



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

Continued in Bermuda with limited liability

Stock Code : 8079

THIRD QUARTERLY REPORT 2019/20

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

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the nine months ended 31 December 2019 was approximately HK\$78.2 million (nine months ended 31 December 2018: HK\$165.1 million) representing a decrease of approximately 52.63%, as compared with the corresponding period in 2018.
- Loss attributable to owners of the Company for the nine months ended 31 December 2019 was approximately HK\$34.4 million (nine months ended 31 December 2018: HK\$9.0 million).
- The Board of Directors (the “Board”) does not recommend the payment of a dividend for the nine months ended 31 December 2019 (nine months ended 31 December 2018: Nil).

THIRD QUARTERLY RESULTS

The Board of the Company present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 31 December 2019, together with the comparative figures for the corresponding period in 2018 as follows:

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

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	4	27,164	58,425	78,183	165,055
Cost of sales		(11,571)	(37,581)	(30,193)	(100,050)
Gross profit		15,593	20,844	47,990	65,005
Investment and other income	4	1,152	468	2,449	605
Other gains and losses, net	4	2,432	756	3,474	565
Servicing, selling and distribution costs		(2,263)	(4,504)	(7,018)	(11,907)
Administrative expenses		(10,607)	(16,340)	(42,712)	(54,299)
Equity-settled share-based payment		(1,436)	-	(1,436)	-
Impairment losses on loans and advances to customers, net		(35,031)	(3,525)	(36,977)	(8,540)
Operating loss		(30,160)	(2,301)	(34,230)	(8,571)
Finance costs		(256)	(291)	(917)	(1,819)
Share of result of a joint venture		(107)	-	(368)	-
Share of results of associates		298	548	887	1,297
Loss before income tax		(30,225)	(2,044)	(34,628)	(9,093)
Income tax	6	-	-	-	-
Loss for the period		(30,225)	(2,044)	(34,628)	(9,093)
Other comprehensive loss:					
Changes in fair value of available-for-sale investments		-	(8,613)	-	(9,326)
Other comprehensive loss for the period		-	(8,613)	-	(9,326)
Total comprehensive loss for the period		(30,225)	(10,657)	(34,628)	(18,419)
Loss attributable to:					
Owners of the Company		(30,149)	(2,210)	(34,404)	(9,008)
Non-controlling interests		(76)	166	(224)	(85)
		(30,225)	(2,044)	(34,628)	(9,093)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(30,149)	(10,823)	(34,404)	(18,334)
Non-controlling interests		(76)	166	(224)	(85)
		(30,225)	(10,657)	(34,628)	(18,419)
Loss per share attributable to owners of the Company					
Basic and diluted	8	(HK13.78 cents)	(HK1.01 cents)	(HK15.72 cents)	(HK4.12 cents)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 31 December 2019

	Attributable to the owners of the Company									
	Share capital	Share premium	Share based		Investment			Total	Non- controlling interests	Total equity
			payment reserve	Accumulated losses	Capital reserves	revaluation reserve	Contributed surplus			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
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	-	-	-	(9,008)	-	-	-	(9,008)	(85)	(9,093)
Other comprehensive loss:										
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(9,326)	-	(9,326)	-	(9,326)
Total comprehensive loss	-	-	-	(9,008)	-	(9,326)	-	(18,334)	(85)	(18,419)
Balance at										
31 December 2018	<u>2,189</u>	<u>353,125</u>	<u>-</u>	<u>(44,819)</u>	<u>28,392</u>	<u>(25,646)</u>	<u>145,926</u>	<u>459,167</u>	<u>2,381</u>	<u>461,548</u>
Balance at 1 April 2019	<u>2,189</u>	<u>353,125</u>	<u>-</u>	<u>(112,597)</u>	<u>28,392</u>	<u>-</u>	<u>145,926</u>	<u>417,035</u>	<u>2,868</u>	<u>419,903</u>
Loss for the period	-	-	-	(34,404)	-	-	-	(34,404)	(224)	(34,628)
Share-based payment	-	-	1,436	-	-	-	-	1,436	-	1,436
Total comprehensive loss	-	-	1,436	(34,404)	-	-	-	(32,968)	(224)	(33,192)
Balance at										
31 December 2019	<u>2,189</u>	<u>353,125</u>	<u>1,436</u>	<u>(147,001)</u>	<u>28,392</u>	<u>-</u>	<u>145,926</u>	<u>384,067</u>	<u>2,644</u>	<u>386,711</u>

NOTES TO THE UNAUDITED CONDENSED THIRD QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Company was an exempted company continued into Bermuda with limited liability with effect from 30 April 2008. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, 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, Hong Kong. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group is principally engaged in the money lending business, retail and wholesale business.

2. Basis of preparation

The unaudited quarterly financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies used in the preparation of the unaudited condensed consolidated results are consistent with those used in the audited financial statements and notes thereto for the year ended 31 March 2019.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. Except for the note 3, for those which are effective for accounting periods beginning on 1 April 2019, the adoption has no material impact on the reported results and the financial position of the Group for the current or prior accounting periods; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

The third quarterly results have not been audited but have been reviewed by the Group’s audit committee.

3. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

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 period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases

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

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

After the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

3. Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group re-measures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

**3. Adoption of new and revised Hong Kong Financial Reporting Standards
(Continued)**

**Impacts and changes in accounting policies of application on HKFRS 16 Leases
(Continued)**

***Key changes in accounting policies resulting from application of HKFRS 16
(Continued)***

As a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

4. Revenue

Revenue represents the aggregate of the net amounts received and receivable from third parties for the nine months ended 31 December 2019. There is no seasonality and cyclicity of the operations of the Group. The performance obligation is part of a contract that has an original expected duration of one year or less. Disaggregation revenue from contracts with the customers are as follow:

	For the three months ended 31 December		For the nine months ended 31 December	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue from contracts with customers not within the scope of HKFRS 15				
Revenue from money lending	12,146	13,665	36,970	42,841
Revenue from contracts with customers within the scope of HKFRS 15				
Sales of grocery products - retail and wholesale	15,018	44,760	41,213	122,214
	<u>27,164</u>	<u>58,425</u>	<u>78,183</u>	<u>165,055</u>
Other revenue and other gains/(losses), - net				
Net exchange loss	(5)	(14)	(26)	(43)
Fair value gains on financial assets at fair value through profit or loss	525	181	482	228
Gains on disposal of financial assets through profit or loss	1,087	589	1,941	380
Bank interest income	89	-	181	-
Others	1,888	468	3,345	605
	<u>3,584</u>	<u>1,224</u>	<u>5,923</u>	<u>1,170</u>

5. 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 revenue from external customers by geographical segments for the period is as follows:

Revenue from external customers by geographical markets:

	For the three months ended 31 December		For the nine months ended 31 December	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Hong Kong	27,164	58,425	78,183	165,055

6. Income tax

	Nine months ended	
	31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong		
– Charge for the period	–	–
Taxation charge	–	–

No provision for Hong Kong Profits Tax has been made for the nine months ended 31 December 2019 as the Group have no assessable profits for Hong Kong Profits tax purpose (nine months ended 31 December 2018: Nil).

7. Dividend

The Directors do not recommend the payment of a dividend for the nine months ended 31 December 2019 (nine months ended 31 December 2018: Nil).

8. Loss per share

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

	Nine months ended	
	31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	<u>34,404</u>	<u>9,008</u>
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>218,894</u>	<u>218,894</u>

Both the weighted average number of ordinary shares for the purposes of calculating basis and diluted earnings per share for the period ended 31 December 2019 and 2018 have been adjusted.

Diluted earnings per share for the period ended 31 December 2019 and 2018 were the same as the basic earnings per share. The Company's outstanding share options were not included in the calculation of diluted earnings per share because the effects of the exercise of the Company's outstanding share options were anti-dilutive.

9. Acquisition of a Subsidiary

During the period ended 31 December 2019, the Company acquired 100% interests in Head Captain Limited (“Head Captain”) at a consideration of HK\$2,000,000 from independent third parties.

The fair value of the identifiable assets and liabilities of Head Captain acquired as at its date of acquisition is as follows:

	<i>HK\$'000</i>
Net assets acquired	1,934
Goodwill on acquisition	66
	<hr/>
	2,000
	<hr/> <hr/>
Satisfied by:	
Cash	2,000
	<hr/> <hr/>
Net cash outflow arising on acquisition:	
Cash consideration paid	(2,000)
Cash and cash equivalents acquired	-
	<hr/>
	(2,000)
	<hr/> <hr/>

10. 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% 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.

10. Share option schemes (Continued)

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% 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.

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.

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 nine months ended 31 December 2019, the estimated fair value of the options on the grant date are approximately HK\$1,436,000 (nine months ended 31 December 2018: Nil).

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

11. Contingent liabilities

As at 31 December 2019, except for as disclosed below, the Company did not provide any corporate guarantee to third parties.

Performance Guarantee

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

12. 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-owned brand products, namely Master Chef Series and FRESHNESSMART, Dawooyeon Hanwoo, 李朝 and 月姐滋養湯 and source different types of products from local or overseas suppliers to satisfy the ever-changing conditions of our customers.

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

Operation Review

Revenue for the nine months ended 31 December 2019 (the “Nine-month Period”) was approximately HK\$78.2 million, representing a decrease of approximately 52.63% when compared with the same period last year. Loss attributable to owners of the Company for the nine months ended 31 December 2019 was approximately HK\$34.4 million and the loss of corresponding period in 2018 was HK\$9.0 million.

Money Lending Business

The Group has actively participating in money lending business for more than eight years. It has built up a wide solid client base. For the Nine-month Period, revenue for this segment under review was approximately HK\$37 million. The Group expects this segment to generate sustainable income in the future.

Retail and Wholesale Business

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

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

Revenue for this segment for the nine months ended 31 December 2019 was approximately HK\$41.2 million, being 66.28% decrease when compared with the corresponding period in 2018.

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

Outlook

The Group will take cautious and conservative approaches in managing its business segments with the aim to reduce market risks and achieve a better return to the Group and shareholders.

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 31 December 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of part XV of the 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 31 December 2019
Mr. Shiu Yeuk Yuen (note 1)	1,620,000	7 (note 2)	82,288,613 (note 3)	83,908,620	38.33%

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.

It is noted that Cheung Siu Fai has made a shareholding disclosure at the Hong Kong Stock Exchange in relation to 82,288,613 shares of the Company. This transaction is disputed by Able Rich. Able Rich maintains the position that it remains to be the beneficial holders of the concerned shares.

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 31 December 2019, the Directors were not aware of any other person (other than the Directors and chief executive of the Company as disclosed above) who had an interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% 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 31 December 2019
China Creative Digital Entertainment Limited	26,093,500	11.92%

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

It is noted that Bai Yu has made a shareholding disclosure at the Hong Kong Stock Exchange in relation to 26,093,500 shares of the Company. This transaction is disputed by China Creative. China Creative maintains the position that it remains to be the beneficial holders of the concerned shares.

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

During the nine months ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTEREST

None of the Directors or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) 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 nine months ended 31 December 2019.

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 Mr. Ho Siu King, Stanley, Mr. Siu Chi Yiu, Kenny and Mr. Lee King Fui.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Nine-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.

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 QUARTERLY RESULTS

The unaudited consolidated results of the Group for the Nine-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. Lee King Fui, chairman of the Audit Committee, Mr. Siu Chi Yiu, Kenny 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 established written guidelines on no less exacting terms than the required standard of dealings for securities transactions by employees who are likely to be in possession of any unpublished inside information of the Company.

LIST OF DIRECTORS

Mr. Shiu Yeuk Yuen	–	Executive Director
Ms. Siu Yeuk Hung, Clara	–	Executive Director
Mr. Siu Chi Yiu, Kenny	–	Independent Non-executive Director
Mr. Lee King Fui	–	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, 12 February 2020