



易還財務投資有限公司
EASY REPAY FINANCE & INVESTMENT LIMITED
Continued in Bermuda with limited liability
Stock Code : 8079

2022/23
INTERIM REPORT

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 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 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 2022 was approximately HK\$42.0 million (six months ended 30 September 2021: HK\$52.8 million).
- Loss attributable to owners of the Company for the six months ended 30 September 2022 was approximately HK\$8.4 million (six months ended 30 September 2021: HK\$9.7 million).
- The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: 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 2022, together with the comparative figures for the corresponding period in 2021 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	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	2	20,025	26,333	42,013	52,842
Cost of sales		<u>(9,986)</u>	<u>(12,605)</u>	<u>(18,782)</u>	<u>(25,159)</u>
Gross profit		10,039	13,728	23,231	27,683
Investment and other income	2	2,232	589	3,196	642
Other gains and losses, net	2	(718)	(1,320)	(1,340)	(1,499)
Servicing, selling and distribution costs		(1,438)	(3,449)	(3,311)	(5,371)
Administrative expenses		<u>(14,338)</u>	<u>(17,999)</u>	<u>(29,765)</u>	<u>(31,220)</u>
Operating loss		(4,223)	(8,451)	(7,989)	(9,765)
Finance costs		(190)	(151)	(392)	(227)
Share of results of associates	9	<u>21</u>	<u>176</u>	<u>13</u>	<u>300</u>
Loss before tax	4	(4,392)	(8,426)	(8,368)	(9,692)
Income tax	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period and total comprehensive loss for the period		<u>(4,392)</u>	<u>(8,426)</u>	<u>(8,368)</u>	<u>(9,692)</u>

	For the three months ended 30 September		For the six months ended 30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Notes				
Loss for the period and total comprehensive loss for the period attributable to:				
Owners of the Company	(4,392)	(8,426)	(8,368)	(9,692)
Non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(4,392)</u>	<u>(8,426)</u>	<u>(8,368)</u>	<u>(9,692)</u>
Loss per share attributable to owners of the Company		(restated)		(restated)
Basic and diluted	7 <u>(HK1.56 cents)</u>	<u>(HK3.08 cents)</u>	<u>(HK3.01 cents)</u>	<u>(HK3.54 cents)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

		As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 March 2022 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	8	12,788	12,248
Interests in associates	9	6,267	6,254
Right-of-use assets		8,816	11,712
Deposits, prepayments and other receivables		4,704	1,666
Loans and advances to customers	11	<u>44,356</u>	<u>55,947</u>
		<u>76,931</u>	<u>87,827</u>
Current assets			
Inventories		21,568	4,384
Trade receivables	12	13,442	13,234
Deposits, prepayments and other receivables		6,047	2,272
Loans and advances to customers	11	58,735	65,265
Financial assets at fair value through profit or loss ("FVTPL")	10	28,853	30,467
Cash and cash equivalents	13	<u>17,156</u>	<u>21,684</u>
		<u>145,801</u>	<u>137,306</u>

	As at	As at
	30 September	31 March
	2022	2022
	(Unaudited)	(Audited)
<i>Notes</i>	HK\$'000	HK\$'000
LIABILITIES		
Current liabilities		
Trade and other payables	4,115	4,987
Contract liabilities	1,712	1,571
Lease liabilities	5,623	6,051
Borrowings	—	3,000
	<u>11,450</u>	<u>15,609</u>
Net current assets	<u>134,351</u>	<u>121,697</u>
Total assets less current liabilities	<u>211,282</u>	<u>209,524</u>
Non-current liabilities		
Lease Liabilities	3,659	6,154
	<u>3,659</u>	<u>6,154</u>
Net assets	<u><u>207,623</u></u>	<u><u>203,370</u></u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	14 3,605	2,404
Reserves	<u>204,018</u>	<u>200,966</u>
Total equity	<u><u>207,623</u></u>	<u><u>203,370</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2022

	Equity attributable to the owners of the Company						Non- controlling interests	Total equity
	Share capital	Share premium	Accumulated losses	Capital reserves	Contributed surplus	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 April 2021	2,404	360,009	(269,965)	29,320	145,926	267,694	-	267,694
Loss for the period and total comprehensive loss for the period	-	-	(9,692)	-	-	(9,692)	-	(9,692)
Balance at 30 September 2021	<u>2,404</u>	<u>360,009</u>	<u>(279,657)</u>	<u>29,320</u>	<u>145,926</u>	<u>258,002</u>	-	<u>258,002</u>
Balance at 1 April 2022	2,404	360,009	(334,289)	29,320	145,926	203,370	-	203,370
Loss for the period and total comprehensive loss for the period	-	-	(8,368)	-	-	(8,368)	-	(8,368)
Rights issue	1,201	13,220	-	-	-	14,421	-	14,421
Transaction costs attribute to rights issue	-	(1,800)	-	-	-	(1,800)	-	(1,800)
Balance at 30 September 2022	<u>3,605</u>	<u>371,429</u>	<u>(342,657)</u>	<u>29,320</u>	<u>145,926</u>	<u>207,623</u>	-	<u>207,623</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS**

	For the six months ended 30 September	
	2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>
Net cash used in operating activities	(6,512)	(7,424)
Net cash used in investing activities	(4,182)	(10,012)
Net cash generated from/(used in) financing activities	<u>6,166</u>	<u>(2,778)</u>
Net decrease in cash and cash equivalents	(4,528)	(20,214)
Cash and cash equivalents at the beginning of period	<u>21,684</u>	<u>44,523</u>
Cash and cash equivalents at the end of period	<u><u>17,156</u></u>	<u><u>24,309</u></u>
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits and cash at bank, securities brokers and on hand	<u><u>17,156</u></u>	<u><u>24,309</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on the historical cost convention, as modified by the revaluation of certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to AG 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

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

2. Revenue, investment and other income and other gains and losses, net

Revenue represents the aggregate of the net amounts received and receivable from third parties for the six months ended 30 September 2022. There is no seasonality and cyclicality 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 30 September		For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue from contracts with customers not within the scope of HKFRS 15				
Revenue from money lending	6,632	7,728	16,252	17,035
Revenue from contracts with customers within the scope of HKFRS 15				
Sales of grocery products, coupons, operating a restaurant and frozen food – retail and wholesale	13,393	18,605	25,761	35,807
	<u>20,025</u>	<u>26,333</u>	<u>42,013</u>	<u>52,842</u>
Investment and other income				
Bank interest income	–	–	–	1
Government grants	940	–	1,748	–
Management fee income	854	152	992	152
Others	438	437	456	489
	<u>2,232</u>	<u>589</u>	<u>3,196</u>	<u>642</u>
Other gains and losses, net				
Loss on disposal of property, plant and equipment, net	(428)	(1,551)	(428)	(1,765)
Exchange gains, net	3	12	4	12
Losses on disposal of financial assets at FVTPL	(56)	(97)	(83)	(69)
Fair value gains/(losses) of financial assets at FVTPL	126	317	(972)	88
Others	(363)	(1)	139	235
	<u>(718)</u>	<u>(1,320)</u>	<u>(1,340)</u>	<u>(1,499)</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 2022

(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	<u>16,252</u>	<u>25,761</u>	<u>42,013</u>
Segment results	<u>4,961</u>	<u>(9,611)</u>	<u>(4,650)</u>
Unallocated head office corporate expenses			(2,888)
Investment and other income			1,175
Other gains and losses, net			(1,633)
Finance costs			(385)
Share of results of associates			<u>13</u>
Consolidated loss before tax			(8,368)
Income tax			<u>-</u>
Consolidated loss for the period			<u>(8,368)</u>

3. Segment information (Continued)

For the six months ended 30 September 2021
(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	<u>17,035</u>	<u>35,807</u>	<u>52,842</u>
Segment results	<u>487</u>	<u>(4,750)</u>	<u>(4,263)</u>
Unallocated head office corporate expenses			(4,645)
Investment and other income			642
Other gains and losses, net			(1,499)
Finance costs			(227)
Share of results of associates			<u>300</u>
Consolidated loss before tax			(9,692)
Income tax			<u>-</u>
Consolidated loss for the period			<u>(9,692)</u>

Geographical information

Revenue from external customers by geographical markets:

	For the six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<u>42,013</u>	<u>52,842</u>

4. Loss before tax

Loss before tax is arrived at after charging/(crediting):

	For the three months ended 30 September		For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Auditors' remuneration	195	200	390	400
Commission expenses	523	1,644	1,328	2,250
Operating leases payments in respect of land and buildings	183	76	404	319
Employee benefit expenses	6,664	6,460	12,148	13,904
Depreciation of property, plant and equipment	1,625	1,357	3,213	2,703
Depreciation of right-of-use assets	1,552	1,672	3,077	3,143
Carrying amount of inventories sold	9,725	11,540	18,139	23,281
Write-down of inventories	6	2	9	6
Allowance for expected credit losses on trade receivable, net	(281)	(1,433)	(203)	336
Allowance for expected credit losses on loan & advance to customers, net	977	3,295	1,377	1,532
	<u>977</u>	<u>3,295</u>	<u>1,377</u>	<u>1,532</u>

5. Income tax

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current tax: Hong Kong – Charge for the period	<u>–</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2022 as the Group have no assessable profits for Hong Kong Profits tax purpose (six months ended 30 September 2021: Nil).

6. Interim dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

7. Loss per share

The calculation of basic and diluted loss per share for the three months ended 30 September 2022 is based on the loss attributable to shareholders of approximately HK\$4,392,000 (three months ended 30 September 2021: HK\$8,426,000) and the weighted average number of 282,160,981 ordinary shares in issue during the period (three months ended 30 September 2021: 273,662,156 shares (restated)).

The calculation of basic and diluted loss per share for the six months ended 30 September 2022 is based on the loss attributable to shareholders of approximately HK\$8,368,000 (six months ended 30 September 2021: HK\$9,692,000) and the weighted average number of 277,934,789 ordinary shares in issue during the period (six months ended 30 September 2021: 273,662,156 shares (restated)).

8. Property, plant and equipment

	As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 March 2022 (Audited) <i>HK\$'000</i>
At beginning of the period/year	12,248	13,781
Additions	4,183	7,052
Disposal	(1,925)	(8,567)
Depreciation	(3,213)	(6,745)
Written back on disposals	1,495	6,727
	<u>12,788</u>	<u>12,248</u>

9. Interests in associates

	As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 March 2022 (Audited) <i>HK\$'000</i>
Unlisted shares, at cost	19,250	19,250
Share of post-acquisition profits	1,717	1,704
Less: impairment loss	(14,700)	(14,700)
	<u>6,267</u>	<u>6,254</u>

9. Interests in associates (Continued)

Particulars of the material associates as at 30 September 2022 and 31 March 2022 are as follows:

Name of associates	Class of shares held	Particulars of paid up capital	Proportion of ownership interest held by the Group				Principal activities	Place of incorporation and operations
			Directly	Indirectly	Directly	Indirectly		
			30 September 2022	30 September 2022	31 March 2022	31 March 2022		
			%	%	%	%		
Big Max Limited	Ordinary	HK\$100 (31 March 2022: HK\$100)	20	-	20	-	Operation of a restaurant	Hong Kong
Diamond Brave Limited	Ordinary	HK\$100 (31 March 2022: HK\$100)	20	-	20	-	Operation of a restaurant	Hong Kong
Wing Way Limited	Ordinary	HK\$100 (31 March 2022: HK\$100)	20	-	20	-	Closure of restaurant on 15 December 2021	Hong Kong
Sunshine Team Limited	Ordinary	HK\$100 (31 March 2022: HK\$100)	20	-	20	-	Operation of a restaurant	Hong Kong

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

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Total revenue	<u>23,251</u>	<u>36,011</u>
Total profit for the period	<u>64</u>	<u>1,517</u>
The Group's share of results of associates	<u>13</u>	<u>300</u>

Note: On 15 April 2021, the Group acquired 20% equity interests in Sunshine Team Limited from an individual third party at a total consideration of HK\$2,400,000.

10. Financial assets at fair value through profit or loss

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Listed equity securities (<i>Note a</i>)	1,109	3,301
Unlisted fund (<i>Note b</i>)	<u>27,744</u>	<u>27,166</u>
	<u><u>28,853</u></u>	<u><u>30,467</u></u>

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

Note b: The fair value of the Group's interests in the fund is determined by reference to its net asset value per share, since the Group has the right to request for redemption of some or all of its interests in the fund at a redemption price, which equals to the net asset value, according to the private placing memorandum of the fund.

11. Loans and advances to customers

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Loans and advances to customers	212,136	236,016
Less: impairment allowances	<u>(109,045)</u>	<u>(114,804)</u>
Loans and advances to customers – net	<u><u>103,091</u></u>	<u><u>121,212</u></u>

Ageing analysis of loans and advances to customers:

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Analysed for reporting purpose as:		
Current portion	58,735	65,265
Non-current portion	<u>44,356</u>	<u>55,947</u>
	<u><u>103,091</u></u>	<u><u>121,212</u></u>

12. Trade receivables

The aging analysis of trade receivables, net of impairment, is as follows:

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Within three months	2,605	4,465
Over three months	<u>10,837</u>	<u>8,769</u>
	<u><u>13,442</u></u>	<u><u>13,234</u></u>

13. Cash and cash equivalents

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Short-term bank deposits and cash at banks, securities brokers and on hand	<u>17,156</u>	<u>21,684</u>

14. Share capital

	As at 30 September 2022 (Unaudited)		As at 31 March 2022 (Audited)	
	No. of shares	HK\$'000	No. of shares	HK\$'000
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>
		Par value of share		
		HK\$	No. of shares	HK\$'000
Issued and fully paid ordinary shares:				
As at 1 April 2021, 31 March 2022 and 1 April 2022		0.01	240,359,354	2,404
Rights issue		<u>0.01</u>	<u>120,179,677</u>	<u>1,201</u>
As at 30 September 2022		<u>0.01</u>	<u>360,539,031</u>	<u>3,605</u>

All new shares rank pari passu with other shares in issue in all respects.

15. Share option schemes

The Share option scheme adopted on 4 January 2011 was expired in January 2021.

16. Contingent liabilities

As at 30 September 2022, the Company did not provide any corporate guarantee to third parties.

17. Transaction and balances with related parties

Key management compensation

The remuneration of directors and other key management during the period was as follow:

	For the six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,589	1,595
Retirement benefit scheme contribution	36	44
	<u>1,625</u>	<u>1,639</u>

18. Fair value measurements of financial instruments

(i) Financial assets and liabilities measured at fair value

For assets and liabilities that are recognised in the condensed consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table presents the carrying value of the Group's financial instruments measured at fair value at the end of the reporting period on a recurring basis.

	Fair value	Level 1	Level 3
	HK\$'000	HK\$'000	HK\$'000
As at 30 September 2022 (unaudited)			
Financial assets at FVTPL			
- Listed equity securities	1,109	1,109	-
- Unlisted fund	27,744	-	27,744
	<u>27,744</u>	<u>1,109</u>	<u>27,744</u>
As at 31 March 2022 (audited)			
Financial assets at FVTPL			
- Listed equity securities	3,301	3,301	-
- Unlisted fund	27,166	-	27,166
	<u>27,166</u>	<u>3,301</u>	<u>27,166</u>

18. Fair value measurements of financial instruments (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

During the six months ended 30 September 2022 and year ended 31 March 2022, there were no transfers between Level 1, Level 2 and Level 3. The Group's policy is to recognise transfers into and transfer out of Level 3 as of the date of the event or change in circumstances that caused the transfer.

	Fair value		Valuation technique and key input	Significant unobservable input
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000		
Financial assets at FVTPL (listed equity securities)	1,109	3,301	Quoted bid prices in an active market	N/A
Financial assets at FVTPL (unlisted fund)	27,744	27,166	Net asset value (note)	N/A

Note: The unlisted fund is redeemable at a redemption price equals to the net asset value as stated in the monthly shareholder's statement issued by the fund administrator.

Reconciliation of Level 3 fair value measurement of financial assets

	Financial assets at FVTPL HK\$'000
At 1 April 2021 (audited)	16,398
Fair value change	440
At 30 September 2021 (unaudited)	<u>16,838</u>
At 1 April 2022 (audited)	27,166
Fair value change	578
At 30 September 2022 (unaudited)	<u>27,744</u>

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 September 2022 and 31 March 2022.

19. 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 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 2015. The Group will continue to develop self-own brand products, namely Master Chef Series and FRESHNESSMART, Dawooyeon Hanwoo, Buon Cibo, Ganges Curry, 李朝, 月姐滋養湯, 貞下起元 and 老蕭燉湯 and source different types of products from local or overseas suppliers to satisfy the ever-changing demand of our customers.

During the period, the Group sourced and launched new product line for pets products including pets supplement and pets food. The brand name for these new products include King of Chicken Essence, PAg+, Natural Pro, Petsmore, Petural and Cat Daily.

In addition, due to the outbreak of COVID-19, the Group also sourced and launched new product line for human supplement under the brand Cordyceps-19.

Operation Review

Revenue of the Group for the six months ended 30 September 2022 (the “Six-months Period”) was approximately HK\$42.0 million, and the corresponding period of last year was approximately HK\$52.8 million. Loss attributable to owners of the Company for the Six-months Period was approximately HK\$8.4 million and the loss of corresponding period in 2021 was HK\$9.7 million.

Money Lending Business

The Group has actively participating in money lending business for more than ten years. A solid client base was built. For the Six-months Period, revenue for this segment under review was approximately HK\$16.3 million. It is expected to generate sustainable income in the coming future.

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 4 retail shops which located in Wanchai, Lai Chi Kok, Kowloon Bay 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 is going to open an addition outlet in San Po Kong.

Due to the outbreak of COVID-19, the Government's efforts to control the virus had a particularly notable impact on the catering industry. At different times in the period, restaurants were subject to mandatory social distancing and seating restrictions, reduced dining hours and other constraints.

During the severe epidemic period, peoples reduced their social life and went out to eat, and tried to stay at home to cook. Therefore, peoples began to suffer from anti-epidemic fatigue for a long time. After the fifth wave of the covid-19 epidemic has subsided, the Government has begun to loosen social distancing, and peoples have begun to resume social life and dining out more. However, the reduction of cooking at home has directly affected the revenue of the retail and wholesale business of the Group. The revenue from sale of goods decrease of approximately 28% as compared to the corresponding period in 2021. Furthermore, there are many new competitors with similar business model in the market, resulting in severe competitions.

Revenue for this segment for the six months ended 30 September 2022 was approximately HK\$25.8 million and the corresponding period in 2021 was of HK\$35.8 million.

Inventories, deposits, prepayments and other receivables

During the period, the Group launched new product line for pets products and human supplement products. Therefore the Group purchased substantial stocks of pets and supplement products from suppliers resulting in significant increase in inventories and deposit for inventories purchase as at 30 September 2022.

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 maximize the return to our shareholders.

CAPITAL STRUCTURE

During the period from 1 July 2022 to 30 September 2022, the capital structure of the Company was changed as follows:

Rights Issue

On 21 September 2022, the Company completed the Rights Issue to allot and issue 120,179,677 shares on the basis of one (1) rights share for every two (2) shares at the subscription price of HK\$0.12 per rights share ("Rights Issue"). The gross proceeds of the Rights Issue was approximately HK\$14.42 million before expenses. The net proceeds was approximately HK\$12.62 million, representing a net subscription price of approximately HK\$0.11 per rights share.

As at the date of this report, as to (i) approximately HK\$6 million was used for the continual expansion of its money lending business; (ii) approximately HK\$0.8 million was used and approximately HK\$5.2 million will be used for purchase of products to expand its retail operations offering; and (iii) approximately HK\$0.62 million was used for general working capital of the Group.

Details of the Rights Issue were disclosed in the announcements of the Company dated 10 August 2022, 29 August 2022, 14 September 2022 and 21 September 2022.

After completion of Rights Issue, the number of shares in issue was increased from 240,359,354 shares to 360,539,031 shares.

EVENT AFTER REPORTING PERIOD

On 1 November 2022, the Company entered into the placing agreement with RaffAello Securities (HK) Limited (“Placing Agent”), pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 72,105,000 placing shares (“Placing Share(s)”) at the placing price of HK\$0.149 per Placing Share (“Placing”).

Subject to completion, and assuming all the Placing Shares will be successfully placed by the Placing Agent, it is expected that the maximum gross proceeds from the Placing will be approximately HK\$10,744,000 and the net proceeds, after the deduction of the placing commission and other related expenses, is estimated to be approximately HK\$9,819,000, representing a net issue price of approximately HK\$0.136 per Placing Share.

As at the date of this report, the Placing is not yet completed. Details of the Placing were disclosed in the announcement of the Company dated 1 November 2022.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internally generated cash flows. As at 30 September 2022, the Group had cash and cash equivalents of approximately HK\$17.2 million (31 March 2022: HK\$21.7 million).

As at 30 September 2022, the Group’s gearing ratio, expressed as a percentage of total borrowings, less cash and cash equivalents then divided by total equity, was nil (31 March 2022: Nil).

CHARGES ON GROUP’S ASSET

As at 30 September 2022, no financial instruments was pledged as collateral to securities brokers for margin financing granted to the Group and no margin financing was utilised by the Group (31 March 2022: Nil).

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 2022, the Group had around 89 (30 September 2021: 95) 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 2022 (six months ended 30 September 2021: 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 2022, 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	Capacity	Personal Interests	Approximate percentage to the issued share capital of the Company as at 30 September 2022
Mr. Chan Yan Tak (<i>note</i>)	Interest of a controlled corporation	181,196,866	50.26%

Note:

1. Best Richest Management Company Limited is wholly and beneficiary owned by Mr. Chan Yan Tak, being the chairman of the Board, an executive Director and a controlling shareholder.

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

So far as known to the Directors, as at 30 September 2022, 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 2022
Best Richest Management Company Limited (<i>note</i>)	181,196,866	50.26%

Note:

Best Richest Management Company Limited is wholly and beneficiary owned by Mr. Chan Yan Tak, being the chairman of the Board, an executive Director and a controlling shareholder.

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

During the Six-months Period, None of the members of the Group purchased, sold or redeemed any of the Group's listed securities.

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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Six-months 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, interim 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-months Period 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. Joseph Rodrick Law and Mr. To Kwan.

REMUNERATION COMMITTEE

A remuneration committee (the “Remuneration Committee”), consisting of three Independent Non-executive Directors and three 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 three 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-months 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.

LIST OF DIRECTORS

Mr. Chan Yan Tak	–	Chairman and Executive Director
Mr. Lim Ming Shing, Tony	–	Executive Director
Ms. Siu Yeuk Hung, Clara	–	Executive Director
Mr. Law Ka Kei	–	Executive Director
Mr. Lee King Fui	–	Independent Non-executive Director
Mr. Joseph Rodrick Law	–	Independent Non-executive Director
Mr. To Kwan	–	Independent Non-executive Director

On behalf of the Board

Easy Repay Finance & Investment Limited

Chan Yan Tak

Chairman

Hong Kong, 11 November 2022