>480,198</u>
Non-current liabilities			
Deferred tax liabilities		231	231
Net assets		<u>472,205</u>	<u>479,967</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	2,189	2,189
Reserves		467,801	475,312
		<u>469,990</u>	<u>477,501</u>
Non-controlling interests		<u>2,215</u>	<u>2,466</u>
Total equity		<u>472,205</u>	<u>479,967</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2018

	Equity attributable to the owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Accumulated losses	Capital reserves	Investment revaluation reserve	Contributed surplus	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2017	2,201	353,907	191	(29,052)	28,392	(14,511)	145,926	487,054	3,217	490,271
Profit/(loss) for the period	-	-	-	13,737	-	-	-	13,737	(44)	13,693
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(1,508)	-	(1,508)	-	(1,508)
Total comprehensive income/(loss)	-	-	-	13,737	-	(1,508)	-	12,229	(44)	12,185
Transaction with owners:										
Repurchase of shares:	(12)	-	(973)	-	-	-	-	(985)	-	(985)
Balance at 30 September 2017	<u>2,189</u>	<u>353,907</u>	<u>(782)</u>	<u>(15,315)</u>	<u>28,392</u>	<u>(16,019)</u>	<u>145,926</u>	<u>498,298</u>	<u>3,173</u>	<u>501,471</u>
Balance at 1 April 2018	2,189	353,125	-	(35,811)	28,392	(16,320)	145,926	477,501	2,466	479,967
Loss for the period	-	-	-	(6,798)	-	-	-	(6,798)	(251)	(7,049)
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(713)	-	(713)	-	(713)
Total comprehensive loss	-	-	-	(6,798)	-	(713)	-	(7,511)	(251)	(7,762)
Balance at 30 September 2018	<u>2,189</u>	<u>353,125</u>	<u>-</u>	<u>(42,609)</u>	<u>28,392</u>	<u>(17,033)</u>	<u>145,926</u>	<u>469,990</u>	<u>2,215</u>	<u>472,205</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS**

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	24,773	185
Net cash used in investing activities	(2,922)	(2,010)
Net cash generated from/(used in) financing activities	2,285	(1,090)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	24,136	(2,915)
Cash and cash equivalents at the beginning of period	11,053	23,324
	<hr/>	<hr/>
Cash and cash equivalents at the end of period	<u>35,189</u>	<u>20,409</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited quarterly financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies used in the preparation of the unaudited condensed consolidated results are consistent with those used in the audited financial statements and notes thereto for the year ended 31 March 2018.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 April 2018, the adoption has no material impact on the reported results and the financial position of the Group for the current or prior accounting periods; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

The interim results are unaudited but have been reviewed by the Company’s audit committee.

2. Revenue, other revenue and other gains/(losses) – net

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

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

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

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

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

2. **Revenue, other revenue and other gains/(losses) – net (Continued)**

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

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

	For the three months ended 30 September		For the six months ended 30 September	
	2018 (Unaudited) <i>HK\$'000</i>	2017 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>	2017 (Unaudited) <i>HK\$'000</i>
Revenue				
Money lending	15,001	16,239	29,176	32,600
Retail and wholesale income	37,350	37,688	77,454	66,237
	<u>52,351</u>	<u>53,927</u>	<u>106,630</u>	<u>98,837</u>
Other revenue and other gains/ (losses), – net				
Net exchange losses	(11)	–	(29)	–
Fair value gains/(losses) on financial assets at fair value through profit or loss	179	(97)	47	(97)
(Losses)/gains on disposal of financial assets at fair value through profit or loss	(209)	100	(209)	(1,400)
Bank interest income	–	1	–	2
Others	67	266	137	290
	<u>26</u>	<u>270</u>	<u>(54)</u>	<u>(1,205)</u>

3. Segment information

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

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

For the six months ended 30 September 2018

(Unaudited)

	Money lending <i>HK\$'000</i>	Retail and wholesale business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Revenue from external customers	29,176	77,454	106,630
Other revenue and other gains – net	<u>43</u>	<u>(100)</u>	<u>(57)</u>
	<u>29,219</u>	<u>77,354</u>	<u>106,573</u>
Segment results	<u>2,631</u>	<u>(7,628)</u>	<u>(4,997)</u>
Unallocated income			3
Unallocated expenses			<u>(1,276)</u>
Operating loss			(6,270)
Finance costs			(1,528)
Share of results of associates			<u>749</u>
Loss before income tax			(7,049)
Income tax			<u>-</u>
Loss for the period			<u>(7,049)</u>

3. Segment information (Continued)

For the six months ended 30 September 2017
(Unaudited)

	Money lending <i>HK\$'000</i>	Retail and wholesale business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Revenue from external customers	32,600	66,237	98,837
Other revenue and other gains – net	31	240	271
	<u>32,631</u>	<u>66,477</u>	<u>99,108</u>
Segment results	<u>21,635</u>	<u>(2,876)</u>	<u>18,759</u>
Unallocated income			291
Unallocated expenses			<u>(4,489)</u>
Operating profit			14,561
Finance costs			(317)
Share of results of associates			<u>1,081</u>
Profit before income tax			15,325
Income tax			<u>(1,632)</u>
Profit for the period			<u><u>13,693</u></u>

Geographical information

Revenue from external customers by geographical markets:

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<u><u>106,630</u></u>	<u><u>98,837</u></u>

4. (Loss)/profit before income tax

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

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Auditors' remuneration	200	187	400	350
Cost of inventories recognised as expenses	28,676	33,411	62,469	56,470
Depreciation	1,917	1,605	3,328	2,426
Net exchange loss	11	-	29	4
Minimum lease payments under operating lease	1,679	1,047	3,526	2,378
Provision for impairment on loans	4,015	250	5,015	250
Rental income net of outgoings in respect of investment properties	-	(9)	-	(36)
	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(36)</u>

5. Income tax

	(Unaudited) six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Current tax : Hong Kong -Charge for the period	-	1,632

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2018 as the Group have no assessable profits for Hong Kong Profits tax purpose (six months ended 30 September 2017: 16.5%)

6. Interim dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018. (Six months ended 30 September 2017: Nil).

7. (Loss)/earnings per share

The calculation of basic earnings per share for the three months ended 30 September 2018 is based on the loss attributable to shareholders of approximately HK\$3,555,000 (three months ended 30 September 2017: approximately profit HK\$7,532,000) and the weighted average number of 218,894,354 ordinary shares in issue during the period (three months ended 30 September 2017: 219,877,961 shares).

The calculation of basic earnings per share for the six months ended 30 September 2018 is based on the loss attributable to shareholders of approximately HK\$6,798,000 (six months ended 30 September 2017: approximately profit HK\$13,737,000) and the weighted average number of 218,894,354 ordinary shares in issue during the period (six months ended 30 September 2017: 219,877,961 shares).

The calculation of diluted earnings per share for the three months ended 30 September 2018 is based on the loss attributable to shareholders of approximately HK\$3,555,000 (three months ended 30 September 2017: approximately profit HK\$7,532,000) and the weighted average number of 218,894,354 ordinary shares for the purpose of diluted earnings per share during the period (three months ended 30 September 2017: 219,877,961 shares).

The calculation of diluted earnings per share for the six months ended 30 September 2018 is based on the loss attributable to shareholders of approximately HK\$6,798,000 (six months ended 30 September 2017: approximately profit HK\$13,737,000) and the weighted average number of 218,894,354 ordinary shares for the purpose of diluted earnings per share during the period (six months ended 30 September 2017: 219,877,961 shares).

8. Property, plant and equipment

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
At beginning of the period/year	23,615	20,675
Additions	3,155	8,693
Disposals	-	(2,097)
Depreciation	(3,328)	(5,589)
Written back on disposal	-	1,933
	<u>23,442</u>	<u>23,615</u>

9. Interests in associates

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Unlisted shares, at cost	10,650	11,579
Share of post-acquisition profits/(losses)	749	(929)
	<u>11,399</u>	<u>10,650</u>

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

9. Interests in associates (Continued)

Particulars of the material associates as at 30 September 2018 are as follows:

Name of associates	Particulars of issued and fully paid capital	Country of incorporation/ operation	Proportion of ownership interest		Principal activities
			Group's effective interest	Held by a subsidiary	
Topwise Global Holdings Limited	10,000 ordinary shares of HK\$4,275 each	British Virgin Islands/Hong Kong	22%	22%	Vehicle inspection and maintenance business and operation of vehicles examination centre
Keep Choice Limited	100 ordinary shares of HK\$1 each	Hong Kong	19.8%	19.8%	Operation of a motor vehicle examination centre

The movement of amounts due from associates during the period/year is as follows:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Amounts due from associates	<u>15,725</u>	<u>15,884</u>

The movement in the provision for impairment is as follows:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Balance at the beginning and at the end of the period/year	<u>15,725</u>	<u>15,725</u>

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

	For the six months ended 30 September 2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Total revenue	<u>24,212</u>	<u>18,273</u>
Total profit for the period	<u>3,784</u>	<u>4,914</u>
The Group's share of profit of associates	<u>749</u>	<u>1,081</u>

10. Financial assets at fair value through other comprehensive income

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Listed shares, at fair value (<i>Note a</i>)	<u>5,839</u>	<u>6,552</u>

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

11. Loans and advances

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Loans and advances to customers	390,199	422,475
Less: impairment allowances	<u>(19,858)</u>	<u>(14,843)</u>
Loans and advances to customers – net	<u>370,341</u>	<u>407,632</u>

Ageing analysis of loans and advances to customers:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Within one year	249,355	247,294
Over one year but within five years	64,557	64,036
Over five years	<u>56,429</u>	<u>96,302</u>
	<u>370,341</u>	<u>407,632</u>

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

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Balance at the beginning of the period/year	14,843	7,415
Impairment losses charged to profit or loss	5,015	8,815
Impairment losses reversed to profit or loss	–	(575)
Uncollectable amounts written off	<u>–</u>	<u>(812)</u>
Balance at the end of the period/year	<u>19,858</u>	<u>14,843</u>

12. Trade receivables

The aging analysis of trade receivables is as follows:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Neither past due nor impaired	<u>31,375</u>	<u>30,117</u>

13. Share capital

	As at 30 September 2018 (Unaudited)		As at 31 March 2018 (Audited)	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
Authorized:				
Ordinary shares of HK\$0.01 each	<u>30,000,000,000</u>	<u>300,000</u>	<u>30,000,000,000</u>	<u>300,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>218,894,354</u>	<u>2,189</u>	<u>218,894,354</u>	<u>2,189</u>

14. Share option schemes

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

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

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

For the six months ended 30 September 2018, no option was granted under the New Scheme.

For the six months ended 30 September 2018, no employee compensation expense has been include in the unaudited condensed consolidated statement of profit or loss and other comprehensive income (six months ended 30 September 2017: Nil).

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

15. Commitments

Operating lease commitments – where the Group as lessee

As at 30 September 2018, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Within one year	5,855	5,256
In the second to fifth years, inclusive	4,710	5,359
	<u>10,565</u>	<u>10,615</u>

16. Related party transactions

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

	For the three months ended 30 September		For the six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Rental income	<u>-</u>	<u>9</u>	<u>-</u>	<u>18</u>

For the six months ended 30 September 2017, rental income of approximately HK\$18,000 was received from the Company controlled by the family member of Mr. Leung Ge On, Andy, an Executive Director.

17. Contingent liabilities

As at 30 September 2018, except for as disclosed below, the Company did not provide any corporate guarantee to third parties.

Performance Guarantee

The Company provided a performance guarantee for Keep Choice Limited ("KCL"), an associate of the Company, regarding the management, operation and maintenance of New Kowloon Bay Vehicle Examination Centre and the relevant Hong Kong government tender. The letter of guarantee contains no specific amount and until the expiry of such contract. A counter-guarantee of 78% of the guarantee liability was provided by one of the ultimate shareholders of KCL.

18. Comparative figures

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

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

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

The Group engages catering coupon distribution business. Customers are eager to purchase the catering coupons with discounts and more pleased to dine out. The Group cooperates with some key catering companies and establish an extensive sales channel and network. It is expected to be benefit to our shareholders.

Operation Review

Revenue of the Group for the six months ended 30 September 2018 (the "Six-month Period") was approximately HK\$106.6 million, representing an increase of approximately 7.9% when compared with the corresponding period of last year. Loss attributable to owners of the Company for the Six-month Period was approximately HK\$6.8 million and the profit of corresponding period in 2017 was HK\$13.7 million.

Money Lending Business

The Group has actively participating in money lending business for more than seven years. It has built up a wide solid client base and made satisfactory profit. For the Six-month Period, revenue for this segment under review was approximately HK\$29.2 million. The Group expects this segment to generate sustainable income in the future.

Retail and Wholesale Business

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

The Group has also been developing the wholesale business since year 2015. The wholesale business is a fine supplement to our retail business and it will certainly strengthen our overall business.

Revenue for this segment for the six months ended 30 September 2018 was approximately HK\$77.5 million and the corresponding period in 2017 was of HK\$66.2 million, representing 17% increase. We will continue to monitor the operation and develop new market in order to increase the revenue and market share. The Group expects this segment to grow steadily and generate sustainable income in the coming future.

Outlook

The Group will continue to look for opportunities to further improve its existing business and explore new investments to broaden the business scope of the Group with the ultimate goal to maximise the return to our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internally generated cash flows. As at 30 September 2018, the Group had cash and cash equivalents of approximately HK\$35.2 million (31 March 2018: HK\$11.1 million).

As at 30 September 2018, the Group had borrowings of approximately HK\$10.8 million (31 March 2018: HK\$16 million) which were used to finance the money lending business, marketable securities and bonds investment.

As at 30 September 2018, the Group's gearing ratio, expressed as a percentage of total borrowings, (comprising amounts due to related parties, borrowings and obligation under a finance lease) less cash and cash equivalents then divided by total equity, was nil (31 March 2018: 2.5%).

CHARGES ON GROUP'S ASSET

As at 30 September 2018, except for the pledged bank deposits, financial instruments of approximately of HK\$8.1 million was pledged as collateral to securities brokers for margin financing granted to the Group. As at 30 September 2018, approximately HK\$0.8 million was utilised by the Group.

TREASURY POLICIES

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

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

EMPLOYEES

As at 30 September 2018, the Group had around 144 (30 September 2017: 105) full-time and part-time employees. The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

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

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM

Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Name	Personal Interests	Family Interests	Other Interests	Total	Approximate percentage to the issued share capital of the Company as at
					30 September 2018
Mr. Shiu Yeuk Yuen (note 1)	230,000	7 (note 2)	82,288,613 (note 3)	82,518,620	37.70%

Notes:

1. Mr. Shiu Yeuk Yuen ("Mr. Shiu") is the Executive Director of the Company.
2. 7 shares of the Company are held by Ms. Hau Lai Mei, the spouse of Mr. Shiu.
3. 82,288,613 shares of the Company are held by Able Rich Consultants Limited, a wholly-owned subsidiary of Rich Treasure Group Limited, of which Mr. Shiu is the sole director and shareholder of that company.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as known to the Directors, as at 30 September 2018, the Directors were not aware of any other person (other than the Directors and chief executive of the Company as disclosed above) who had an interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

Name	No. of Shares	Approximate percentage to the issued share capital of the Company as at
		30 September 2018
HMV Digital China Group Limited (note)	26,093,500	11.92%

Note: 26,093,500 shares refer to the aggregate of (a) 21,509,075 shares held by HMV Digital China Group Limited and (b) 4,584,425 shares held by New Smart International Creation Limited, a direct wholly-owned subsidiary of HMV Digital China Group Limited. Those shares were pledged to Ms. Tam Yuk Ching, Jenny on 18 October 2017.

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

During the Six-month Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RELATED PARTY TRANSACTIONS

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

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

COMPETING INTEREST

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company has an interest in a business, which competes or may compete with the business of the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings throughout the Six-month Period.

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

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

AUDIT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The unaudited consolidated results of the Group for the Six-month Period have not been audited nor reviewed by the Company’s auditor, Moore Stephens CPA Limited, but have been reviewed by the Audit Committee of the Company, who is of the opinion that the preparation of such results has complied with the applicable accounting standards and requirements and that adequate disclosures have been made. As at the date hereof, the Audit Committee comprises the three Independent Non-executive Directors of the Company, namely Mr. Kam Tik Lun, chairman of the Audit Committee, Dr. Siu Yim Kwan, Sidney and Mr. Ho Siu King, Stanley.

REMUNERATION COMMITTEE

A remuneration committee (the “Remuneration Committee”), consisting of three Independent Non-executive Directors and two Executive Directors, was set up by the Company in accordance with the Code. The Remuneration Committee is responsible for reviewing and developing the remuneration policies of the Directors and senior management, having regard to the Group’s operating results, individual performance and comparable market practices.

NOMINATION COMMITTEE

A nomination committee (the “Nomination Committee”) consisting of three Independent Non-executive Directors and two Executive Directors was set up by the Company in accordance with the Code. The Nomination Committee is responsible for reviewing and making recommendations to the Board regarding any proposed changes, selection of directorships.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the “Required Standard of Dealings”) of the GEM Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings throughout the Six-month Period.

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

CONNECTED TRANSACTION

Connected Transaction on Assignment of Loan

On 31 August 2018, Yvonne Credit Service Co., Limited (“Yvonne Credit”) entered into the Transfer Mortgage Agreement with Quick Money Finance Limited (“Quick Money”), a wholly-owned subsidiary of HMV Digital China Group Limited (“HMV Digital”), pursuant to which Yvonne Credit agreed to assign and transfer, Quick Money agreed to accept the rights, title, interest and benefits in and to the Loans at an aggregate consideration of HK\$7,463,309.01.

HMV Digital is a substantial shareholder of the Company and interested in approximately 11.92% of the issued share capital of the Company. Accordingly, HMV Digital and its subsidiaries are regarded as connected persons of the Company under the GEM Listing Rules. Therefore, the entering into of Transfer Mortgage Agreement constitutes connected transaction for the Company and is subject to reporting and announcement but exempted from independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

Details of the connected transaction was disclosed in the announcement dated 31 August 2018.

CONTINUING CONNECTED TRANSACTION

Continuing Connected Transaction

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

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

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

Auditor’s letter on continuing connected transaction

The Board has engaged Moore Stephens CPA Limited, the auditor of the Company to report the Group’s continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the Practice Note 740 “Auditor’s Letter on Continuing Connected Transaction under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing their findings and conclusions in respect of the continuing connected transaction of the Group disclosed above in accordance with Rule 20.54 of the GEM Listing Rules. The auditor has confirmed to the Company that nothing has come to their attention that causes them to believe that the continuing connected transaction of the Group for the year ended 31 March 2018 disclosed above:

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

Confirmation of Independent Non-executive Directors

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

Contracts of Significance

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

LIST OF DIRECTORS

Mr. Shiu Yeuk Yuen	- Executive Director
Ms. Siu Yeuk Hung, Clara	- Executive Director
Dr. Siu Yim Kwan, Sidney	- Independent Non-executive Director
Mr. Kam Tik Lun	- Independent Non-executive Director
Mr. Ho Siu King, Stanley	- Independent Non-executive Director

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

Hong Kong, 13 November 2018