



BERMUDA

**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

I HEREBY CERTIFY that in accordance with section 10 of *the Companies Act 1981*
B.A.L. HOLDINGS LIMITED by resolution and with the approval of the Registrar of
Companies has changed its name and was registered as **Unlimited Creativity Holdings**
Limited on the **8th** day of **November 2010**.



Given under my hand and the Seal of
the
REGISTRAR OF COMPANIES this
17th day of **November 2010**

for **Registrar of Companies**



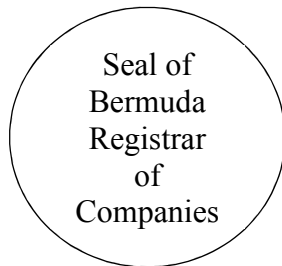
BERMUDA

CERTIFICATE OF SECONDARY NAME

I hereby in accordance with section 10A of *the Companies Act 1981* issue this Certificate of Secondary Name and do certify that on the **8th** day of **November 2010**

Unlimited Creativity Holdings Limited

was registered with the secondary name 無限創意控股有限公司 by me in the Register maintained by me under the provisions of section 14 of *the Companies Act 1981*.



Given under my hand and the Seal of
the REGISTRAR OF COMPANIES
this **17th** day of **November 2010**

for Registrar of Companies



BERMUDA

THE COMPANIES ACT 1981

**MEMORANDUM OF CONTINUANCE OF COMPANY LIMITED BY SHARES
Section 132C(2)**

MEMORANDUM OF CONTINUANCE

OF

**B.A.L. HOLDINGS LIMITED
(hereinafter referred to as "the Company")**

1. The liability of the members of the Company is limited to the amount (if any) for the time being unpaid on the shares respectively held by them.
2. The Company is an exempted company as defined by the Companies Act 1981.
3. The authorised share capital of the Company is HK\$300,000,000 divided into 1,500,000,000 shares of par value HK\$0.20 each.
4. The Company shall not have power to hold land situated in Bermuda.
5. Details of Incorporation:-

The Company was incorporated in the Cayman Islands pursuant to the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended, as an exempted company with limited liability on 6 March 2001.

6. The objects of the Company are unrestricted.
7. The following are provisions regarding the powers of the Company:-
 - (i) Has the powers of a natural person;
 - (ii) Subject to the provisions of Section 42 of the Companies Act 1981, has the power to issue preference shares which at the option of the holders thereof are to be liable to be redeemed;

- (iii) Has the power to purchase its own shares in accordance with the provisions of Section 42A of the Companies Act 1981; and
- (iv) Has the power to acquire its own shares to be held as treasury shares in accordance with the provisions of Section 42B of the Companies Act 1981.

Signed by duly authorised persons of the Company in the presence of at least one witness attesting the signature thereof:-

Siu York Chee
Director

Leung Ge Yau
Witness

Leung Kwok Kui
Director

Leung Ge Yau
Witness

Dated this 10th day of April 2008

**BYE-LAWS
OF
UNLIMITED CREATIVITY HOLDINGS LIMITED**

(approved and adopted by the Shareholders of the Company at the Extraordinary General Meeting of the Company held on 2 April 2008 with effect from 30 April 2008)

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NEW BYE-LAWS

(As adopted by a Special Resolution passed on 2 April 2008
with effect from 30 April 2008)

OF

UNLIMITED CREATIVITY HOLDINGS LIMITED

PRELIMINARY

1. (A) The marginal notes to these Bye-Laws shall not be deemed to be part of these Bye-Laws and shall not affect their interpretation and, in the interpretation of these Bye-Laws, unless there be something in the subject or context inconsistent therewith:

Marginal Notes

“address” shall have the ordinary meaning given to it and shall include any facsimile number, electronic number or address or website used for the purposes of any communication pursuant to these Bye-Laws;

“appointed newspaper” shall have the meaning as defined in the Companies Act;

Definitions

“associate(s)” shall have the meaning attributed to it in the Listing Rules from time to time;

“Auditors” shall mean the persons for the time being performing the duties of that office;

“Bermuda” shall mean the Islands of Bermuda;

“the Board” shall mean the board of directors of the Company as constituted from time to time or (as the context may require) the majority of Directors present and voting at a meeting of the Directors at which a quorum is present;

“these Bye-Laws” or “these presents” shall mean these Bye-Laws in their present form and all supplementary, amended or substituted Bye-Laws for the time being in force;

“call” shall include any instalment of a call;

“capital” shall mean the share capital from time to time of the Company;

“the Chairman” shall mean the Chairman presiding at any meeting of shareholders or of the Board;

“Clearing House” shall mean a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or a clearing house or authorised shares depository recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction;

“the Companies Act” shall mean the Companies Act 1981 of Bermuda as may from time to time be amended;

“the Company” or “this Company” shall mean Unlimited Creativity Holdings Limited incorporated in Cayman Islands on 6 March 2001 and continued into Bermuda on 30 April 2008^{***};

“corporate representative” means any person appointed to act in that capacity pursuant to Bye-laws 87(A) or 87(B);

“debenture” and “debenture holder” shall respectively include “debenture stock” and “debenture stockholder”;

“Director” means a director of the Company;

“dividend” shall include scrip dividends, distributions in specie or in kind, capital distributions and capitalisation issues, if not inconsistent with the subject or context;

“electronic” shall mean relating to technology having electrical, digital, magnetic, wireless, optical electromagnetic or similar capabilities and such other meanings as given to it in the Electronic Transactions Act 1999 of Bermuda as may be amended from time to time;

“full financial statements” shall mean the financial statements that are required under section 87(1) of the Companies Act as may be amended from time to time;

“Head Office” shall mean such office of the Company as the Directors may from time to time determine to be the principal office of the Company;

“HK\$” shall mean Hong Kong dollars or other lawful currency of Hong Kong;

*** Note: The definitions of “the Company” or “this Company” have been corrected for the purpose of this bye-laws reprint only and has not been formally amended at a general meeting.

“holding company” and “subsidiary” shall have the meanings ascribed to them by the Companies Act;

“Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);

“Memorandum of Association” shall mean the Memorandum of Continuance of the Company and all supplementary, amended or substituted Memorandum of Continuance for the time being in force;

“month” shall mean a calendar month;

“Newspapers”, in relation to the publication in newspapers of any notice, shall mean in English in one leading English language daily newspaper and in Chinese in one leading Chinese language daily newspaper published and circulating generally in the Relevant Territory and specified for this purpose by the stock exchange in the Relevant Territory;

“paid up” in relation to a share, shall mean paid up or credited as paid up;

“the Principal Register” shall mean the register of shareholders of the Company maintained in Bermuda;

“the register” shall mean the Principal Register and any branch register to be kept pursuant to the provisions of the Statutes;

“Registered Office” shall mean the registered office of the Company for the time being;

“Registration Office” shall mean in respect of any class of share capital, such place or places in the Relevant Territory or elsewhere where the Directors from time to time determine to keep a branch register of shareholders in respect of that class of share capital and where (except in cases where the Directors otherwise agree) transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered;

“Relevant Territory” shall mean Hong Kong or such other territory as the Directors may from time to time decide if the issued ordinary share capital of the Company is listed on a stock exchange in such territory;

“Seal” shall mean any one or more common seals from time to time of the Company for use in Bermuda or in any place outside Bermuda;

“Secretary” shall mean the person or corporation for the time being performing the duties of that office;

“Securities Seal” shall mean a seal for use for sealing certificates for shares or other securities issued by the Company which is a facsimile of the Seal of the Company with the addition on its face of the words “Securities Seal”;

“share” shall mean share in the capital of the Company;

“shareholder” shall mean the duly registered holder from time to time of the shares in the capital of the Company;

“Statutes” shall mean the Companies Act, the Electronic Transactions Act 1999 of Bermuda, and every other act (as amended from time to time) for the time being in force of the Legislature of Bermuda applying to or affecting the Company, the Memorandum of Association and/or these presents;

“summarized financial statements” shall have the meaning ascribed to them in the section 87A(3) of the Companies Act as may be amended from time to time;

“Transfer Office” shall mean the place where the Principal Register is situate for the time being; and

“writing” or “printing” shall include writing, printing, lithography, photography, typewriting and every other mode of representing words or figures in a legible and non-transitory form.

(B) In these Bye-Laws, unless there be something in the subject or context inconsistent herewith:

General

words denoting the singular shall include the plural and words denoting the plural shall include the singular;

words importing any gender shall include every gender and words importing persons shall include partnerships, firms, companies and corporations;

subject as aforesaid, any words or expressions defined in the Companies Act (except any statutory modification thereof not in force when these Bye-Laws become binding on the Company) shall, if not inconsistent with the subject and/or context, bear the same meaning in these Bye-Laws, save that “company” shall where the context permits include any company incorporated in Bermuda or elsewhere; and

references to any statute or statutory provision shall be construed as relating to any statutory modification or re-enactment thereof for the time being in force.

(C) A resolution shall be a Special Resolution when it has been passed by a majority of not less than three-fourths of the votes cast by such

Special
Resolution

shareholders as, being entitled so to do, vote in person or, by duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting of which not less than 21 days' notice, specifying (without prejudice to the power contained in these presents to amend the same) the intention to propose the resolution as a Special Resolution, has been duly given. Provided that, if it is so agreed by a majority in number of the shareholders having a right to attend and vote at any such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, a resolution may be proposed and passed as a Special Resolution at a meeting of which less than 21 days' notice has been given.

(D) A resolution shall be an Ordinary Resolution when it has been passed by a simple majority of the votes cast by such shareholders as, being entitled so to do, vote in person or by duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting held in accordance with these presents and of which not less than 14 days' notice has been duly given. Provided that, if it is so agreed by a majority in number of the shareholders having a right to attend and vote at any such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, a resolution may be proposed and passed as an Ordinary Resolution at a meeting of which less than 14 days' notice has been given.	Ordinary Resolution
(E) A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Bye-Laws or the Statutes.	Special Resolution effective as Ordinary Resolution
2. Without prejudice to any other requirements of the Statutes, a Special Resolution shall be required to alter the Memorandum of Association, to approve any amendment of these presents or to change the name of the Company.	When Special Resolution is required

SHARES, WARRANTS AND MODIFICATION OF RIGHTS

3. Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine) and any preference share may, subject to the Companies Act and with the sanction of a Special Resolution, be issued on the terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or, if so authorised by the Memorandum of Association of the Company, at the option of the holder.	Issue of shares

4.	The Board may, subject to the approval by the shareholders in general meeting, issue warrants to subscribe for any class of shares or securities of the Company on such terms as the Board may from time to time determine. Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.	Warrants
5.	(A) For the purposes of Section 47 of the Companies Act, if at any time the capital is divided into different classes of shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Bye-Laws relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be not less than two persons holding or representing by proxy one-third in nominal value of the issued shares of that class, and that any holder of shares of the class present in person or by proxy or by a duly authorised corporate representative may demand a poll. (B) The provisions of this Bye-Law shall apply to the variation or abrogation of the special rights attached to the shares of any class as if each group of shares of the class differently treated formed a separate class the rights whereof are to be varied or abrogated. (C) The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking <i>pari passu</i> therewith.	How rights of shares may be modified

SHARES AND INCREASE OF CAPITAL

6.	(A) The authorised share capital of the Company at the date on which these Bye-Laws come into effect is HK\$300,000,000 divided into 30,000,000,000 shares of HK\$0.01 each. (B) Subject to the Statutes, the power contained in the Memorandum of Association for the Company to purchase or otherwise acquire its shares shall be exercisable by the Board upon such terms and subject to such conditions as it thinks fit. (C) Subject, where applicable, to the rules of any relevant stock exchange, the Company may in accordance with an employees' share scheme approved	Company to purchase its own shares Company to finance acquisition of own shares

by the shareholders in general meeting provide money on such terms as the Board thinks fit for the acquisition of fully or partly paid shares in the Company or its holding company. For the purposes of this Bye-Law, an employees' share scheme is a scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of bona fide employees or former employees (including, notwithstanding Section 96 of the Companies Act, any such bona fide employee or former employee who is or was also a director) of the Company, a subsidiary of the Company or holding company or a subsidiary of the Company's holding company, or the wives, husbands, widows, widowers or children or step-children under the age of twenty-one of such employees or former employees.

(D) Subject, where applicable, to the rules of any relevant stock exchange, the Company, a subsidiary of the Company or holding company or a subsidiary of the Company's holding company may make loans to persons (including, notwithstanding Section 96 of the Companies Act, any such bona fide employee or former employee who is or was also a director) employed in good faith by the Company with a view to enabling those persons to acquire fully or partly paid shares in the Company or its holding company to be held by them by way of beneficial ownership.

(E) The conditions subject to which money and loans are provided under paragraphs (C) and (D) of this Bye-Law may include a provision to the effect that when an employee ceases to be employed by the Company, the shares acquired with such financial assistance shall or may be sold to the Company on such terms as the Board thinks fit.

7. The Company in general meeting may from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by Ordinary Resolution increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such class or classes and of such amounts in Hong Kong dollars or United States dollars or such other currency as the shareholders may think fit and as the resolution may prescribe.

Power to
increase capital

8. Any new shares shall be issued upon such terms and conditions and with such rights, privileges or restrictions annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, subject to the provisions of the Statutes and of these Bye-Laws, as the Board shall determine; and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special right or without any right of voting.

On what
conditions
new shares may
be issued

9. The Company may by Ordinary Resolution, before the issue of any new shares, determine that the same, or any of them, shall be offered in the first instance, and either at par or at a premium, to all the existing holders of any class of shares in

When to be
offered to
existing
shareholders

proportion as nearly as may be to the number of shares of such class held by them respectively, or make any other provisions as to the issue and allotment of such shares, but in default of any such determination or so far as the same shall not extend, such shares may be dealt with as if they formed part of the capital of the Company existing prior to the issue of the same.

10.	Except so far as otherwise provided by the conditions of issue or by these Bye-Laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company and such shares shall be subject to the provisions contained in these Bye-Laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.	New shares to form part of original capital
11.	All unissued shares shall be at the disposal of the Board and it may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount. The Directors shall, as regards any offer or allotment of shares, comply with the provisions of the Companies Act, if and so far as such provisions may be applicable thereto. Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such offer, option or shares to shareholders or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Shareholders affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of shareholders for any purpose whatsoever.	Shares at the disposal of the Board
12.	The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in the Company, but so that the conditions and requirements of the Companies Act shall be observed and complied with, and in each case the commission shall not exceed ten per cent. of the price at which the shares are issued.	Company may pay commission
13.	Except as otherwise expressly provided by these Bye-Laws or as required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by the Company as holding any share upon any trust and, except as aforesaid, the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or any other right or claim to or in respect of any shares except an absolute right to the entirety thereof of the registered holder.	Company not to recognise trusts in respect of shares

REGISTER OF SHAREHOLDERS AND SHARE CERTIFICATES

14.	(A)	The Board shall cause to be kept a register of the shareholders and there shall be entered therein the particulars required under the Companies Act.	Share register
	(B)	Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a local or branch register at such location outside Bermuda as the Board thinks fit and, while the issued share capital of the Company is, with the consent of the Board, listed on any stock exchange in the Relevant Territory, the Company shall keep a branch register in the Relevant Territory.	Local or branch register
15.		Every person whose name is entered as a shareholder in the register shall be entitled without payment to receive within two months after allotment or lodgment of a transfer (or within such other period as the conditions of issue shall provide or, such shorter period as such stock exchange may from time to time prescribe) one certificate for all his shares, or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming a stock exchange board lot for the purposes of the stock exchange on which the shares are listed, upon payment, in the case of a transfer, of such sum (not exceeding in the case of any share capital listed on a stock exchange in the Relevant Territory, HK\$2.50 or such greater sum as such stock exchange may from time to time permit, and in the case of any other shares, such sum in such currency as the Board may from time to time determine to be reasonable in the territory in which the relevant register is situate, or otherwise such other sum as the Company may by Ordinary Resolution determine) for every certificate after the first as the Board may from time to time determine, such number of certificates for shares in stock exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of the joint holders shall be sufficient delivery to all such holders.	Share certificates
16.		Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the Seal of the Company, which for this purpose may be a Securities Seal.	Share certificates to be sealed
17.		Every share certificate hereafter issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares.	Share certificate to specify number and class of shares
18.	(A)	The Company shall not be bound to register more than four persons as joint holders of any share.	Joint holders
	(B)	If any share shall stand in the names of two or more persons, the person first named in the register shall be deemed the sole holder thereof as regards service of notice and, subject to the provisions of these Bye-Laws,	

all or any other matter connected with the Company, except the transfer of the shares.

19. If a share certificate is defaced, lost or destroyed, it may be replaced on payment of such fee, if any, (not exceeding, in the case of any share capital listed on a stock exchange in the Relevant Territory, HK\$2.50 or such greater sum as such stock exchange may from time to time permit, and, in the case of any other capital, such sum in such currency as the Board may from time to time determine to be reasonable in the territory in which the relevant register is situate, or otherwise such sum as the Company may by Ordinary Resolution determine) as the Board shall from time to time determine and on such terms and conditions, if any, as to publication of notices, evidence and indemnity as the Board thinks fit and in the case of wearing out or defacement, after delivery up of the old certificate. In the case of destruction or loss, the person to whom such replacement certificate is given shall also bear and pay to the Company any exceptional costs and the reasonable out-of-pocket expenses incidental to the investigation by the Company of the evidence of such destruction or loss and of such indemnity.

Replacement of
share
certificates

LIEN

20. The Company shall have a first and paramount lien and charge on every share (not being a fully paid up share) for all moneys, whether presently payable or not, called or payable at a fixed time in respect of such share. The Company shall also have a first and paramount lien and charge on all shares (other than fully paid up shares) standing registered in the name of a shareholder, whether singly or jointly with any other person or persons, for all the debts and liabilities of such shareholders or his estate to the Company and whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such shareholder, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such shareholder or his estate and any other person, whether a shareholder of the Company or not. The Company's lien (if any) on a share shall extend to all dividends and bonuses declared in respect thereof. The Board may at any time either generally or in any particular case waive any lien that has arisen, or declare any share to be exempt wholly or partially from the provisions of this Bye-Law.
21. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of the sum presently payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the shares or the person entitled to the shares by reason of such holder's death, bankruptcy or winding-up.

Company's lien

Sale of shares
subject to lien

22.	The net proceeds of such sale after the payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability or engagement in respect whereof the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. For the purpose of giving effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof and may enter the purchaser's name in the register as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in relating to the sale.	Application of proceeds of sale

CALLS ON SHARES

23.	The Board may from time to time make such calls as it may think fit upon the shareholders in respect of any moneys unpaid on the shares held by them respectively (whether on account of the nominal value of shares or by way of premium) and not by the conditions of issue or allotment thereof made payable at a fixed time. A call may be made payable either in one sum or by instalments.	Calls/ instalments
24.	Fourteen days' notice at least of any call shall be given specifying the time and place of payment and to whom such call shall be paid.	Notice of call
25.	A copy of the notice referred to in Bye-Law 24 shall be sent to shareholders in the manner in which notices may be sent to shareholders by the Company as herein provided.	Copy of notice to be sent to shareholders
26.	In addition to the giving of notice in accordance with Bye-Law 25, notice of the person appointed to receive payment of every call and of the times and places appointed for payment may be given to the shareholders by notice to be published at least once in the Newspapers.	Notice of call may be given
27.	Every shareholder upon whom a call is made shall pay the amount of every call so made on him to the person and at the time or times and place or places as the Board shall appoint.	Time and place for payment of call
28.	A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed.	When call deemed to have been made
29.	The joint holders of a share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such share or other moneys due in respect thereof.	Liability of joint holders
30.	The Board may from time to time at its discretion extend the time fixed for any call, and may extend such time as regards all or any of the shareholders whom due to residence outside the Relevant Territory or other cause the Board may	Board may extend time fixed for call

deem entitled to any such extension but no shareholder shall be entitled to any such extension except as a matter of grace and favour.

31.	If the sum payable in respect of any call or instalments is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. per annum as the Board shall fix from the day appointed for the payment thereof to the time of the actual payment, but the Board may waive payment of such interest wholly or in part.	Interest on unpaid calls
32.	No shareholder shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another shareholder) at any general meeting, either personally, or (save as proxy for another shareholder) by proxy or by a duly authorised corporate representative, or be reckoned in a quorum, or to exercise any other privilege as a shareholder until all calls or instalments due from him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.	Suspension of privileges while call unpaid
33.	On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the shareholder sued is entered in the register as the holder, or one of the holders, of the shares in respect of which such debt accrued; that the resolution of the Board making the call has been duly recorded in the minute book of the Board; and that notice of such call was duly given to the shareholder sued, in pursuance of these Bye-Laws; and it shall not be necessary to prove the appointment of the Board who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.	Evidence in action for call
34.	Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, whether on account of the nominal value of the share and/or by way of premium, shall for all purposes of these Bye-Laws be deemed to be a call duly made, notified, and payable on the date fixed for payment, and in case of non-payment all the relevant provisions of these Bye-Laws as to payment of interest and expenses, forfeiture and the like, shall apply as if such sums had become payable by virtue of a call duly made and notified. The Board may on the issue of shares differentiate between the allottees or holders as to the amount of calls to be paid and the time of payment.	Sums payable on allotment deemed a call Shares may be issued subject to different conditions as to calls, etc.
35.	The Board may, if it thinks fit, receive from any shareholder willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the moneys so advanced the Company may pay interest at such rate (if any) not exceeding twenty per cent. per annum as the Board may decide but a payment in advance of a call shall not entitle the shareholder to receive any dividend or to exercise any other rights or privileges as a shareholder in respect of the share or the due portion of the shares upon which payment has been advanced by such shareholder before it is called up. The Board may at any	Payment of calls in advance

time repay the amount so advanced upon giving to such shareholder not less than one month's notice in writing of their intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced.

TRANSFER OF SHARES

36.	Subject to the Companies Act, all transfers of shares may be effected by transfer in writing in the usual or common form or in such other form as the Board may accept and may be under hand or by means of mechanically imprinted signatures or such other manner as the Board may from time to time approve.	Form of transfer
37.	The instrument of transfer of any share shall be executed by or on behalf of the transferor and by or on behalf of the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its absolute discretion, to do so. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. Nothing in these Bye-Laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.	Execution of transfer
38.	(A) The Board may, in its absolute discretion, at any time and from time to time transfer any share upon the Principal Register to any branch register or any share on any branch register to the Principal Register or any other branch register. (B) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time stipulate, and which agreement it shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold) no shares on the Principal Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Principal Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Principal Register, at the Transfer Office. Unless the Board otherwise agrees, all transfers and other documents of title shall be lodged for registration with, and registered at, the relevant Registration Office. (C) Notwithstanding anything contained in this Bye-Law, the Company shall as soon as practicable and on a regular basis record in the Principal Register all transfers of shares effected on any branch register and shall at all times maintain the Principal Register in all respects in accordance with the Companies Act.	Shares registered on principal register, branch register, etc.

39.	The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register a transfer of any share (whether fully paid up or not) to more than four joint holders or a transfer of any shares (not being a fully paid up share) on which the Company has a lien.	Board may refuse to register a transfer
40.	The Board may also decline to recognise any instrument of transfer unless:- i) such sum, if any, (not exceeding, in the case of any share capital listed on a stock exchange in the Relevant Territory, HK\$2.50 or such greater sum as such stock exchange may from time to time permit, and, in the case of any other capital, such sum in such currency as the Board may from time to time determine to be reasonable in the territory in which the relevant register is situate, or otherwise such sum as the Company may by Ordinary Resolution determine) as the Board shall from time to time determine is paid to the Company in respect thereof has been paid; ii) the instrument of transfer is lodged at the relevant Registration Office or, as the case may be, the Transfer Office accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); iii) the instrument of transfer is in respect of only one class of share; iv) the shares concerned are free of any lien in favour of the Company; v) if applicable, the instrument of transfer is properly stamped; and vi) where applicable, the permission of the Bermuda Monetary Authority with respect thereto has been obtained.	Requirements as to transfer
41.	No transfer of any shares (not being a fully paid up share) shall be made to an infant or to a person of unsound mind or under other legal disability.	No transfer to an infant
42.	If the Board shall refuse to register a transfer of any share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.	Notice of refusal
43.	Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued without charge to the transferee in respect of the shares transferred to him, and if any of the shares included in the certificate so given up shall be retained by the transferor a new certificate in respect thereof shall be	Certificate to be given up on transfer

issued to him without charge. The Company shall also retain the instrument of transfer.

44. The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and in the Newspapers at such times and for such periods as the Board may from time to time determine and either generally or in respect of any class of shares. The register shall not be closed for more than thirty days in any year.

When transfer books and register may be closed

TRANSMISSION OF SHARES

45. In the case of the death of a shareholder, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.

Deaths of registered holder or of joint holder of shares

46. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a shareholder may, upon such evidence as to his title being produced as may from time to time be required by the Board, and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof.

Registration of personal representatives and trustees in bankruptcy

47. If the person becoming entitled to a share pursuant to Bye-Law 46 shall elect to be registered himself, as the holder of such share he shall deliver or send to the Company a notice in writing signed by him at (unless the Board otherwise agrees) the Registration Office, stating that he so elects. If he shall elect to have his nominee registered, he shall testify his election by executing a transfer of such shares to his nominee. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death, bankruptcy or winding-up of the shareholder had not occurred and the notice or transfer were a transfer executed by such shareholder.

Notice of election to be registered and registration of nominee

48. A person becoming entitled to a share by reason of the death, bankruptcy or winding-up of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Bye-Law 77 being met, such a person may vote at general meetings of the Company.

Retention of dividends, etc. until transfer or transmission of shares of a deceased or bankrupt shareholder

FORFEITURE OF SHARES

49.	If a shareholder fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, without prejudice to the provisions of Bye-Law 32, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may thereafter accrue up to the date of actual payment.	If call or instalment not paid notice may be given
50.	The notice shall name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made, such place being either the Registered Office or a Registration Office. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.	Content of notice of call
51.	If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept the surrender of any shares liable to be forfeited hereunder and in such cases references in these Bye-Laws to forfeiture shall include surrender.	If notice not complied with shares may be forfeited
52.	Any share so forfeited shall be deemed to be the property of the Company, and may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Board thinks fit.	Forfeited shares to become property of Company
53.	A person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the forfeited shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. per annum as the Board may prescribe, and the Board may enforce the payment thereof if it thinks fit, and without any deduction or allowance for the value of the shares at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Bye-Law any sum which by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that such time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.	Arrears to be paid notwithstanding forfeiture

54.	A statutory declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited or surrendered on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.	Evidence of forfeiture and transfer of forfeited share
55.	When any share shall have been forfeited, notice of the forfeiture shall be given to the shareholder in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.	Notice after forfeiture
56.	Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, cancel the forfeiture on such terms as the Board thinks fit or permit the shares so forfeited to be bought back or redeemed upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the shares, and upon such further terms (if any) as it thinks fit.	Power to redeem forfeited shares
57.	The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payment thereon.	Forfeiture not to prejudice Company's right to call or instalment payment
58.	(A) The provisions of these Bye-Laws as to forfeiture shall apply in the case of non-payment of any sum which, by terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified. (B) In the event of a forfeiture of shares the shareholder shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited and in any event the certificates representing shares so forfeited shall be void and of no further effect.	Forfeiture for non-payment of any sum due on shares

ALTERATION OF CAPITAL

59. (A) The Company may from time to time by Ordinary Resolution:-

- i) increase its capital as provided by Bye-Law 7;
- ii) consolidate or divide all or any of its share capital into shares of larger amount than its existing shares; and on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into a consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interest or may be paid to the Company for the Company's benefit;
- iii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares;
- v) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;
- vi) make provision for the issue and allotment of shares which do not carry any voting rights; and
- vii) change the currency denomination of its share capital.

Increase in capital, consolidation and division of capital and sub-division, cancellation of shares and re-denomination etc.

- (B) The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law.

GENERAL MEETINGS

60. (A) The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. The annual general meeting shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint. A meeting of the shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

- (B) Save where a general meeting is required by the Companies Act, a resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall, for the purposes of these Bye-Laws, be treated as an Ordinary Resolution duly passed at a general meeting of the Company and, where relevant, as a Special Resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last shareholder to sign, and where the resolution states a date as being the date of his signature thereof by any shareholder the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant shareholders.

61. All general meetings other than annual general meetings shall be called special general meetings.

62. The Board may, whenever it thinks fit, convene a special general meeting, and special general meetings shall also be convened on requisition, as provided by the Companies Act, and, in default, may be convened by the requisitionists.

63. An annual general meeting and a meeting called for the passing of a Special Resolution shall be called by at least twenty-one days' notice in writing, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a Special Resolution shall be called by at least fourteen days' notice in writing. The notice shall be exclusive of the day on which it is served or

deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Bye-Laws, entitled to receive such notices from the Company, provided that, subject to the provisions of the Companies Act, a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Bye-Law be deemed to have been duly called if it is so agreed:-

- i) in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote thereat; and
 - ii) in the case of any other meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.
64. (A) The accidental omission to give any notice to, or the non-receipt of any notice by, any person entitled to receive notice shall not invalidate any resolution passed or any proceedings at any such meeting. Omission to give notice
- (B) In the case where instruments of proxy are sent out with any notice, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice of the relevant meeting shall not invalidate any resolution passed or any proceeding at any such meeting.

PROCEEDINGS AT GENERAL MEETINGS

65. All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of ordinary or extra or special remuneration to the Directors. Special business, business of annual general meeting
66. For all purposes the quorum for a general meeting shall be two shareholders present in person or by duly authorised corporate representative or by proxy and entitled to vote. No business shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the meeting. Quorum
67. If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be When if quorum not present meeting to be dissolved and when to be adjourned

dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the Board.

68.	The Chairman (if any) of the Board or, if he is absent or declines to take the chair at such meeting, the Deputy Chairman (if any) shall take the chair at every general meeting, or, if there be no such Chairman or Deputy Chairman, or, if at any general meeting neither of such Chairman or Deputy Chairman is present within fifteen minutes after the time appointed for holding such meeting, or both such persons decline to take the chair at such meeting, the Directors present shall choose one of their number as Chairman, and if no Director be present or if all the Directors present decline to take the chair or if the Chairman chosen shall retire from the chair, then the shareholders present shall choose one of their number to be Chairman.	Chairman of general meeting
69.	The Chairman may, with the consent of any general meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for fourteen days or more, at least seven days' notice, specifying the place, the day and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no shareholder shall be entitled to any notice of an adjournment or of the business to be transacted at an adjourned meeting. No business shall be transacted at an adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.	Power to adjourn general meeting, business of adjourned meeting
70.	At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:-	What is to be evidence of the passing of a resolution where poll not demanded
i)	by the Chairman of the meeting; or	
ii)	by at least three shareholders present in person or by duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or	
iii)	by any shareholder or shareholders present in person or by duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or	
iv)	by any shareholder or shareholders present in person or by duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.	

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

71.	If a poll is demanded as aforesaid, it shall (subject as provided in Bye-Law 72) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place not being more than thirty days from the date of the meeting or adjourned meeting at which the poll was demanded, as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting at which the poll was demanded or the taking hands of the poll, whichever is the earlier.	Poll
72.	Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.	In what case poll taken without adjournment
73.	In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote. In case of any dispute as to the admission or rejection of any vote the Chairman shall determine the same, and such determination shall be final and conclusive.	Chairman to have casting vote
74.	The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.	Business may proceed notwithstanding demand for poll
75.	For the purposes of section 106 of the Companies Act, a Special Resolution of the Company, and of any relevant class of shareholders, shall be required to approve any amalgamation agreement as referred to in that section.	Approval of amalgamation agreement

VOTES OF SHAREHOLDERS

76.	Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every shareholder who is present in person or by a duly authorised corporate representative or by proxy shall have one vote, and on a poll every shareholder present in person or by a duly authorised corporate representative or by proxy, shall have one vote for every share of which he is the holder which is fully paid up or credited as fully paid up (but so that no amount paid up or credited as paid up on a share in advance of calls or instalments shall be treated for the purposes of this Bye-Law as paid up on the share). On a poll a shareholder	Votes of shareholders

entitled to more than one vote need not use all his votes or cast his votes in the same way.

- 76A. Where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.
77. Any person entitled under Bye-Law 46 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least 48 hours before the time of the holding of the meeting or adjourned meeting (as the case may be) at which he proposes to vote, he shall satisfy the Board of his right to be registered as the holder of such shares or the Board shall have previously admitted his right to vote at such meeting in respect thereof. Votes in respect of deceased and bankrupt shareholders
78. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder in whose name any share stands shall for the purposes of this Bye-Law be deemed joint holders thereof. Joint holders
79. A shareholder of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may on a poll vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be delivered to such place or one of such places (if any) as is specified in accordance with these Bye-Laws for the deposit of instruments of proxy or, if no place is specified, at the Registration Office. Votes of shareholder of unsound mind
80. (A) Save as expressly provided in these Bye-Laws, no person other than a shareholder duly registered and who shall have paid everything for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another shareholder) either personally or by proxy or to be reckoned in a quorum (save as proxy for another shareholder), at any general meeting. Qualification for voting
- (B) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman, whose decision shall be final and conclusive. Objections to votes

81.	Any shareholder of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. Votes may be given either personally or by duly authorised corporate representative or by proxy. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder. In addition, a proxy or proxies representing either an individual shareholder or a shareholder which is a corporation, shall be entitled to exercise the same powers on behalf of the shareholder which he or they represent as such shareholder could exercise, including the right to vote individually on a show of hands.	Proxies
82.	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.	Instrument appointing proxy to be in writing
83.	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at such place or one of such places (if any) as is specified in the notice of meeting or in the instrument of proxy issued by the Company (or, if no place is specified, at the Registration Office) not less than forty-eight hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in a case where the meeting was originally held within twelve months from such date. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting or upon the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.	Appointment of proxy must be deposited
84.	Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve.	Form of proxy
85.	The instrument appointing a proxy to vote at a general meeting shall: (i) be deemed to confer authority upon the proxy to demand or join in demanding a poll and to vote on any resolution (or amendment thereto) put to the meeting for which it is given as the proxy thinks fit. Provided that any form issued to a shareholder for use by him for appointing a proxy to attend and vote at a special general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the shareholder, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business; and (ii) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.	Authority under instrument appointing proxy

86. A vote given in accordance with the terms of an instrument of proxy or power of attorney shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its Registration Office, or at such other place as is referred to in Bye-Law 83, at least two hours before the commencement of the meeting or adjourned meeting at which the proxy is used.
87. (A) Any corporation which is a shareholder of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its corporate representative at any meeting of the Company or of any class of shareholders of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual shareholder of the Company. References in these Bye-Laws to a shareholder present in person at a meeting shall, unless the context otherwise requires, include a corporation which is a shareholder represented at the meeting by such duly authorised corporate representative or by one or more proxies. Nothing contained in this Bye-law shall prevent a corporation which is a shareholder of the Company from appointing one or more proxies to represent it pursuant to Bye-law 81.
- (B) If a Clearing House (or its nominee) is a shareholder of the Company, it may appoint such person or persons as it thinks fit to act as its proxy or proxies or as its corporate representative or representatives, to the extent permitted by the Companies Act, at any meeting of the Company or at any meeting of any class of shareholders of the Company provided that, if more than one proxy or, corporate representative is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy or corporate representative is so appointed. A person so appointed under the provisions of this Bye-law shall be entitled to exercise the same powers on behalf of the Clearing House (or its nominee) which he represents as that Clearing House (or its nominee) could exercise as if it were an individual shareholder including the right to vote individually on a show of hands. The number of persons a Clearing House (or its nominee) may appoint to act as its corporate representative or representatives shall not exceed the number of shares held by a Clearing House (or its nominee), being shares in respect of which there is an entitlement to attend and vote at the relevant meeting.

When vote by
proxy valid
though
authority
revoked

REGISTERED OFFICE

88.	The Registered Office shall be at such place in Bermuda as the Board shall from time to time appoint.	Registered Office

BOARD OF DIRECTORS

89.	The number of Directors shall not be less than two. The Company shall keep at the Registered Office a register of its directors and officers in accordance with the Statutes.	Constitution of Board
90.	The Company in general meeting may by Ordinary Resolution elect a person or persons qualified to be Directors to act as Directors in the alternative to any of the Directors of the Company or may authorise the Board to appoint such alternate Directors. Any alternate Director may be removed by the Company in general meeting by Ordinary Resolution and, if appointed by the Board, may be removed by the Board and, subject thereto, the office of alternate Director shall continue until the next annual election of Directors in accordance with Bye-Law 99 or, if earlier, the date on which the relevant Director ceases to be a Director. An alternate Director may also be a Director in his own right and may act as alternate to more than one Director.	Alternate Directors
91.	(A) A Director may at any time, by notice in writing signed by him delivered to the Registered Office or to the Head Office or at a meeting of the Board, appoint any person (including another Director) to act as alternate Director in his place during his absence and may in like manner at any time determine such appointment. If such person is not another Director such appointment unless previously approved by the Board shall have effect only upon and subject to being so approved. The appointment of an alternate Director shall determine on the happening of any event which, were he a Director, would cause him to vacate such office or if his appointor ceases to be a Director. (B) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the ordinary remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct. (C) An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and	Rights of alternate Directors

generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Bye-Laws shall apply as if he were a Director.

- (D) Every person acting as an alternate Director shall (except as regards power to appoint an alternate Director and remuneration) be subject in all respects to the provisions of these Bye-Laws relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him.
 - (E) Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). The signature of an alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.
 - (F) No alternate Director shall by virtue of that position be a director for the purposes of the Companies Act, but shall nevertheless be subject to the provisions of the Companies Act in so far as they relate to the duties and obligations of directors (other than the obligations to hold any qualifying share in the Company) when performing the functions of a Director.
92. A Director or an alternate Director shall not be required to hold any qualification shares but shall nevertheless be entitled to attend and speak at all general meetings of the Company and all meetings of any class of shareholders of the Company.
93. The Directors shall be entitled to receive by way of remuneration for their services as Directors such sum as shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees.
94. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged in the business of the Company or in the discharge of their duties as Directors.

Attendance at
general
meetings

Directors'
remuneration

Directors'
expenses

95.	The Board may grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as the Board may determine.	Special remuneration
96.	(A) Notwithstanding Bye-Laws 93, 94 and 95, the remuneration of a Managing Director, Joint Managing Director, Deputy Managing Director or an Executive Director or a Director appointed to any other office in the management of the Company may from time to time be fixed by the Board and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director. (B) Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.	Remuneration of Managing Directors, etc. Payments for compensation for loss of office
97.	(A) A Director shall vacate his office:- (i) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally; (ii) if he becomes a lunatic or of unsound mind; (iii) if he absents himself from the meetings of the Board during a continuous period of six months, without special leave of absence from the Board, and his alternate Director (if any) shall not during such period have attended in his stead, and the Board passes a resolution that he has by reason of such absence vacated his office; (iv) if he becomes prohibited by law from acting as a Director; (v) if by notice in writing delivered to the Company at its Registered Office or at the Head Office he resigns his office; (vi) if he shall be removed from office by an Ordinary Resolution of the Company under Bye-Law 104. (B) No Director shall be required to vacate office or be ineligible for re-election or re-appointment as a Director, and no person shall be ineligible for	When office of Director to be vacated

appointment as a Director, by reason only of his having attained any particular age.

98. (A) Subject to the Companies Act, a Director may hold any other office or place of profit with the Company (except that of Auditors) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for, by or pursuant to any other Bye-Law.
- (B) A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditors) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (C) A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the shareholders for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.
- (D) A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).
- (E) Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms thereof, or the termination thereof) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment (or the arrangement or variation of the terms thereof, or the termination thereof) and except (in the case of an office or place of profit with any such other company as aforesaid) where the other company is a company in which the Director together with any of his associates owns 5 per cent. or more of the issued shares of any class of

Directors'
interests

the equity share capital of such company or of the voting rights of any class of shares of such company;

- (F) Subject to the Companies Act and to the next paragraph of this Bye-Law, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the shareholders for any remuneration, profit or other benefits realised by any such contract or arrangement, by reason only of such Director holding that office or the fiduciary relationship thereby established.
- (G) A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Bye-Law, a general notice to the Board by a Director to the effect that (a) he is a shareholder of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest under this Bye-Law in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.
- (H) A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associate(s) has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:-
 - (i) the giving of any security or indemnity either:-
 - (a) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
 - or

- (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:-
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

- (I) A company shall be deemed to be a company in which a Director together with any of his associates owns five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights of any class of shares of such company if and so long as (but only if and so long as) he together with his associates is (either directly or indirectly) the holder of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights of any class of shares available to shareholders of the company. For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associates as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director's or his associates' interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associates is interested only as a unit holder.
- (J) Where a company in which a Director together with any of his associates holds five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights of any class of shares available to shareholders of the company is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.
- (K) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the Chairman) or his associates or as to the entitlement of any Director (other than such Chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his associates concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the Chairman or his associates such question shall be decided by a resolution of the Board (for which purpose such Chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such Chairman or his associates as known to him has not been fairly disclosed to the Board.

APPOINTMENT AND RETIREMENT OF DIRECTORS

99. At each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third but not less than one-third, shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot. The

Rotation and
retirement of
Directors

retiring Directors shall be eligible for re-election. The Company at any general meeting at which any Directors retire may fill the vacated offices. For avoidance of doubt, each Director shall retire at least once every three (3) years.

100. If at any general meeting at which an election of Directors ought to take place the places of the retiring Directors are not filled, the retiring Directors or such of them as have not had their places filled shall be deemed to have been re-elected and shall, if willing, continue in office until the next annual general meeting and so on from year to year until their places are filled, unless:- i) it shall be determined at such meeting to reduce the number of Directors; or ii) it is expressly resolved at such meeting not to fill up such vacated offices; or iii) in any such case the resolution for re-election of a Director is put to the meeting and lost; or iv) such Director has given notice in writing to the Company that he is not willing to be re-elected.	Retiring Directors to remain in office until successors appointed
101. The Company in general meeting shall from time to time fix and may from time to time by Ordinary Resolution increase or reduce the maximum and minimum number of Directors but so that the number of Directors shall never be less than two.	Power of general meeting to increase or reduce number of Directors
102. (A) The Company may from time to time in general meeting by Ordinary Resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board. (B) The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.	Appointment of Directors
103. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office at least seven days before the date of the general meeting. The period for lodgment	Notice of proposed Director to be given

of the notices required under this Bye-law will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

104. The Company may by Ordinary Resolution remove any Director (including a Managing Director or other Executive Director) before the expiration of his period of office notwithstanding anything in these Bye-Laws or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may elect another person in his stead. Any person so elected shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at such meeting, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Power to
remove
Director by
Ordinary
Resolution

BORROWING POWERS

105. The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof.
106. The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
107. Debentures, debenture stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
108. Any debentures, debenture stock, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.
109. (A) The Board shall cause a proper register to be kept of all mortgages and charges specifically affecting the property of the Company and shall duly comply with such provisions of the Companies Act with regard to the registration of mortgages and charges as may be specified or required.
- (B) If the Company issues a series of debentures or debenture stock not transferable by delivery, the Board shall cause a proper register to be kept of the holders of such debentures.

Power to
borrow

Conditions on
which money
may be
borrowed

Assignment of
debentures etc.

Special
privileges of
debentures etc.

Register of
charges to
be kept

110.	Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the shareholders or otherwise, to obtain priority over such prior charge.	Mortgage of uncalled capital

MANAGING DIRECTORS, ETC.

111.	The Board may from time to time appoint any one or more of its body to the office of Managing Director, Joint Managing Director, Deputy Managing Director or other Executive Director and/or such other office in the management of the business of the Company as it may decide for such period and upon such terms as it thinks fit and upon such terms as to remuneration as it may decide in accordance with Bye-Law 96.	Powers to appoint Managing Directors, etc.
112.	Every Director appointed to an office under Bye-Law 111 hereof shall, but without prejudice to any claim for damages for breach of any contract of service between himself and the Company, be liable to be dismissed or removed therefrom by the Board.	Removal of Managing Director, etc.
113.	A Director appointed to an office under Bye-Law 111 shall be subject to the same provisions as to rotation, resignation and removal as the other Directors of the Company, and he shall ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.	Cessation of appointment
114.	The Board may from time to time entrust to and confer upon a Managing Director, Joint Managing Director, Deputy Managing Director or Executive Director all or any of the powers of the Board that it may think fit provided that the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Board may from time to time make and impose, and the said powers may at any time be withdrawn, revoked or varied, but no person dealing in good faith and without notice of such withdrawal, revocation or variation shall be affected thereby.	Powers may be delegated

MANAGEMENT

115. (A)	The management of the business of the Company shall be vested in the Board which, in addition to the powers and authorities expressly conferred upon it by these Bye-Laws, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and which are not hereby or by the Statutes expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Statutes and of these Bye-Laws and to any regulations from time to time made by the Company in general meeting not being inconsistent with such provisions of these Bye-Laws, provided that no regulation so made shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.	General powers of Company vested in Board

(B) Without prejudice to the general powers conferred by these Bye-Laws, it is hereby expressly declared that the Board shall have the following powers:-

- i) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium and on such other terms as may be agreed; and
- ii) to give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration.

MANAGERS

116. The Board may from time to time appoint a general manager, manager or managers of the business of the Company and may fix his or their remuneration either by way of salary or commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes and pay the working expenses of any of the staff of the general manager, manager or managers who may be employed by him or them upon the business of the Company.	Appointment and remuneration of managers
117. The appointment of such general manager, manager or managers may be for such period as the Board may decide and the Board may confer upon him or them all or any of the powers of the Board and such title or titles as it may think fit.	Tenure of office and powers
118. The Board may enter into such agreement or agreements with any such general manager, manager or managers upon such terms and conditions in all respects as the Board may in its absolute discretion think fit, including a power for such general manager, manager or managers to appoint an assistant manager or managers or other employees whatsoever under them for the purpose of carrying on the business of the Company.	Terms, and conditions of appointment

CHAIRMAN AND OTHER OFFICERS

119. The Board shall as soon as practicable following each annual general meeting elect one of its body to the office of Chairman of the Company and another to be the Deputy Chairman of the Company and may from time to time elect or otherwise appoint other officers and determine the period for which each of them is to hold office. The Chairman or, in his absence, the Deputy Chairman shall preside at meetings of the Board, but if no such Chairman or Deputy Chairman be elected or appointed, or if at any meeting the Chairman or Deputy Chairman is not present within five minutes after the time appointed for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting. All the provisions of Bye-Laws 112, 113 and 114 shall mutatis mutandis apply to any Directors elected or otherwise appointed to any office in accordance with the provisions of this Bye-Law.	Chairman, Deputy Chairman and officers

PROCEEDINGS OF THE DIRECTORS

120.	The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit and may determine the quorum necessary for the transaction of business. Unless otherwise determined two Directors shall be a quorum. For the purpose of this Bye-Law an alternate Director shall be counted in a quorum but, notwithstanding that an alternate Director is also a Director or is an alternate for more than one Director, he shall for quorum purposes count as only one Director. A meeting of the Board or any committee of the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.	Meeting of the Board, quorum, etc.
121.	A Director may, and the Secretary shall, on the request of a Director, at any time summon a meeting of the Board which may be held in any part of the world provided that no such meeting shall be summoned to be held outside the territory in which the Head Office is for the time being situate without the prior approval of the Directors. Notice thereof shall be given to each Director and alternate Director either in writing or by telephone or by telex or telegram at the address from time to time notified to the Company by such Director or in such other manner as the Board may from time to time determine. A Director absent or intended to be absent from the territory in which the Head Office is for the time being situate may request the Board that notices of Board meetings shall during his absence be sent in writing to him at his last known address or any other address given by him to the Company for this purpose, but such notices need not be given any earlier than notices given to Directors not so absent and in the absence of any such request it shall not be necessary to give notice of a Board meeting to any Director who is for the time being absent from such territory. A Director may waive notice of any meeting either prospectively or retrospectively.	Convening of Board
122.	Questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.	How questions to be decided
123.	A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Bye-Laws for the time being vested in or exercisable by the Board generally.	Powers of meeting

124. The Board may delegate any of its powers to committees consisting of such member or members of its body and such other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.	Power to appoint committee and to delegate
125. All acts done by any such committee in conformity with such regulations and in fulfilment of the purposes for which it is appointed, but not otherwise, shall have the like force and effect as if done by the Board, and the Board shall have power, with the consent of the Company in general meeting, to remunerate the members of any special committee, and charge such remuneration to the current expenses of the Company.	Act of committee to be of same effect as acts of Board
126. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not replaced by any regulations imposed by the Board pursuant to Bye-Law 124.	Proceedings of committee
127. All acts bona fide done by any meeting of the Board or by any such committee or by any person acting as a Director shall, notwithstanding that it shall be afterwards discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or member of such committee.	When acts of Board or committee to be valid notwithstanding defects
128. The continuing Directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the number fixed by or pursuant to these Bye-Laws as the necessary quorum of Directors, the continuing Director or Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company but for no other purpose.	Directors' powers when vacancies exists
129. A resolution in writing signed by all the Directors except such as are absent from the territory in which the Head Office is for the time being situate or temporarily unable to act through ill-health or disability (or their alternate Directors) shall (so long as such a resolution shall be signed by at least two Directors or their alternates and provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors (or their alternates) for the time being entitled to receive notices of Board meetings) be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. Any such resolutions in writing may consist of several documents in like form each signed by one or more of the Directors or alternate Directors.	Directors' resolutions

MINUTES

130. (A) The Board shall cause minutes to be made of:-
- i) all appointments of officers made by the Board;
 - ii) the names of the Directors present at each meeting of the Board and of committees appointed pursuant to Bye-Law 124; and
 - iii) all resolutions and proceedings at all meetings of the Company and of the Board and of such committees.
- (B) Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting.
- (C) The Directors shall duly comply with the provisions of the Companies Act in regard to keeping a register of shareholders and to the production and furnishing of copies of or extracts from such register.
- (D) Any register, index, minute book, book of account or other book required by these presents or the Statutes to be kept by or on behalf of the Company may be kept either by making entries in bound books or by recording them in any other manner which shall include, without prejudice to the generality thereof, recording by means of magnetic tape, microfilm, computer or any other non-manual system of recording. In any case in which bound books are not used, the Directors shall take adequate precautions for guarding against falsification and for facilitating its discovery.

Minutes of
proceedings of
meetings and
Directors

SECRETARY

131. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board. Anything by the Statutes or these Bye-Laws required or authorised to be done by or to the Secretary, if the office is vacant or there is for any other reason no Secretary capable of acting, may be done by or to any assistant or deputy Secretary, or if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially on behalf of the Board. If the Secretary appointed is a corporation or other body, it may act and sign by the hand of any one or more of its directors or officers duly authorised.
132. The duties of the Secretary shall be those prescribed by the Companies Act and these Bye-Laws, together with such other duties as may from time to time be prescribed by the Board.

Appointment of
Secretary

Duties of the
Secretary

133. A provision of the Statutes or of these Bye-Laws requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.	Same person not to act in two capacities at once

GENERAL MANAGEMENT AND USE OF THE SEAL

134. (A) Subject to the Statutes, the Company shall have one or more Seals as the Directors may determine. The Directors shall provide for the safe custody of each Seal, and no Seal shall be used without the authority of the Directors or a committee authorised by the Directors in that behalf.	Custody of Seal
(B) Every instrument to which a Seal shall be affixed shall be signed autographically by one Director and the Secretary or by two Directors or any person or persons (including a Director and/or the Secretary) appointed by the Board for the purpose provided that as regards any certificates for shares or debentures or other securities of the Company the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic as specified in such resolution or that such certificates need not be signed by any person.	Use of Seal
(C) The Company may have a Securities Seal for use for sealing certificates for shares or other securities issued by the Company and no signature of any Director, officer or other person and no mechanical reproduction thereof shall be required on any such certificates or other document and any such certificates or other document to which such Securities Seal is affixed shall be valid and deemed to have been sealed and executed with the authority of the Board notwithstanding the absence of any such signature or mechanical reproduction as aforesaid. The Board may by resolution determine that the affixation of Securities Seal on certificates for shares or other securities issued by the Company be dispensed with or be affixed by printing the image of the Securities Seal on such certificates.	Securities Seal
135. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.	Cheques and banking arrangements
136. (A) The Board may from time to time and at any time, by power of attorney under the Seal, appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Bye-Laws) and for such period and	Power to appoint attorney

subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

- (B) The Company may, by writing under its Seal, empower any person, either generally or in respect of any specified matter, as its attorney to execute deeds and instruments on its behalf and to enter into contracts and sign the same on its behalf and every deed signed by such attorney on behalf of the Company and under his seal shall bind the Company and have the same effect as if it were under the Seal.

Execution of
deeds by
attorney

137. The Board may establish any committees, regional or local boards or agencies for managing any of the affairs of the Company, either in the Relevant Territory or elsewhere, and may appoint any persons to be members of such committees, regional or local boards or agencies and may fix their remuneration, and may delegate to any committee, regional or local board or agent any of the powers, authorities and discretions vested in the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any regional or local board or any of them to fill any vacancies therein and to act notwithstanding any such vacancies, and any such appointment or delegation may be upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

Regional or
local boards

138. The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid and the spouses, widows, widowers, families and dependants of any such persons. The Board may also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid or of any such persons as aforesaid, and may make payments for or towards the insurance of any such persons as aforesaid, and subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. The Board may do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid. Any Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

Power to
establish
pension funds

AUTHENTICATION OF DOCUMENTS

139. Any Director or the Secretary or other authorised officer of the Company shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies of extracts; and where any books, records, documents or accounts are elsewhere than at the Registered Office or the Head Office, the local manager or such other officer of the Company having the custody thereof shall be deemed to be the authorised officer of the Company as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any local board or committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

Power to
authenticate

CAPITALISATION OF RESERVES

140. (A) The Company in general meeting may, upon the recommendation of the Board, resolve to capitalise any part of the Company's reserves (including any contributed surplus account and also including any share premium account or other undistributable reserve, but subject to the provisions of the law with regard to unrealised profits) or undivided profits not required for the payment or provision of the dividend on any shares with a preferential right to dividend, and accordingly that such part be sub-divided amongst the shareholders in such proportion as may be approved by the Board, whether pro-rata to all shareholders or otherwise, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such shareholders respectively or paying up in full unissued shares or debentures or other securities of the Company to be allotted and distributed credited as fully paid to and amongst such shareholders in such proportion as may be approved by the Board as aforesaid, or partly in one way and partly in the other provided that for the purpose of this Bye-Law, any amount standing to the credit of any share premium account may only be applied in the paying up of unissued shares to be issued to shareholders of the Company as fully paid and provided further that any sum standing to the credit of the share premium account may only be applied in crediting as fully paid shares of the same class as that from which the relevant share premium was derived.
- (B) Whenever such a resolution as aforesaid shall have been passed the Board shall make all appropriations and applications of the reserves or undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, debentures, or other securities and generally shall do all

Power to
capitalise

Effect of
resolution to
capitalise

acts and things required to give effect thereto. For the purpose of giving effect to any resolution under this Bye-Law, the Board may settle any difficulty which may arise in regard to a capitalisation issue as it thinks fit, and in particular may disregard fractional entitlements or round the same up or down and may determine that cash payments shall be made to any shareholders in lieu of fractional entitlements or that fractions of such value as the Board may determine may be disregarded in order to adjust the rights of all parties or that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the shareholders concerned. The Board may appoint any person to sign on behalf of the persons entitled to share in a capitalisation issue a contract for allotment and such appointment shall be effective and binding upon all concerned, and the contract may provide for the acceptance by such persons of the shares, debentures or other securities to be allotted and distributed to them respectively in satisfaction of their claims in respect of the sum so capitalised.

DIVIDENDS, CONTRIBUTED SURPLUS AND RESERVES

141.	The Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.	Power to declare dividends
142. (A)	The Board may subject to Bye-Law 143 from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the position of the Company and, in particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer to the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights.	Board's power to pay interim dividends
(B)	The Board may also pay half-yearly or at other suitable intervals to be settled by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits justify the payment.	
143. (A)	No dividend shall be declared or paid and no distribution of contributed surplus made otherwise than in accordance with the Statutes. No dividend shall be paid otherwise than out of profits available for distribution.	Dividend not to be paid out of capital/ Distribution of contributed surplus

- (B) Subject to the provisions of the Companies Act (but without prejudice to paragraph (A) of this Bye-Law), where any asset, business or property is bought by the Company as from a past date (whether such date be before or after the incorporation of the Company) the profits and losses thereof as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the Company, and be available for dividend accordingly. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest may at the discretion of the Board be treated as revenue, and it shall not be obligatory to capitalise the same or any part thereof.
- (C) Subject to Bye-Law 143 (D) all dividends and other distributions in respect of shares in the Company shall be stated and discharged, in the case of shares denominated in Hong Kong dollars, in Hong Kong dollars, and in the case of shares denominated in United States dollars, in United States dollars, provided that, in the case of shares denominated in Hong Kong dollars, the Board may determine in the case of any distribution that shareholders may elect to receive the same in United States dollars or any other currency selected by the Board, conversion to be effected at such rate of exchange as the Board may determine.
- (D) If, in the opinion of the Board, any dividend or other distribution in respect of shares or any other payment to be made by the Company to any shareholder is of such a small amount as to make payment to that shareholder in the relevant currency impracticable or unduly expensive either for the Company or the shareholder then such dividend or other distribution or other payment may, at the discretion of the Board, be paid or made in the currency of the country of the relevant shareholder (as indicated by the address of such shareholder on the register).
144. Notice of the declaration of an interim dividend shall be given by advertisement in the Relevant Territory and in such other territory or territories as the Board may determine and in such manner as the Board shall determine. Notice of interim dividend
145. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company. No interest on dividend
146. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe for securities of the Company or any other company, or in any one or more of such ways, with or without offering any rights to shareholders to elect to receive such dividend in cash, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements or round the same up or down, and may fix the value for distribution Dividend in specie

of such specific assets, or any part thereof, and may determine that cash payments shall be made to any shareholders upon the footing of the value so fixed in order to adjust the rights of all parties and may determine that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the shareholders concerned, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where requisite, the Board may appoint any person to sign a contract on behalf of the persons entitled to the dividend and such appointment shall be effective. The Board may resolve that no such assets shall be made available or paid to shareholders with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the shareholders aforesaid shall be to receive cash payments as aforesaid. Shareholders affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of shareholders for any purpose whatsoever.

147. (A) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve:-

Scrip
dividends

either

- i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted shall be of the same class or classes as the class or classes already held by the allottee, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment. In such case, the following provisions shall apply:-
 - a) the basis of any such allotment shall be determined by the Board;
 - b) the Board, after determining the basis of allotment, shall give not less than two weeks' notice in writing to the shareholders of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - c) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

- d) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised (“the non-elected shares”) and in lieu and in satisfaction thereof shares shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company or any part of any of the Company’s reserve accounts (including any special account, contributed surplus account, share premium account and capital redemption reserve fund (if there be any such reserve)) as the Board may determine a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the non-elected shares on such basis.

or

- ii) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted shall be of the same class or classes as the class or classes of shares already held by the allottee. In such case, the following provisions shall apply:-
 - a) the basis of any such allotment shall be determined by the Board;
 - b) the Board, after determining the basis of allotment, shall give not less than two weeks’ notice in writing to the shareholder of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - c) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable on shares in respect whereof the share election has been duly exercised (“the elected shares”) and in lieu thereof shares shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as

aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company or any part of any of the Company's reserve accounts (including any special account, contributed surplus account, share premium account and capital redemption reserve fund (if there be any such reserve)) as the Board may determine a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the elected shares on such basis.

- (B) The shares allotted pursuant to the provisions of paragraph (A) of this Bye-Law shall rank *pari passu* in all respects with the shares then in issue save only as regards participation:-
- i) in the relevant dividend (or the right to receive or to elect to receive an allotment of shares in lieu thereof as aforesaid); or
 - ii) in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend.

Unless, contemporaneously with the announcement by the Board of its proposal to apply the provisions of sub-paragraph (i) or (ii) of paragraph (A) of this Bye-Law in relation to the relevant dividend or contemporaneously with its announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (A) of this Bye-Law shall rank for participation in such distribution, bonus or rights.

- (C) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Bye-Law with full power to the Board to make such provisions as they think fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the shareholders concerned). The Board may authorise any person to enter into on behalf of all shareholders interested an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

- (D) The Company may upon the recommendation of the Board by Special Resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (A) of this Bye-Law a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.
- (E) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (A) of this Bye-Law shall not be made available or made to any shareholders with registered addresses in any territory where in the absence of a registration statement or other special formalities the circulation of an offer of such rights of election or the allotment of shares would or might be unlawful, and in such event the provisions aforesaid shall be read and construed subject to such determination.
148. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think fit, and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute by way of dividend. Reserves
149. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Bye-Law no amount paid on a share in advance of calls shall be treated as paid on the share. Dividends to be paid in proportion to paid up capital
150. (A) The Board may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. Retention of dividends etc.
- (B) The Board may deduct from any dividend or bonus payable to any shareholder all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise. Deduction of debts

151. Any general meeting sanctioning a dividend may make a call on the shareholders of such amount as the meeting fixes, but so that the call on each shareholder shall not exceed the dividend payable to him, and so that the call shall be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the shareholder, be set off against the call.	Dividend and call together
152. A transfer of shares shall not pass the right to any dividend or bonus declared thereon before the registration of the transfer.	Effect of transfer
153. If two or more persons are registered as joint holders of any share, any one of such persons may give effectual receipts for any dividends, interim dividends or bonuses and other moneys payable in respect of such shares.	Receipt for dividends by joint holders of share
154. Unless otherwise directed by the Board, any dividend or bonus may be paid by cheque or warrant sent through the post to the registered address of the shareholder entitled, or, in case of joint holders, to the registered address of that one whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.	Payment by post
155. All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.	Unclaimed dividend
156. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable or made to the persons registered as the holder of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend or other distribution shall be payable or made to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend or other distribution between the transferors and transferees of any such shares. The provisions of this Bye-Law shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the shareholders.	Record dates

DISTRIBUTION OF REALISED CAPITAL PROFITS

157. The Company in general meeting may at any time and from time to time resolve that any surplus moneys in the hands of the Company representing capital profits arising from moneys received or recovered in respect of or arising from the	Distribution of realised capital profits

realisation of any capital assets of the Company or any investments representing the same and not required for the payment or provision of any fixed preferential dividend instead of being applied in the purchase of any other capital assets or for other capital purposes be distributed amongst the ordinary shareholders on the footing that they receive the same as capital and in the shares and proportions in which they would have been entitled to receive the same if it had been distributed by way of dividend, provided that no such profits as aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to answer in full the whole of the liabilities and paid-up share capital of the Company for the time being.

ANNUAL RETURNS

158. The Board shall make or cause to be made such annual or other returns or filings as may be required to be made in accordance with the Statutes.	Annual Returns

ACCOUNTS

159. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipts and expenditure take place; and of the property, assets, credits and liabilities of the Company and of all other matters required by the Statutes or necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.	Accounts to be kept
160. The books of account shall be kept at the Head Office or at such other place or places as the Board thinks fit and shall always be open to the inspection of the Directors provided that such records as are required by the Statutes shall also be kept at the Registered Office.	Where accounts to be kept
161. No shareholder (not being a Director) or other person shall have any right of inspecting any account or book or document of the Company except as conferred by the Statutes or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.	Inspection by shareholders
162. (A) The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are required by the Statutes.	Annual profit and loss account and balance sheet
(B) Subject to paragraph (C) below, every balance sheet of the Company shall be signed on behalf of the Board by two of the Directors and a copy of every balance sheet (including every document required by law to be comprised therein or annexed thereto) and profit and loss account which is to be laid before the Company at its annual general meeting, together with a copy of the Directors' report and a copy of the Auditors' report, shall not less than twenty-one days before the date of the meeting be sent to every	Annual report of Directors and balance sheet to be sent to shareholders

shareholder of, and every holder of debentures of, the Company and every other person entitled to receive notices of general meetings of the Company under the provisions of the Companies Act or these Bye-Laws, provided that this Bye-Law shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures, but any shareholder or holder of debentures to whom a copy of those documents has not been sent shall be entitled to receive a copy free of charge on application at the Head Office or the Registration Office. If all or any of the shares or debentures of the Company shall for the time being be (with the consent of the Company) listed or dealt in on any stock exchange, there shall be forwarded to the appropriate officer of such stock exchange such number of copies of such documents as may for the time being be required under its regulations or practice.

- (C) The Company may send summarized financial statements to shareholders of the Company who have, in accordance with the Statutes and any applicable rules prescribed by The Stock Exchange of Hong Kong Limited, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by an auditor's report and notice informing the shareholder how to notify the Company that he elects to receive the full financial statements. The summarized financial statements, notice and auditor's report must be sent not less than twenty-one days before the general meeting to those shareholders that consented and elected to receive the summarized financial statements.
- (D) Subject to Section 88 of the Companies Act, the Company shall send the full financial statements to a shareholder within seven days of receipt of the shareholder's election to receive the full financial statements.

AUDITORS

163. (A) Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Companies Act.
- (B) The Company shall at each annual general meeting appoint one or more firms of auditors to hold office until the conclusion of the next annual general meeting, but if an appointment is not made, the Auditors in office shall continue in office until a successor is appointed. A Director, officer or employee of the Company or of any of its subsidiaries or a partner, officer or employee of any such Director, officer or employee shall not be capable of being appointed Auditors of the Company. The Board may fill any casual vacancy in the office of Auditors, but while any such vacancy continues the surviving or continuing Auditors (if any) may act. Subject as otherwise provided by the Companies Act, the remuneration of the

Appointment of
Auditors

Auditors shall be fixed by or on the authority of the Company in the annual general meeting except that in any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board and the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Directors.

164. The Auditors shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information as may be necessary for the performance of his or their duties, and the Auditors shall make a report to the shareholders on the accounts examined by them and on every balance sheet, consolidated balance sheet and consolidated profit and loss account intended to be laid before the Company in the annual general meeting during their tenure of office as required by the Statutes.

Auditors to have right of access to books and accounts

165. A person other than the retiring Auditors shall not be capable of being appointed Auditors at an annual general meeting unless notice of an intention to nominate that person to the office of Auditors has been given to the Company not less than fourteen days before the annual general meeting, and the Company shall send a copy of any such notice to the retiring Auditors and shall give notice thereof to the shareholders not less than seven days before the annual general meeting provided that the above requirements may be waived by notice in writing by the retiring Auditors to the Secretary provided that if after a notice of the intention to nominate Auditors has been so given an annual general meeting is called for a date fourteen days or less after that notice has been given, the notice, though not given within the time required by this Bye-Law, shall be deemed to have been properly given for the purposes thereof, and the notice to be sent or given by the Company may instead of being sent or given within the time required by this provision be sent or given at the same time as the notice of the annual general meeting.

Appointment of auditors other than retiring auditors

166. Subject to the provisions of the Companies Act, all acts done by any person acting as Auditors shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in their appointment or that they were at the time of their appointment not qualified for appointment or subsequently became disqualified.

Defect of appointment

NOTICES

167. (A) (1) Except where otherwise expressly stated, any notice or document to be given to or by any person pursuant to these Bye-laws shall be in writing or, to the extent permitted by the Statutes and any applicable rules prescribed by The Stock Exchange of Hong Kong Limited from time to time and subject to this Bye-law, contained in an electronic communication. A notice calling a meeting of the Directors need not be in writing.

Service of notices

- (2) Any notice to be given to or by any person pursuant to these Bye-laws may be served on or delivered to any shareholder of the Company either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such shareholder at his registered address as appearing in the register or by leaving it at that address addressed to the shareholder or by any other means authorised in writing by the shareholder concerned or (in the case of a notice) by publishing it by way of advertisement in at least one English language newspaper and one Chinese language newspaper circulating generally in the Hong Kong. In case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders. Without limiting the generality of the foregoing but subject to the Statutes and any rules prescribed by The Stock Exchange of Hong Kong Limited from time to time, a notice or document may be served or delivered by the Company to any shareholder by electronic means to such address as may from time to time be authorised by the shareholder concerned or by publishing it on a computer network and notifying the shareholder concerned, in such manner as he may from time to time authorise, that it has been so published.
- (3) Any such notice or document may be served or delivered by the Company by reference to the register as it stands at any time not more than fifteen days before the date of service or delivery. No change in the register after that time shall invalidate that service or delivery. Where any notice or document is served or delivered to any person in respect of a share in accordance with these Bye-laws, no person deriving any title or interest in that share shall be entitled to any further service or delivery of that notice or document.
- (B) (1) Any notice or document required to be sent to or served upon the Company, or upon any officer of the Company, may be sent or served by leaving the same or sending it through the post in a prepaid envelope or wrapper addressed to the Company or to such officer at the Head Office or Registered Office.
- (2) The Board may from time to time specify the form and manner in which a notice may be given to the Company by electronic means, including one or more addresses for the receipt of an electronic communication, and may prescribe such procedures as they think fit for verifying the authenticity or integrity of any such electronic communication. Any notice may be given to the Company by electronic means only if it is given in accordance with the requirements specified by the Board.

168.	Any shareholder whose registered address is outside the Relevant Territory may notify the Company in writing of an address in the Relevant Territory which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the shareholder is outside the Relevant Territory, notice, if given through the post, shall be sent by prepaid airmail letter.	Shareholders out of the Relevant Territory
169.	Any notice or other document, if sent by mail, postage prepaid, shall be deemed to have been served or delivered on the day following that on which the letter, envelope, or wrapper containing the same is put into the post. In proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice or document was properly addressed and put into the post as prepaid mail. Any notice or document not sent by post but left by the Company at the address of a shareholder noted on the register shall be deemed to have been served or delivered on the day it was so left. Any notice or document, if sent by electronic means (including through any relevant system), shall be deemed to be have been given on the day following that on which the electronic communication was sent by or on behalf of the Company. Any notice or document served or delivered by the Company by any other means authorised in writing by the shareholder concerned shall be deemed to have been served when the Company has carried out the action it has been authorised to take for that purpose. Any notice or other document published by way of advertisement in the Newspapers or in an appointed newspaper or posted on a computer network shall be deemed to have been served or delivered on the day it was so published or posted.	When notice by post deemed to be served
170.	A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a shareholder by sending it through the post in a prepaid envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.	Service of notice to persons entitled on death, mental disorder or bankruptcy
171.	Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such share.	Transferee to be bound by prior notices
172.	Any notice or document delivered or sent by post to, or left at the registered address of, any shareholder in pursuance of these presents, shall notwithstanding that such shareholder be then deceased or bankrupt and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such shareholder until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his	Notice valid though shareholder deceased, bankrupt

personal representatives and all persons (if any) jointly interested with him in any such shares.

173. The signature to any notice to be given by the Company may be written or printed.

How notice to
be signed

INFORMATION

174. No shareholder (not being a Director) shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company which in the opinion of the Board it will be inexpedient in the interests of the shareholders of the Company to communicate to the public.

Shareholders
not entitled to
information

WINDING UP

175. A resolution that the Company be wound up by the Court or be wound up voluntarily shall be a Special Resolution.

Modes of
winding up

176. If the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the shareholders in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they shall be distributed subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up on the shares held by them respectively.

Distribution of
assets in
winding up

177. If the Company shall be wound up (whether the liquidation is voluntary or ordered by the Court) the liquidator may, with the sanction of a Special Resolution, divide among the shareholders in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders and the shareholders within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of shareholders as the liquidator, with the like sanction, shall think fit, but so that no shareholder shall be compelled to accept any shares or other assets upon which there is a liability.

Assets may be
distributed
in specie

INDEMNITY

178. Save and except so far as the provisions of this Bye-Law shall be avoided by any provisions of the Statutes, the Directors, Managing Directors, alternate Directors, Auditors, Secretary and other officers for the time being of the Company and the

Indemnity

trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own wilful neglect or default, fraud and dishonesty respectively, and none of them shall be answerable for the acts, receipts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects of the Company shall be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of the Company shall be placed out or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own wilful neglect or default, fraud and dishonesty respectively.

UNTRACEABLE SHAREHOLDERS

179. Without prejudice to the rights of the Company under Bye-Law 155 and the provisions of Bye-Law 180, the Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

Company
cease sending
dividend
warrants etc.

180. The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a shareholder who is untraceable, but no such sale shall be made unless:-

Company may
sell shares of
untraceable
shareholders

- i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Bye-Laws of the Company have remained uncashed;
- ii) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the shareholder who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law;
- iii) the Company has caused an advertisement to be inserted in the Newspapers of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement; and

- iv) the Company has notified the stock exchange in the Relevant Territory of its intention to effect such sale.

For the purpose of the foregoing, “relevant period” means the period commencing twelve years before the date of publication of the advertisement referred to in paragraph (iii) of this Bye-Law and ending at the expiry of the period referred to in that paragraph.

To give effect to any such sale the Board may authorise any person to transfer the said shares and the instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such proceeds it shall become indebted to the former shareholder for an amount equal to such net proceeds. No trusts shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Bye-Law shall be valid and effective notwithstanding that the shareholder holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

DESTRUCTION OF DOCUMENTS

181. Subject to the Companies Act, the Company may destroy:-

Destruction of
documents

- a) any share certificate which has been cancelled at any time after the expiry of one year from the date of such cancellation;
- b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two years from the date on which such mandate, variation, cancellation or notification was recorded by the Company;
- c) any instrument of transfer of shares which has been registered at any time after the expiry of six years from the date of registration; and
- d) any other document, on the basis of which any entry in the register is made, at any time after the expiry of six years from the date on which an entry in the register was first made in respect of it;

and it shall conclusively be presumed in favour of the Company that every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other

document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:-

- i) the foregoing provisions of this Bye-Law shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;
- ii) nothing contained in this Bye-Law shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled; and
- iii) references in this Bye-Law to the destruction of any document include reference to its disposal in any manner.

RESIDENT REPRESENTATIVE

182. Pursuant to the provisions of the Statutes, the Board shall, for so long as the Company does not have a quorum of Directors ordinarily resident in Bermuda, appoint a Resident Representative as defined in the Statutes, to act on its behalf in Bermuda and to maintain all such records as may be required by the Statutes to be maintained in Bermuda and to make all necessary filings with the Ministry of Finance and Registrar of Companies in Bermuda as may be required by the Statutes and to fix his or their or its remuneration either by way of salary or fee for the period of the Resident Representative's service to the Company.

Resident
Representative

MAINTENANCE OF RECORDS

183. The Company shall keep at the office of its Resident Representative, in accordance with the provisions of the Statutes, the following:-
- i) minutes of all proceedings of general meetings of the Company;
 - ii) all financial statements required to be prepared by the Company under the Companies Act together with the Auditors' report thereon;
 - iii) all records of account required by Section 83 of the Companies Act to be kept in Bermuda; and
 - iv) all such documents as may be required in order to provide evidence of the continued listing of the Company on an appointed stock exchange within the meaning of the Companies Act.

Maintenance
of records

SUBSCRIPTION RIGHT RESERVE

184. (A) Subject to the Statutes if, so long as any of the rights attaching to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions applicable under the terms and conditions of the warrants, would reduce the subscription price to below the par value of a share, then the following provisions shall apply:-

Subscription
right reserve

- i) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Bye-Law) maintain in accordance with the provisions of this Bye-Law a reserve (the "Subscription Right Reserve") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (iii) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Right Reserve in paying up in full such difference in respect of such additional shares as and when the same are allotted;
- ii) the Subscription Right Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than the share premium account and capital redemption reserve fund) have been used and will only be used to make good losses of the Company if and so far as is required by law;
- iii) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrant holder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:-
 - a) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and
 - b) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard

to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par;

and immediately upon such exercise so much of the sum standing to the credit of the Subscription Right Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrantholder; and

- iv) if upon the exercise of the subscription rights represented by any warrant the amount standing to the credit of the Subscription Right Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrantholder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by law, contributed surplus account, share premium account and capital redemption reserve fund) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment up and allotment, the exercising warrantholder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrantholder upon the issue of such certificate.
- (B) Shares allotted pursuant to the provisions of this Bye-Law shall rank *pari passu* in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (A) of this Bye-Law, no fraction of any share shall be allotted on exercise of the subscription rights.
- (C) The provisions of this Bye-Law as to the establishment and maintenance of the Subscription Right Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating, the provisions for the benefit of any warrantholder or class of warrantholders under this Bye-Law without the sanction of a Special Resolution of such warrantholders or class of warrantholders.

- (D) A certificate or report by the Auditors for the time being of the Company as to whether or not the Subscription Right Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Right Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrant holders credited as fully paid, and as to any other matter concerning the Subscription Right Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrant holders and shareholders.

RECORD DATES

185. Notwithstanding any other provision of these Bye-Laws the Company or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made.

STOCK

186. The following provisions shall have effect at any time and from time to time that they are not prohibited or inconsistent with the Statutes:
- (1) The Company may by Ordinary Resolution convert any paid up shares into stock, and may from time to time by like resolution reconvert any stock into paid up shares of any denomination.
 - (2) The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances admit, but the Directors may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose. No warrants to bearer shall be issued in respect of any stock.
 - (3) The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, participation in assets on a winding up, voting at meetings, and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage.

- (4) Such of the provisions of these Bye-Laws as are applicable to paid up shares shall apply to stock, and the words “share” and “shareholder” therein shall include “stock” and “stockholder”.



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

Continued in Bermuda with limited liability
Stock Code : 8079

ANNUAL 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 (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 document misleading.



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FINANCIAL SUMMARY

Annual results for the five years from 2016

	Year ended 31 March 2020 HK\$'000	Year ended 31 March 2019 HK\$'000	Year ended 31 March 2018 HK\$'000	Year ended 31 March 2017 HK\$'000	Year ended 31 March 2016 HK\$'000
Revenue	116,110	206,268	191,768	181,610	119,516
(Loss)/profit for the year	(63,940)	(37,134)	(6,488)	26,397	32,999
(Loss)/profit attributable to owners of the Company	(63,441)	(37,108)	(6,756)	26,315	32,922
	As at 31 March 2020 HK\$'000	As at 31 March 2019 HK\$'000	As at 31 March 2018 HK\$'000	As at 31 March 2017 HK\$'000	As at 31 March 2016 HK\$'000
Total assets	378,796	443,488	519,463	514,707	487,794
Total liabilities	(15,704)	(23,585)	(39,496)	(24,436)	(24,718)
	363,092	419,903	479,967	490,271	463,076

CORPORATE INFORMATION

Directors

Executive Directors

Mr. SHIU Yeuk Yuen – Chairman
Ms. SIU Yeuk Hung, Clara

Independent Non-executive Directors

Mr. HO Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*
(resigned on 7 June 2020)
Mr. SIU Chi Yiu, Kenny (appointed on 8 May 2019 and resigned
on 18 June 2020)
Mr. LEE King Fui (appointed on 17 July 2019)
Mr. KAM Tik Lun, *CPA, FCCA, LL.M (ICFL)* (resigned on 17 July 2019)

Company Secretary

Mr. TO Chi, *CPA, FCCA*

Compliance Officer

Ms. SIU Yeuk Hung, Clara

Authorised Representatives

Mr. SHIU Yeuk Yuen
Ms. SIU Yeuk Hung, Clara

Audit Committee

Mr. LEE King Fui (appointed on 17 July 2019)
Mr. KAM Tik Lun, *CPA, FCCA, LL.M (ICFL)* (resigned on 17 July 2019)
Mr. HO Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*
(resigned on 7 June 2020)
Mr. SIU Chi Yiu, Kenny (appointed on 8 May 2019 resigned on
18 June 2020)

Remuneration and Nomination Committee

Mr. LEE King Fui (appointed on 17 July 2019)
Mr. KAM Tik Lun, *CPA, FCCA, LL.M (ICFL)* (resigned on 17 July 2019)
Mr. SHIU Yeuk Yuen
Ms. SIU Yeuk Hung, Clara
Mr. HO Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*
(resigned on 7 June 2020)
Mr. SIU Chi Yiu, Kenny (appointed on 8 May 2019 and resigned
on 18 June 2020)

Legal Adviser on the Bermuda Law

Appleby

Auditor

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors
801–806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head Office and Principal Place of Business in Hong Kong

Unit A, 8/F, D2 Place Two,
15 Cheung Shun Street,
Cheung Sha Wan, Kowloon,
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
409–415 Hennessy Road, Wanchai
Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Hong Kong

Stock Code

8079

Website

<http://www.ecrepay.com>

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "Board"), I present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2020 to the shareholders.

The money lending business has continued to achieve satisfactory result in previous years and will continue to be the core business of the Group and generate stable income to the Group. The revenue of this segment is HK\$52 million.

The Company reviewed that e-commerce has been 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-owned brand products, namely Master Chef Series, FRESHNESSMART, Dawooyeon Hanwoo, 李朝, 月姐滋養湯 and 老蕭燉湯 and source different types of products from local or overseas suppliers to satisfy the ever-changing needs of our customers.

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

In March 2020, the Company further invested in 20% equity interest in each of three companies which principally operates HK-style cuisine restaurant in Kowloon Bay, Shatin and North Point respectively under the brand name of "Times Cafe時代冰室".

PROSPECTS

The Group has been implementing certain business strategies in response to the worsened market conditions including the streamline in its wholesale business. The Group plans to expand its online retail business, for instance, by hiring more salespersons and delivery staff and upgrading its online platform, taking into account the recent social incidents and novel coronavirus outbreak in which consumers tend to do shopping online instead of doing their purchases at physical shops. The money lending business and the wholesale and retail business remain the principal businesses of the Group and the Group will adjust its strategies and focus among its business segments in accordance with the changing market conditions.

In spite of all these expansion plans, the Group has been actively seeking suitable investment opportunities for business diversification. The Group will explore into different industry sectors so as to expand and diversify the scope of the Group's business.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers and staff members for their support in the past years. I would also like to express my personal appreciation to my fellow Board members for their continuous valuable contributions.

Mr. Shiu Yeuk Yuen

Chairman

Hong Kong, 24 June 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The Company reviewed that the E-commerce is a part of the modern urban lifestyle in Hong Kong. The Group has been developing the retails and online sales business since year 2015. The Group will continue to develop self-own brand products, namely Master Chef Series, FRESHNESSMART, Dawooyeon Hanwoo, 李朝, 月姐滋養湯 and 老蕭燉湯 and source different types of products from local or overseas suppliers to satisfy the ever-changing conditions of our customers.

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

OPERATION REVIEW

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

Money Lending Business

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

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

Retail and Wholesale Business

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

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

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

Revenue for this segment for the year ended 31 March 2020 was approximately HK\$64.1 million (2019: HK\$146.2 million).

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

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

Outlook

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

CHARGES ON GROUP'S ASSETS

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

TREASURY POLICIES

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

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

EMPLOYEES

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

CAPITAL STRUCTURE

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

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

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

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

Placing of New Shares under General Mandate

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

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

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

Placing of New Shares under General Mandate

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

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

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

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

ACQUISITION OF A SUBSIDIARY

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

INVESTMENT IN THREE ASSOCIATES

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

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

CONTINGENT LIABILITIES

As at 31 March 2020, except for as disclosed below, the Company did not provide any corporate guarantee to third parties.

Performance Guarantee

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

DIVIDEND

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

EVENT AFTER REPORTING PERIOD

Voluntary Conditional Cash Offers

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

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

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

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

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

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

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

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

Requisition of Special General Meeting by Shareholder

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

1. that the maximum number of Directors for the purposes of Bye-law 101 of the Bye-laws be fixed at 11, which number shall be deemed to include any Director appointed pursuant to any of resolutions 2 to 7 below, whether or not the appointment has taken effect;
2. that Mr. Cheung Siu Fai be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong (the "Takeovers Code");
3. that Mr. Fong Wai Ho and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
4. that Mr. Lam Chik Shun, Marcus be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
5. that Mr. Leung Wai Kei be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
6. that Mr. Wong Ka Wai be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
7. that Mr. Wong Yiu Kui be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code; and
8. that the general mandate given to the Directors to allot, issue and deal with additional shares not exceeding 20% of the issued share capital of the Company by an ordinary resolution passed at the annual general meeting of the Company held on 5 December 2019 be revoked with immediate effect.

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

Mr. SHIU Yeuk Yuen ("Mr. Shiu"), aged 70, is the executive director since December 2010 and appointed as the Chairman of the Group in January, 2011. Mr. Shiu has resigned as the chief executive officer of the Company with effect from 10 January 2019. Mr. Shiu has over 39 years' experience in the ceramic tile and marble and granite products industry and over 13 years' experience in securities investment.

Mr. Shiu was one of the founders and has been the executive director of Companion Building Material International Holdings Limited (together with its subsidiaries, the "CBMI Group", currently known as Pacific Century Premium Developments Ltd, stock code: 432), a company listed on The Stock Exchange, for the period from September, 1993 to January, 2002 during which he was responsible for the development of the CBMI Group's corporate strategies.

Ms. SIU Yeuk Hung, Clara ("Ms. Siu"), aged 55, joined the Company on 9 August 2017. Ms. Siu has extensive experience in marketing and business development. Prior to joining the Company, Ms. Siu has worked in a company listed on The Stock Exchange of Hong Kong Limited, responsible for the marketing and business development since 2006. Ms. Siu is the sister of Mr. Shiu Yeuk Yuen, the chairman and executive director of the Company and the sister of Ms. Siu York Chee, the director of several subsidiaries of the Company. Ms. Siu has been appointed as the chief executive officer of the Company with effect from 10 January 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEE King Fui ("Mr. Lee"), aged 41, joined the Company in July 2019. Mr. Lee is the Chairman of the Audit Committee and Remuneration Committee, the member of Nomination Committee of the Company. Mr. Lee is a director of Visionwide Consultancy Limited since October 2017. Mr. Lee has more than 18 years of experience in accounting, audit and corporate finance and advisory services in Malaysia Hong Kong and Mainland China. He worked at Enesoon Technology Limited from January 2016 to December 2016, and his last position was vice president of strategic investment. Mr. Lee had been the chief financial officer of different companies in Hong Kong and China namely, Legend Oilfield Services Limited, Aujet Industry Limited, and Wellable Marine Biotech Holding Limited for the period from August 2011 to April 2015. Prior to the above mentioned positions, Mr. Lee worked in KPMG Hong Kong from October 2006 to March 2011 and the last position that he held was senior manager.

Mr. Lee obtained a master's degree in accountancy from The Hong Kong Polytechnic University in October 2012. He was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants since January 2012. Mr. Lee was admitted as a member of the Association of Chartered Certified Accountants in September 2003 and became a fellow member since September 2008. Mr. Lee was also admitted as a chartered accountant of the Malaysian Institute of Accountants since March 2004.

Mr. Lee is an independent non-executive director of Hang Tai Yue Group Holdings Limited (Stock code: 8081) and China Creative Digital Entertainment Limited (Stock code 8078), both companies listed on the GEM of The Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE REPORT

A. CORPORATE GOVERNANCE

Corporate Governance Practices

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

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

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

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

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

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

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Group's compliance with the Code and disclosure requirements in the corporate governance report.

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

B. SECURITIES TRANSACTIONS BY DIRECTORS

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

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings for the financial year ended 31 March 2020.

C. BOARD OF DIRECTORS

Composition of the Board, number of Board meetings and Directors’ attendance

The Company’s Board is comprised of experienced and highly competent individuals and a balanced composition of Executive and Non-executive Directors. 7 Board meetings were held during the financial year ended 31 March 2020. The composition of the Board and attendance of the Directors are set out below:

Name of Directors	Attendance/ Number of Board meetings held during the year	Attendance/ Number of General meetings held during the year
Executive Directors		
Mr. Shiu Yeuk Yuen (<i>Chairman</i>)	7/7	1/1
Ms. Siu Yeuk Hung, Clara	7/7	1/1
Independent Non-executive Directors		
Mr. Kam Tik Lun, <i>CPA, FCCA, LL.M (ICFL)</i> (resigned on 17 July 2019)	2/7	–
Mr. Ho Siu King, Stanley, <i>BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)</i> (resigned on 7 June 2020)	6/7	1/1
Mr. Siu Chi Yiu, Kenny (appointed on 8 May 2019 and resigned on 18 June 2020)	6/7	1/1
Mr. Lee King Fui (appointed on 17 July 2019)	5/7	1/1

As some of the Board meetings are concerned with the day-to-day management of the Company which often requires prompt decisions, usually only the executive Directors attend. There was 7 additional Board meetings held for normal course of business during the year.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

Ms. Siu Yeuk Hung, Clara is the sister of Mr. Shiu Yeuk Yuen and Ms. Siu York Chee, the director of several subsidiaries of the Company. Save for the aforesaid, there is no relationship between members of the Board.

The Executive Directors are responsible for the leadership and control of the Company and oversee the Group’s businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Independent Non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing adequate checks and balances in the Board in order to protect shareholders' interest and overall interest of the Group.

Each Independent Non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the Independent Non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

D. APPOINTMENT AND SUCCESSION PLANNING OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the code provisions A.4 set out in the Code contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2020.

Code A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election and Code A.4.2 stipulates that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

All Independent Non-executive Directors appointed has entered into a letter of appointment with the Company for a term of one year and renewable automatically for successive terms of another year unless terminated by three-month notice in writing served by either party. Pursuant to the Code A.4.2, the Directors, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment. The Company in practice will observe Code A.4.2 and will ensure that any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment.

E. CHAIRMAN AND CHIEF EXECUTIVE

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. With effect from 10 January 2019, Mr. Shiu Yeuk Yuen is the chairman of the Company and Ms. Siu Yeuk Hung, Clara is the chief executive officer of the Company. Therefore, the Company has complied with Code A.2.1.

F. REMUNERATION COMMITTEE

During the year ended 31 March 2020, 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 has adopted written terms of reference in compliance with Code Provision B.1.3. The primary duties of the Remuneration Committee include the following:

- evaluating the performance and making recommendations to the Board on the remuneration packages of the individual executive directors and senior management;
- making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the board's corporate goals and objectives.

During the year ended 31 March 2020, the Remuneration Committee held two meetings with presence of all eligible members and reviewed and made recommendations on the remunerations packages of the Directors of the Group.

None of the Directors participated in the determination of his/her own remuneration. Attendance of the members of the Remuneration Committee is set out below:

Name of Directors	Number of meeting attended/Number of meeting held
Mr. Lee King Fui (appointed on 17 July 2019)	1/2
Mr. Kam Tik Lun, <i>CPA, FCCA, LL.M (ICFL)</i> (resigned on 17 July 2019)	1/2
Mr. Shiu Yeuk Yuen	2/2
Ms. Siu Yeuk Hung, Clara	2/2
Mr. Ho Siu King, Stanley, <i>BEng (Civ E-Law) (HKU), LLB (HKU) and LL.M (LSE)</i> (resigned on 7 June 2020)	2/2
Mr. Siu Chi Yiu, Kenny (appointed on 8 May 2019 and resigned on 18 June 2020)	2/2

G. 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 report 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. During the year ended 31 March 2020, it consists of three Independent Non-executive Directors, Mr. Lee King Fui, chairman of the Audit Committee, Mr. Ho Siu King, Stanley and Mr. Siu Chi Yiu, Kenny. Four meetings were held during the financial year ended 31 March 2020. Attendance of the members of the Audit Committee is set out below:

Name of Directors	Number of meeting attended/Number of meeting held
Mr. Kam Tik Lun, <i>CPA, FCCA, LL.M (ICFL)</i> (resigned on 17 July 2019)	1/4
Mr. Lee King Fui (appointed on 17 July 2019)	3/4
Mr. Ho Siu King, Stanley, <i>BEng (Civ E-Law) (HKU), LLB (HKU) and LL.M (LSE)</i> (resigned on 7 June 2020)	4/4
Mr. Siu Chi Yiu, Kenny (appointed on 8 May 2019 and resigned on 18 June 2020)	4/4

The Company's annual results for the year ended 31 March 2020, have been reviewed by the Audit Committee.

H. NOMINATION COMMITTEE

During the year ended 31 March 2020, 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 has adopted written terms of reference, which have been amended by the Board in compliance with Code Provision A.5.3. The primary duties of the Nomination Committee include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the issuer's corporate strategy;
- identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of, individuals nominated for directorships;
- reviewing the nomination of Directors and making recommendations to the Board on terms of such appointment;
- assessing the independence of Independent Non-executive Directors.

The Company has adopted a board diversity policy (the “Board Diversity Policy”), which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, gender and age. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Company considers that the current composition of the Board is characterised by diversity, whether considered in terms of professional background and skills.

During the year ended 31 March 2020, the Nomination Committee held three meetings with the presence of all eligible members and (i) reviewed and discussed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills, experience and diversity of perspectives appropriate to the requirements for the business of the Group and (ii) recommendation on the re-election of the retiring Directors.

I. 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 year ended 31 March 2020.

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.

J. TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

All Directors should participate in continuing professional development to develop and refresh their skills to ensure that they have appropriate understanding of the business and operations of the Group and that they are sufficiently aware of their responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged where necessary.

The Company has also continually updated Directors on the latest development regarding the GEM Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

K. RESPONSIBILITIES IN RESPECT OF THE FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, interim and quarterly reports, price-sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements.

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 March 2020.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 36.

L. AUDITOR'S REMUNERATION

For the year ended 31 March 2020, the remuneration paid or payable to the Company's auditor, Moore Stephens CPA Limited, is set out as follows:

	Fee HK\$'000
Statutory audit services	650
Non-statutory audit services	301
Total	951

M. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The board provides direction to senior management by setting the organisation's risk appetite. It also seeks to identify the principal risks facing the organization. Thereafter, the board assures itself on an ongoing basis that senior management is responding appropriately to these risks. The Group has adopted three lines of defence to identify, assess and manage different types of risks. As the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. The second line of defence, consists of the compliance officer, financial controller, company secretary, IT department and all department heads, monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organization. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defense, the independent consultant assists the Audit Committee to review the first and second lines of defense. The independent consultant will, through a risk-based approach to their work, provide assurance to the Board of directors and Audit committee.

As the corporate and operation structure of the Group is not complex and a separate internal audit department may divert resources of the Group, the Group currently does not have an internal audit department. However, the Group has engaged an independent third party internal control consultant to, on an annual basis, review and provide recommendations on improving its internal control system in order to manage our business risks and to ensure our smooth operation. The review covered certain operational procedures. No significant control failings or weakness have been identified by the consultant during the review. The Board and the Audit Committee would review the need for an internal audit function on an annual basis.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 March 2020. The Board and the Audit Committee considered the risk and management and internal control systems effective and adequate. No significant areas of concern that might affect shareholders were identified.

It should be acknowledged that the Group's risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives at the reasonable level, but not absolute assurance against material misstatement or loss.

Inside information

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

N. COMMUNICATIONS WITH SHAREHOLDERS

The Company recognises the importance in engaging in regular, effective and fair communication with its shareholders and is committed to conveying important and relevant information to the shareholders on a timely basis.

The Company strives to ensure that information is made publicly available in a prompt and timely disseminated manner. Disclosure of information is made through announcements to the Stock Exchange, the Company's annual reports, interim reports and quarterly reports, as well as the corporate website (<http://www.ecrepay.com>).

O. SHAREHOLDERS' RIGHTS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-laws. Details of such rights to demand a poll will be included in the circular to shareholders in relation to the holding of 2020 annual general meeting and explained during the proceedings of the meeting.

Save as aforesaid, pursuant to section 62 of the Bye-Laws, special general meetings of the Company (the "SGM") shall be convened on the requisition of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such shareholders shall have the right, by written requisition to the Board or the company secretary of the Company, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and the SGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (annual, interim and quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to the Chairman of the Board of the Company at the Company's principal place of business in Hong Kong by post or by email. Shareholders may also directly raise questions during the shareholders' meetings.

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request.

P. ENVIRONMENTAL ISSUES

The Company is committed to the sustainable development of the environment our society. The Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental policies to ensure its projects meet the required standards and ethics in respect of environmental protection.

Q. RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that our employees, customers and suppliers and business associates are key stakeholders to the Company's success. We strive to achieve corporate sustainability through engaging our employees, providing quality products and services to our customers, collaborating with suppliers to deliver quality sustainable products and services and supporting our community.

R. COMPANY SECRETARY

Mr. To Chi is the company secretary of the Company. Mr. To has confirmed that he had received no less than 15 hours of relevant professional training for the year ended 31 March 2020, in compliance with Rule 5.15 of the GEM Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE AND REPORTING PERIOD

Easy Repay Finance & Investment Limited and its subsidiaries (the “Group”) are pleased to present this Environmental, Social and Governance (“ESG”) Report in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Guide”), as set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited. This report aims to provide a balanced representation of our major ESG policies, initiatives and performances of the Group in the four main areas – employment and labour practices, operating practices, environmental protection and community participation.

The scope of this report covers the Group’s money lending business, financial instruments and quoted shares investment, retail and wholesale business. The geographical location of the Group’s businesses situated in Hong Kong. The information stated in this report covers the period from 1 April 2019 to 31 March 2020 (the “Reporting Period”) which aligns with the financial year as the 2020 annual report of the Group.

The Group firmly believes in the need to prioritize environmental and social responsibilities and continues to seek ways to improve its environmental management system. In addition to achieving our business objectives, we recognize our responsibility to operate in a more responsible and sustainable manner by integrating ESG considerations into our day-to-day operations.

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ANALYSIS

The Group strives to create positive values and believes that the interests of all stakeholders must be taken in account in order to strengthen relationship with our shareholders, employees, suppliers, customers, government authorities and the society as a whole.

Our approach to stakeholder engagement is designed to ensure that our stakeholders’ perspectives and expectations are fully understood to help define our current and future sustainability strategies.

The Group proactively engaged with the key stakeholder groups in a variety of ways to ensure effective communication of our objective and progress in relation to the following areas of concern:

Major Stakeholder	Major Communication Channels	Major Concerns
Shareholders and Investors	- Press release, Corporate Announcements and Circulars - Annual and Interim Reports - Annual General Meetings	- Profitability - Financial Stability - Information Disclosure & Transparency
Employees	- Trainings and Team Building Activities - Business Meetings and Briefings - Performance Appraisals	- Compensation & Benefits - Career Development and Training Opportunities - Health & Safety Work Environment
Environment	Reporting	Energy saving and emission reduction
Suppliers	Phone Calls, Conferences, Emails	Cooperation on Fair Terms
Customers	- Customer Complaint Hotlines - Meetings and Correspondences	- Quality of Products and Services - Understanding of the Products and Services - Privacy Protection
Public Community	- Charitable and Volunteering Activities - Community Interactions	- Corporate Social Responsibilities - Community Investment and Charitable Activities
Government and Supervisory Institutions	- Major Meeting and Policy Consultation - Information Disclosures - Examinations and inspections	- Compliance Operation - Corporate Governance - Environmental Protection

Throughout the year, through a wide range of communication channels, we found that ESG compliance, environmental emissions and anti-fraud measures are the main focuses of our stakeholders. With the aim of contributing our effort to protecting the environment and supporting the society, we are dedicated to leading a business driven primarily by sustainability through tides of change. We emphasize the significance of sustainable development in our operational strategies as we believe to act responsibly, we must plan sustainably.

A. ENVIRONMENTAL ASPECTS

A1 Emissions & A2 Use of Resources

In order to seek long-term sustainability of the environment, the Group is prudent in controlling its emissions, and complies with relevant environmental laws and regulations during its daily operations.

Overall, the Group generates with relatively low energy consumption and raw materials usage. The Group's primary business is the provision of quality financial services which has minimal direct impact to the environment and we do not generate hazardous waste. As such, the Group's main contribution to the carbon footprint comes from indirect greenhouse gas (GHG) emissions from air travel for business purposes and electricity consumption, primarily due the use of office equipment in the workplace, including but not limited to the lighting systems, air-conditionings and office machineries.

Aspects	Emission (in tCO ₂ e)		Percentage Comparison
	2018/19	2019/20	
Scope 1 Direct GHG Emissions	112	70	(37.50%)
Scope 2 Indirect GHG Emissions	756	479	(36.64%)
Scope 3 Other Indirect GHG Emissions	26	18	(29.72%)
Total GHG Emissions – CO₂	894¹	567	(36.55%)
Total GHG Emissions – CO₂ (per employee)	7	6	(14.29%)

Notes:

- Reference was made to Appendix 20 of the Listing Rules governing the Gem Board and the relevant guidance of the Stock Exchange of Hong Kong Limited for the emission factors, unless stated otherwise.
- tCO₂e represents tonnes of carbon dioxide equivalent.
- Direct emissions of the Group were from fuel combustion in vehicle and ship.
- Energy indirect emissions of the Group were from purchased electricity.
- Other indirect emissions of the Group included air travel for business, paper used and recycled and electricity used for fresh water and sewage processing by government department.
- ¹Due to data error, the GHG Emissions of 2018/19 have been recalculated, and figures have been restated accordingly.

During the year, the total carbon emissions were approximately 567 tonnes, representing a decrease of 327 tonnes, or 36.55%, compared with the figure in the last fiscal year. The Group will continue to assess and record its greenhouse gas emissions and other environmental data annually and compare it with last year's data to assist the Group in further developing emission reduction targets in the future.

Emission Sources and Use of Resources

Direct Emission

During the Reporting Period, the air pollutants of SO_x, NO_x and RSP decreased in a large margin. The changes were mainly due to the decreased usage of vehicles comparing to last Reporting Period. The Group is aware of the air pollutants generated from vehicles usage and will consider to use a more environment-friendly fuel type, such as electricity or other biomass sources, in the upcoming Reporting Period to reduce carbon footprint.

We believe through continuous effort of the Group in reducing resources usage and generation of non-hazardous waste, it would bring greater operational efficiency, eco-friendly and paperless workplace, leading to continuous reduction of paper usage, and further environmental impact protection.

Emissions from Vehicles	Unit	2018/19	2019/20	Percentage Comparison
Units of fuel consumed by vehicles	Liters	38,000	18,959	(50.11%)
Sulphur oxides (SO _x)		0.67	0.29	(56.39%)
Nitrogen oxides (NO _x)	Kilograms	4.22	1.77	(58.06%)
Respiratory suspended particles (RSP)		0.41	0.17	(58.54%)

Electricity and Water Consumption

In order to achieve energy conservation and reduce GHG emissions, the Group has adopted a number of energy conservation measures to ensure the most efficient use of electricity, reduce emission of GHG and demonstrate our determination to protect our environment, including but not limited to the below:

- 1) Choose energy-efficient appliances, e.g. replace the traditional bulbs by LED energy-saving bulbs in the office;
- 2) Switch off air conditioning and lighting systems after office hours;
- 3) Advise employees to put their computers in hibernation mode and turn off all other office equipment when not in use;
- 4) Keep all the doors and windows closed when the air conditioners are in operation; and
- 5) Teleconferences and internet-meeting practices are encouraged to avoid unnecessary business travel.

Electricity Consumption	Unit	2018/19	2019/20	Percentage Comparison
Electricity Consumption	kWh	1,200,000	739,631	(38.36%)
Electricity Consumption per employee	kWh/employee	9,700	7,471	(22.98%)
Water Consumption	m ³	884 ¹	1,559	76.36%
Water Consumption per employee	m ³ /employee	7	16	128.57%
Total energy consumption	MWh	1,200	741	(38.25%)
Total energy consumption per employee	MWh/employee	10	7	(30.00%)

Notes:

- ¹Due to data error, the consumption of 2018/19 have been recalculated, and figures have been restated accordingly.

The Group's water consumption is minimal and is mainly used for drinking and daily activities of employee. Only water consumption of head office was included in total water consumption of the Group as consumption of other offices were managed by the office's building management office, thus water usage data are not available.

The Group will continue to improve the efficiency of resource utilization and gradually establish a quantitative target for future electricity use based on resource utilization in the current year.

Paper Usage

In order to enhance environment protection, the Group has also followed a number of resources saving and efficiency measures to promote paperless office, including but not limited to the below:

- 1) Encourage employees to reduce the use of paper by assessing the necessity of printing before use;
- 2) Encourage double sides printing and the use of scrap papers in printing;
- 3) Recycled paper is used for intra-group informal documents and draft papers;
- 4) Send electronic greetings over email or other forms of electronic applications, such as WhatsApp or WeChat, rather than faxing or writing; and
- 5) Encourages the shredding and recycling of documents that are no longer needed.

Paper Usage	Units	2018/19	2019/20	Percentage Comparison
Total paper consumption	Kilograms	2,212 ¹	1,731	(21.75%)
Total paper consumption per employee	Kilograms/ employee	18	17	(5.56%)

Notes:

- ¹Due to data error, the consumption of 2018/19 have been recalculated, and figures have been restated accordingly.

Packaging Materials

Packaging material used by the Group is mainly compression bags and paper boxes.

During the Reporting Period, the Group has used 150,000 pieces and 10,000 pieces of compression bags and paper boxes respectively in daily operation. To ensure utilization of the material are in the greatest extent, the usage is constantly evaluated to avoid overstocking and squandering.

Investment Practices

The Group practices a set of principles when acting as a placing agent or an underwriter of fund-raising activities whereby the Group seeks to cooperate with companies with good practices in dealing with environmental, humanitarian and governance issues. Good business practices help to generate better profits and returns for investors, particularly in the long run. Companies that treat their workers and the environment with respect generally find themselves less burdened by regulatory issues, fines and lawsuits. The Group reads prospectuses and annual reports of these companies and take into account their transparency and accountability, the Group cares about who manages these companies and or who sits on their boards, the Group finds out how the companies are behaving with respect to environmental, social and workers' rights.

The Group seeks to work with companies that are environmentally conscious – those who (i) make efforts to reduce energy use, waste and pollution; (ii) give best efforts to conserve resources such as use of recycled materials and minimize their paper communication; and (iii) extract natural resources in a responsible manner.

The Group looks for social responsible companies, who (i) work with high-quality suppliers of high ethics standards; (ii) have high customers' satisfaction; (iii) interact the government and regulators with integrity; (iv) make decisions with a view to maximize positive effects and minimize negative effects on the community; and (v) make charitable contributions and provide support to the community.

The Group would like to work with companies that respect workers' and human rights, ensure health and safety in working conditions and the surrounding community and provide fair and equitable wages and benefit.

Companies with good governance help to ensure long term success. The major corporate governance issues include financial reporting and other disclosures, investor relationship, executive compensation, conflict of interest and regulatory compliance.

The Group shares the set of principles and best practices with our major customers and encourages them to apply the same principles when selecting a company to invest.

A3 The Environment and Natural Resources

Since our business is mainly office-based, the impact on the environment is minimal. The main environmental impact of the business is the indirect impact of carbon dioxide generated by power and paper usage in the daily activities of the business.

The Group has taken steps to reduce its impact on the environment by adopting energy saving measures mentioned in A1 Emissions and A2 Use of Resources. The Group has complied with relevant laws and regulations and did not find any cases of breach of regulations relating to emissions and the environment. Looking ahead, the Group will continue to assess environmental risks in our business operations to formulate responsive measures and regularly review and update our environmental protection policies.

B. SOCIAL

B1 Employment and Labor Practices

The Group strongly believes that employees are the most valuable asset for its sustainable development.

The Group is committed to providing a workplace free from any form of discrimination and harassment and provides opportunities to employees with different backgrounds and characteristics so as to build a diversified workforce. As prescribed in our policies and procedures, the Group emphasizes a transparent recruitment and employment mechanism. In all employment decisions, including recruitment, promotion and termination, the Group only takes the qualification, experience and performance of candidates or employees relevant to the job function into account.

Any form of discrimination against our potential or current employees on the ground of nationality, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, political inclination is strongly prohibited.

The Group provides a wide range of incentives, including competitive remuneration and benefits packages, which are based on individual performances and qualifications of employees and benchmarked against our industry peers on an annual basis.

All of our employees are essentially treated with fair wage, fixed working hours, proper insurance coverage, statutory holidays and miscellaneous types of leaves, including sick leave, maternity leave, marriage leave, compassionate leave and jury service leave. In addition, a various of leisure activities are organized which includes but not limited to annual dinners, birthday or Christmas parties to enhance the staff bonding.

The Group has established an “Employee Handbook” that includes the terms and conditions of employment, the staff benefits (leave entitlement, insurance and training), and the office rules and policies.

During the year under review, the Group was not aware of any litigation cases regarding labor and employment practices brought against the Group or its employees were noted.

The total workforce by age group and gender, as compared to last year, are as follows:

Number of Employee of the Group	As at 31 March 2020
By Gender	
Male	43
Female	56
By Age	
Below 30 years old	10
Between 31 to 40 years old	31
Between 41 to 50 years old	25
Over 50 years old	33

Since its establishment, the Group implemented different measures to reduce employee turnover rate, such as strengthening recruitment controls, so that applicants can fully understand the working environment and control of the Group strengthen the staff trainings system to meet the career development requirement of employees at all levels; focus on the work pressure of employees, expand the development prospects of the Group so that competitive career platform can be provided to the employees.

The employee turnover rate was low. Only 56 employee left the Group during the Reporting Period.

Number of Employee left the Group	As at 31 March 2020
By Gender	
Male	28
Female	28
By Age	
Below 30 years old	11
Between 31 to 40 years old	13
Between 41 to 50 years old	14
Over 50 years old	18

B2 Health and Safety

The Group concerns about the health and safety of its employees and is committed to provide a safe, healthy and productive environment for all.

The total indicators regarding to health and safety are as follows:

Indicators	2018/19	2019/20
Number of reportable injuries	–	2
Injury rate	–	0.001%
Number of reportable occupational diseases	–	–
Occupational disease rate	–	–
Number of lost days	–	295
Lost day rate	–	0.148%

Notes:

1. Reportable injuries refer to work-related accidents to employees resulting in incapacity for a period exceeding three days in Hong Kong.
2. The injury rate is calculated based on the number of injuries per 200,000 hours worked (employees working 40 hours per week for 50 weeks).
3. The occupational disease rate is calculated based on the number of occupational diseases per 200,000 hours worked.
4. Lost days refer to the days that could not be worked as a consequence of a worker being unable to perform their usual work because an occupational accident or disease.
5. The lost day rate is calculated based on the number of lost days per 200,000 hours worked

The Group provides full time employees with a comprehensive set of medical insurance to its employees, including but not limited to medical insurance, surgical insurance, hospitalization insurance and employees' compensation insurance.

The Group has established policies and procedures for primary prevention of hazards and to deal with all aspects of health and safety in the workplace. The main focus of our practices has three different objectives: (1) to maintain and promote workers' health and capacity at work; (2) to improve the working environment so to be conducive to safety and health; and (3) to develop a work culture in a direction which supports health and safety at the workplace. Other policies and procedures regarding fire safety, suspicious mail alerts, rainstorm warnings, typhoon arrangement and office tidy policies are required to be followed by all employees to protect employees from risks resulting from factors averse to health.

As far as physical working environment is concerned, the Board of Directors has set up an office in the prime business district in Hong Kong to provide a safe, clean and healthy working environment to protect employees from occupational hazards. Smoking policy is in place to prohibit smoking in any area of our premises during office hours to provide employees with a healthy and safe working environment.

During the year under review, the Group was not aware of any violations of Hong Kong health and safety laws and regulations.

B3 Development and Training

The Group emphasizes the importance of employee training and development. It strives to assist employees not only in acquiring professional knowledge to fulfil their duties, but also in developing their lifelong career. Training includes internal, external, induction, on-the-job, capability and corporate culture training.

All directors of the Group receive comprehensive, formal and tailored induction training, to ensure that they understand business operations of the Group, directors' responsibilities and obligations under the Listing Rules and other regulatory requirements. They are also trained regularly on the newest relevant statutory requirements and market changes, to ensure their high level of awareness on the industrial trends.

Our compliance team is responsible for collecting all relevant regulatory changes and working closely with our Company Secretary to determine if professional training is required for relevant employees and directors to ensure they have the knowledge and skills they need to perform their duties.

B4 Labor Standards

The Group strictly complies with the Hong Kong Employment Ordinances and other legal employment requirements, avoiding any child employment, discrimination, harassment or offenses against the laws of Hong Kong. We strive to fulfill our responsibilities to employees, respects their legitimate rights and interests, promote their professional development, improve our working environment and pay attention to the physical and mental health of employees, in order to realize the common development of the Group and its employees. If applicants are found in providing any counterfeiting or forgery information, the Group has right to dismiss the employee immediately.

As prescribed in our policies and procedures, the Group emphasizes a transparent recruitment and employment mechanism. In all employment decisions, including recruitment, promotion and termination, the Group only takes the qualification, experience and performance of candidates or employees relevant to the job function into account.

The employment term and conditions are set out in the "Employee Handbook" which is required to be signed by all new employees to confirm acceptance.

During the year under review, the Group was not aware of any non-compliance with laws and regulations which have a significant impact on employment and labor practices.

B5 Supply Chain Management

The Group mainly engaged in the wholesale and retail of groceries and frozen foods, and therefore has registered as a food importer/food distributor under the Food Safety Ordinance. The Group pay attention to minimising the environmental and social impacts of our business along with our suppliers and service vendors. We prefer selecting those who have environmental commitments and we look for indicators such as quality of products and services, cost, delivery time and stability, safety management, and relevant qualifications. We also consider factors such as compliance with environmental legal requirements in our supplier and service vendor assessment, selection and evaluation process.

During the Reporting Period, the number of suppliers are listed as below:

Number of Suppliers by Region	Year 2019/20
Hong Kong	120
Korea	2

The Group has established processes in accordance with certain requirements and standards set by the Group to select and evaluate suppliers to ensure that the purchased goods comply with relevant standards and criteria. In selecting and evaluating suppliers, the Group also pays attention to their environmental compliance record as well as their commitment to social responsibility. Environmentally and socially responsible suppliers will be prioritized in the selection process.

The Group always observes the local laws, rules and regulations at where its businesses located, as such, the Group applied and was granted and renewed, one money lenders license in Hong Kong to carry on business as a money lender for a period of twelve (12) months from 22 February 2020.

B6 Operating Practices and Product Responsibility

The Group care deeply about our clients' trust and satisfaction. With this in mind, the importance of confidentiality needs no further emphasis given the nature of the information we handle. We have always maintained a firm stance on protecting confidentiality by adhering to the strictest standards.

Product responsibility

Product responsibility is one of the Group's priorities. The Group strives to ensure quality of its products and services through stringent internal control. Especially for the food distribution business, the Group established internal food safety management system under ISO 22000:2005 requirements in order to ensure food is processed and delivered to customers in good condition. The policy for new products sets out procedures regarding receipt and inspection of samples, return of samples and preparation of product details. Products are inspected by the quality assurance department before placing in stock.

During the Reporting Period, the Group did not note any cases of material non-compliance regarding health and safety, advertising and labelling related to products and services provided as required by relevant laws and regulations.

Confidentiality

The Group owes a contractual obligation of confidentiality to the customers that all transaction details, contracts and other relevant information are considered as private and confidential. The Group strictly complies with relevant laws and regulations to maintain high awareness on protecting customers' information. Collected data is retained only when it is consistent with its purpose and will be destroyed when its purpose has expired. Unauthorized personnel are not able to obtain and review any confidential data. No material non-compliance regarding data protection and privacy as required by related laws and regulations had been noted during the Reporting Period.

Handling of Complaints

The Group has established policies and procedures for the handling complaints. The Group's Customer Service Department is responsible for reviewing all complaints, collecting evidence and providing advice and comments on general complaints.

Specific or complex complaints will be forwarded to the responsible person of the relevant department for special treatment. The Group provides an initial response upon the receipt of all complaints and the follow up accordingly.

During the Reporting Period, the Group has not been notified of any violation of law regarding product or services responsibility.

Customer Communication

The Group undertakes to:

1. provide one or more channels for communications, which are convenient to users;
2. promptly provide acknowledgement of receipt of communications, including the provision of a copy of the communication, the date and time it was registered, and reference code for the communication; and
3. promptly provide a response to the communication, in an appropriate and meaningful manner.

B7 Anti-Corruption & Anti-Money Laundering

The Group stands against any form of bribery, extortion, fraud, and has a zero-tolerance policy towards misconduct and is committed to creating a culture of integrity and justice by accepting internal complaints and whistleblowing.

To make this strong commitment within our business, the Group has established the "Anti-Money Laundering and Counter-Terrorist Financing Policies and Procedures" in accordance with the relevant regulatory laws and standards to promote anti-fraud principles and consistent organizational behaviors by providing guidelines, assigning responsibility and facilitating early detection of potential fraud that are against the interest of the Group. The Manual has defined a wide range of terms related to anti-corruption and explains how these terms apply to various situations to ensure compliance.

The whistle blowing channel, as set out in the “Anti-Money Laundering and Counter-Terrorist Financing Policies and Procedures”, has been in place for employees at all levels to raise any concerns without fear of any negative impacts. The Group encourages reporting of suspected business irregularities and provides clear channels specifically for this purpose. All employees can contact the AML Compliance Manager or Compliance Officer or, in case of extremely serious matter, directly to the Chairman of the Board’s audit committee for lodging a complaint or whistleblowing. The Group is committed to the highest standards of integrity and ethics.

The Group is required to conduct customer due diligence and report suspicious transactions to relevant regulatory agencies. To achieve this objective, the Group has adopted policies and procedures for implementing customer due diligence process, identifying employees’ involvement in money laundering activities, detecting, monitoring and reporting of suspicious transactions. In addition, we also have policies and procedures in place to detect and prevent the use of our operations for money laundering activities and other illegal or improper activities may not preclude customers’ international fraud.

During the period under review, the Group has complied with all applicable anti-money laundering laws and regulations in Hong Kong and performed regular internal assessment in order to assess the different risk factors of the Group’s money laundering activities. The Group was not aware of any of non-compliance with laws or regulations that has a significant impact concerning bribery, extortion, fraud or money laundering during the year.

B8 Community

Recognizing our responsibility to the community, we are committed to providing available resources to support the community and encouraging employees to participate in various charitable and voluntary activities.

We actively advocate employees to participate in charitable events, to arouse attention to the community and drive further participation in community services.

The Group will continue to uphold the principles of accountability to shareholders, investors, suppliers, customers and the public community and seek further development opportunities to maintain a harmonious relationship with stakeholders.

Easy Repay Finance & Investment Limited
Environmental, Social and Governance Report
For the period from 1 April 2019 to 31 March 2020

YOUR FEEDBACK

The Group will continue to adopt measures for the benefit of ESG in its operations.

Stakeholders’ feedback is valuable and can help us to improve our operational, environmental, social and governance policies and procedures. Please feel free to share your feedback on our performance via any of the following channels:

Address: Unit A, 8/F, D2 Place Two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong
Telephone: (852) 2898 0567
Email: info@ecrepay.com

REPORT OF THE DIRECTORS

The directors of the Company (the “Directors”) present their annual report together with the audited consolidated financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

A review of the business of the Group and a discussion on the Group’s future business development during the year ended 31 March 2020 are provided in the Chairman’s Statement on page 5 and Management Discussion and Analysis on pages 6 to 10 of this Annual Report.

An analysis of the Group’s performance during the year ended 31 March 2020 using financial key performance indicators is provided in the Financial Summary on page 3 of this Annual Report.

Discussion on the Group’s environmental issues and compliance with the relevant laws and regulations that have a significant impact on the Company are contained in the Corporate Governance Report and Environmental, Social and Governance Report on pages 12 to 29 of this Annual Report.

The Company’s key relationships with its employees, customers and suppliers and business associates that have a significant impact on the Company and on which the Company’s success depends are shown in the Management Discussion and Analysis under “Employee” section on page 7 and in the Corporate Governance Report on pages 12 to 19 of this Annual Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2020 are set out in the consolidated statement of comprehensive income on pages 40 to 41 of the annual report.

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 3.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

ISSUED CAPITAL AND SHARE OPTIONS

Details of the movements in issued capital and share-based compensation of the Company for the year ended 31 March 2020 are set out in notes 33 and 34, respectively to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out on page 44 in the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to shareholders as at 31 March 2020, comprising share premium, contributed surplus and (accumulated losses)/retained earnings, amounted to HK\$335,108,000.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest suppliers of the Group accounted for approximately 38.4% of its cost of sale for the year ended 31 March 2020. The largest supplier of the Group accounted for approximately 13.9% of its cost of sale for the year ended 31 March 2020.

Sales to the Group's five largest customers accounted for approximately 11.4% of the Group's turnover for the year ended 31 March 2020. The Group's largest customer accounted for approximately 4.4% of the Group's turnover for the year ended 31 March 2020.

Save as disclosed above, if any, none of the Directors or any of their associates (as defined in the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") or any shareholders of the Company (who, to the knowledge of the Directors, own more than 5% of the issued share capital of the Company) had any beneficial interest in any of the five largest suppliers or customers of the Group for year ended 31 March 2020.

DONATION

During the year ended 31 March 2020, no donation was made by the Group (2019: nil).

DIRECTORS

The Directors who held office during the year are:

Executive Directors

Mr. Shiu Yeuk Yuen
Ms. Siu Yeuk Hung, Clara

Independent Non-executive Directors

Mr. Lee King Fui (appointed on 17 July 2019)
Mr. Ho Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)* (resigned on 7 June 2020)
Mr. Siu Chi Yiu, Kenny (appointed on 8 May 2019 and resigned on 18 June 2020)
Mr. Kam Tik Lun (resigned on 17 July 2019)

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A (1) of the GEM Listing Rules, there are changes in the information required to be disclosed pursuant to paragraph (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the course of the directors' term of office. The total remuneration of Mr. Shiu Yeuk Yuen and Ms. Siu Yeuk Hung, Clara were HK\$284,000 and HK\$828,000 per annum for year ended 31 March 2020 respectively. The remuneration was determined based on their qualifications, experience, level of responsibilities and prevailing market conditions.

Save as disclosed above, there are no other matters that need to be disclosed pursuant to Rule 17.50A (1) of the GEM Listing Rules.

LIABILITY INSURANCE FOR THE DIRECTORS AND OFFICERS

The Company has in force appropriate insurance coverage on Director's and officer's liabilities arising from the Group's business. The Company reviews the extent of insurance coverage on an annual basis.

DIRECTORS' SERVICE CONTRACTS

All of the Directors have entered into a service contract with the Company and the service contracts shall be renewed automatically after a year unless and until terminated by not less than three months' notice in writing served by either party to the other. Pursuant to the Company's Bye-laws, the Directors, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2020.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, senior management and five individuals with highest emoluments are set out in notes 9 and 10 to the consolidated financial statements respectively.

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 or any member of the Group, consultants to subscribe for shares of the Company.
3. The maximum number of ordinary shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme adopted by the Group shall not exceed 30 per cent. Of the share capital of the Company in issue from time to time.

The total number of ordinary shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the ordinary shares in issue on the date of approval of the New Scheme (the "Scheme Limit") or as at the date of the Shareholders' approval of the refreshed Scheme Limit.

4. The total number of ordinary shares issued and which may fall to be issued upon exercise of the options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being.

SHARE OPTION SCHEMES (Continued)

5. The exercise period of any option granted under the New Scheme shall be determined by the Board but such period shall not exceed 10 years from the date of grant.
6. The New Scheme does not specify any minimum holding period.
7. The acceptance of an offer of the grant of the option under the New Scheme ("Offer") must be made within 21 days from the date on which the letter containing the Offer is delivered to that participant together with a non-refundable payment of HK\$1.00 from each grantee.
8. The subscription price will be determined by the Board of Directors of the Company and shall not be less than the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.
9. The New Scheme is valid for ten years from the date of adoption.

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

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

Movement of the New Scheme

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

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

DIRECTOR'S 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 March 2020, 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 March 2020
Mr. Shiu Yeuk Yuen (note 1)	1,620,000	7 (note 2)	82,288,613 (note 3)	83,908,620	34.91%

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 Yeuk Yuen.
3. 82,288,613 shares of the Company are held by Able Rich Consultants Limited ("Able Rich"), a wholly-owned subsidiary of Rich Treasure Group Limited ("Rich Treasure"), of which Mr. Shiu is the sole director and shareholder of that company.

As confirmed by a supplemental deed dated 29 May 2020 entered into between, among others, Popland Investments Limited as borrower, Able Rich, Rich Treasure and Cheung Siu Fai as lender relating to a HK\$327,000,000 term loan facility agreement dated 18 October 2017 (the "Supplemental Deed"), whereby the parties thereto agreed that the share charge dated 18 October 2017 shall be effective upon satisfaction of all conditions precedent stated in the Supplemental Deed. Details of the Supplemental Deed was disclosed in the circular dated 1 June 2020.

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 March 2020, 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 31 March 2020
Ms. Bai Yu	26,093,500	10.86%

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

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

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions for the period are set out in note 35 to the consolidated financial statements.

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

COMPETING INTEREST

None of the Directors or the controlling shareholder (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.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independent pursuant to Rule 5.09 of the GEM Listing Rules and considers all the Independent Non-executive Directors to be independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company maintained the prescribed public float under the GEM Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 March 2020 were audited by Moore Stephens CPA Limited whose term of office will expire upon the annual general meeting. A resolution for the re-appointment of Moore Stephens CPA Limited as the auditor of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Easy Repay Finance & Investment Limited

Shiu Yeuk Yuen

Chairman

Hong Kong, 24 June 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EASY REPAY FINANCE & INVESTMENT LIMITED

(Continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Easy Repay Finance & Investment Limited and its subsidiaries (the "Group") set out on pages 40 to 108, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment losses on loans and advances to customers (loss allowance for expected credit losses (“ECL”) upon application of HKFRS 9) We identified the impairment of loans and advances to customers as a key audit matter due to significant management judgement involved in identification and measurement of ECL. As disclosed in note 22 to the consolidated financial statements, the Group has loans and advances to customers of HK\$274 million, after recognising an impairment allowance of HK\$81 million as at 31 March 2020. The assessment of impairment for loans and advances to customers involves significant management judgements and estimates on the amount of ECL at the reporting date. Management assessed the provision for impairment of loans and interest receivables based on the estimation of ECL under a “three-stage” model. In developing the loss allowance of loans and interest receivables, management use judgement in making the assumptions about the probability of default and loss given default with reference to the historical delinquency ratio of loans portfolio, collateral values and current and forward-looking information on macroeconomic factors. We focused on this area because the carrying value of loans and interest receivables is significant to the consolidated financial statements and the management’s impairment assessment of loans and interest receivables require the use of significant judgements and estimates.	Our procedures in relation to the impairment of loans and advances to customers included: • Inquiring the Group’s management to understand the approach applied on ECL model of loans and advances to customers; • Understanding key controls on how the management estimates impairment for loans and advances to customers; • Testing the inputs used by the Group’s management to assess the ECL, by comparing individual items in the analysis with the relevant loan agreements and other supporting documents on a sample basis; • Challenging the Group’s management’s basis and judgement in determining the appropriateness of the Group’s management’s grouping of the loans and advances to customers into different categories, the inputs and assumptions applies on the ECL model, including probability of default, loss given default and the Group’s historical loss experience and forward-looking information; • Assessing the appropriateness of the inputs and assumptions applied on the ECL model of term loans, including probability of default, loss given default and forward-looking information; • Reviewing the Group’s historical loss experience; • Assessing the reasonableness and appropriateness of the Group’s management’s judgement on applying the relevant accounting requirements; • Testing the mathematical accuracy of the loss allowance for ECL; • Examining on a sample basis the underlying documentation supporting the value of collateral, if any, and the Group’s management’s key estimations used in the individual impairment assessment for loans and advances to customers on a sample basis; and • Evaluating the disclosures regarding the impairment measurement of loans and advances to customers in note 22 to the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the financial summary, corporate information, chairman's statement, management discussion and analysis, biographical details of directors and senior executives, corporate governance report, environmental, social and governance report and report of the directors but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Chan King Keung
Practising Certificate Number: P06057

Hong Kong, 24 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue from money lending	5(a)	51,966	60,080
Revenue from sale of goods	5(a)	64,144	146,188
Cost of goods sold		(49,901)	(126,373)
Gross profit from sale of goods		14,243	19,815
Investment and other income	6	1,523	3,456
Other gains and losses, net	7	12	(3,889)
Servicing, selling and distribution costs		(11,064)	(18,864)
Administrative expenses		(60,421)	(70,294)
Allowance for expected credit losses on trade receivables, net	38(b)(b)	(4,915)	(1,629)
Allowance for expected credit losses on loans and advances to customers, net	22(b)	(54,133)	(24,552)
Finance costs	11	(1,242)	(2,243)
Share of results of associates	16	1,070	1,010
Share of result of a joint venture	17	(872)	(146)
Loss before tax	8	(63,833)	(37,256)
Income tax (expense)/credit	12	(107)	122
Loss for the year		(63,940)	(37,134)
Other comprehensive loss for the year, net of tax:			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value on equity instruments designated at fair value through other comprehensive income		–	(9,326)
Total comprehensive loss for the year		(63,940)	(46,460)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the year ended 31 March 2020

	Note	2020 HK\$'000	2019 HK\$'000
Loss for the year attributable to:			
Owners of the Company		(63,441)	(37,108)
Non-controlling interests		(499)	(26)
		(63,940)	(37,134)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(63,441)	(46,434)
Non-controlling interests		(499)	(26)
		(63,940)	(46,460)
Loss per share			
Basic and diluted	13	(28.47 HK cents)	(16.95 HK cents)

The notes on pages 47 to 108 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	16,415	19,990
Right-of-use assets	15	5,279	–
Interests in associates	16	20,294	9,581
Interest in a joint venture	17	355	1,227
Deposits, prepayments and other receivables	21	64	790
Loans and advances to customers	22	95,326	110,784
		137,733	142,372
Current assets			
Inventories	19	3,632	10,123
Trade receivables	20	5,665	18,095
Deposits, prepayments and other receivables	21	2,776	6,805
Loans and advances to customers	22	178,727	222,121
Financial assets at fair value through profit or loss	18	240	3,517
Amounts due from associates	16	1,341	–
Tax recoverable		241	2,356
Pledged bank deposits	23	1,003	1,002
Cash and cash equivalents	24(a)	47,438	34,779
		241,063	298,798
Assets classified as held for sale	25	–	2,318
		241,063	301,116
LIABILITIES			
Current liabilities			
Trade and other payables	26	8,441	8,530
Contract liabilities	27	1,054	353
Lease liabilities	29	3,858	–
Amount due to an associate	16	1,012	–
Amounts due to related parties	35(b)	–	5,700
Amount due to a joint venture	17	86	–
Borrowings	28	–	7,500
Bank overdrafts		–	485
Income tax payable		95	887
		14,546	23,455
Liabilities associated with assets classified as held for sale	25	–	7
		14,546	23,462
Net current assets		226,517	277,654
Total assets less current liabilities		364,250	420,026
Non-current liabilities			
Lease liabilities	29	658	–
Deferred tax liabilities	32	500	123
		1,158	123
Net assets		363,092	419,903

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 31 March 2020

	Note	2020 HK\$'000	2019 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	33(b)	2,404	2,189
Reserves		358,314	414,846
		360,718	417,035
Non-controlling interests		2,374	2,868
Total equity		363,092	419,903

The notes on pages 47 to 108 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 40 to 108 were approved and authorised for issue by the board of directors on 24 June 2020 and are signed on its behalf by:

Shiu Yeuk Yuen
Director

Siu Yeuk Hung, Clara
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to owners of the Company									
	Share capital	Share premium	Share option reserve	Capital reserve	Investment revaluation reserve	Contributed surplus	Accumulated losses		Non-controlling interests	Total equity
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
	(note 33(b))	(note 33(c)(i))	(note 33(c)(ii))	(note 33(c)(iii))	(note 33(c)(iv))	(note 33(c)(v))				
Balance at 1 April 2018	2,189	353,125	–	28,392	(16,320)	145,926	(49,843)	463,469	2,466	465,935
Loss for the year	–	–	–	–	–	–	(37,108)	(37,108)	(26)	(37,134)
Other comprehensive income:										
Changes in fair value on equity instruments designated at fair value through other comprehensive income	–	–	–	–	(9,326)	–	–	(9,326)	–	(9,326)
Transfer of revaluation reserves to accumulated losses upon disposal of equity instrument designated at fair value through other comprehensive income	–	–	–	–	25,646	–	(25,646)	–	–	–
Total comprehensive expense for the year	–	–	–	–	16,320	–	(62,754)	(46,434)	(26)	(46,460)
Transactions with owners:										
Acquisition of non-controlling interest (note 31)	–	–	–	–	–	–	–	–	428	428
Balance at 31 March 2019 and 1 April 2019	2,189	353,125	–	28,392	–	145,926	(112,597)	417,035	2,868	419,903
Loss for the year	–	–	–	–	–	–	(63,441)	(63,441)	(499)	(63,940)
Transactions with owners										
Disposal of subsidiaries	–	–	–	–	–	–	–	–	5	5
Equity-settled share option arrangement (note 34)	–	–	1,436	–	–	–	–	1,436	–	1,436
Share issued upon exercise of share option (note 33(b))	215	6,884	(1,411)	–	–	–	–	5,688	–	5,688
Total transactions with owners	215	6,884	25	–	–	–	–	7,124	5	7,129
Balance at 31 March 2020	2,404	360,009	25	28,392	–	145,926	(176,038)	360,718	2,374	363,092

The notes on pages 47 to 108 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Operating activities			
Loss before taxation		(63,833)	(37,256)
Adjustments for:			
Depreciation on property, plant and equipment	8	5,855	6,982
Depreciation of right-of-use assets	8	3,725	–
Fair value gain on financial assets at fair value through profit or loss, net	7	(2,181)	(2)
(Gain)/loss on disposal of subsidiaries	7	(709)	2,909
Equity-settled share option expense	34	1,436	–
Finance costs	11	1,242	2,243
Interest income from bank balance	6	(417)	(50)
Interest income from an independent third party	6	–	(1,439)
Loss on disposal of property, plant and equipment, net	7	368	16
Write-down of inventories	8	1,332	1,374
Dividend income from financial assets at fair value through profit or loss	6	(5)	(267)
Gain on bargain purchase of a subsidiary	30	(102)	–
Loss on disposal of an associate	16	–	909
Allowance for expected credit losses on trade receivables, net		4,915	1,629
Allowance for expected credit losses on loans and advances to customers, net		54,133	24,552
Impairment of interests in associates	16	2,339	–
Share of results of associates		(1,070)	(1,010)
Share of result of a joint venture		872	146
		7,900	736
Decrease/(increase) in inventories		5,174	(1,642)
Decrease in trade receivables		7,515	6,249
Decrease in deposits, prepayments and other receivables		2,859	3,760
Decrease in loans and advances to customers		4,719	40,288
Increase/(decrease) in trade and other payables		612	(4,883)
Cash generated from operations		28,779	44,508
Dividend received from financial assets at fair value through profit or loss		5	267
Interest received		417	1,489
Interest and finance charges paid		(1,088)	(2,243)
Hong Kong Profits Tax refund/(paid)		1,593	(1,384)
Net cash generated from operating activities		29,706	42,637

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Investing activities			
Increase in pledged bank deposits		(1)	(1)
Purchase of financial assets at fair value through profit or loss		(16,164)	(16,387)
Proceeds from disposal of financial assets at fair value through profit or loss		21,622	13,640
Purchase of financial assets designated at fair value through other comprehensive income		–	(3,444)
Proceeds from disposal of financial assets designated at fair value through other comprehensive income		–	670
Increase in amounts due from associates	16	(1,341)	(253)
Purchase of property, plant and equipment	14	(1,018)	(5,850)
Acquisition of a subsidiary	30	(2,000)	–
Acquisition of interests in associates	16	(12,050)	–
Proceeds from disposal of subsidiaries		4,267	500
Proceeds from disposal of property, plant and equipment		–	29
Proceeds from disposal of an associate	16	337	1,700
Net cash used in investing activities		(6,348)	(9,396)
Financing activities			
Repayment to related parties		(5,700)	(16,000)
Advance from related parties		–	14,500
Drawdown of borrowings		–	1,000
Repayment of borrowings		(7,500)	(9,500)
Advance from an associate	16	1,012	–
Advance from a joint venture	17	86	–
Repayment of lease liabilities	29	(3,800)	–
Proceeds from issue of ordinary shares upon exercise of share options	33(b)	5,688	–
Net cash used in financing activities		(10,214)	(10,000)
Net increase in cash and cash equivalents		13,144	23,241
Cash and cash equivalents at the beginning of year		34,294	11,053
Cash and cash equivalents at the end of year		47,438	34,294
Analysis of the balances of cash and cash equivalents			
Short-term bank deposits and cash at bank, securities brokers and on hand		47,438	34,779
Bank overdrafts		–	(485)
		47,438	34,294

The notes on pages 47 to 108 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL INFORMATION

Easy Repay Finance & Investment Limited (the “Company”) was an exempted company continued into Bermuda with limited liability with effect from 30 April 2008. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The principal places of business of the Company and its subsidiaries (collectively referred to as the “Group”) are in Hong Kong. The Company’s principal place of business in Hong Kong is Unit A, 8/F., D2 Place two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon. The Company’s shares are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

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

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

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

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

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

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

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

HKFRS 16 Leases

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

Definition of a lease

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 16 Leases (Continued)

As a lessee

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

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

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

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

	At 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019 (<i>note 36</i>)	8,868
Less: Recognition exemption – short-term leases	(2,294)
Subtotal	6,574
Lease liabilities discounted at relevant incremental borrowing rate as at 1 April 2019	5,732
Add: Extension options reasonably certain to be exercised	245
	5,977
Analysed as	
Current	3,879
Non-current	2,098
	5,977

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

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

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

New and amendments to HKFRSs in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 January 2021.

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

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

⁵ Effective for annual periods beginning on or after 1 June 2020.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation and consolidation

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

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

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

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

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income taxes” and HKAS 19 “Employee benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based payment” at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current assets held for sale and discontinued operations” are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in change in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An interest in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in associates and joint ventures *(Continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or a joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or a joint venture that are not related to the Group.

Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements	20% or over the lease terms, whichever is shorter
Equipment	20%
Furniture and fixtures	20% to 50%
Motor vehicles	20%
Ship	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rate basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, bank overdrafts and three-month time deposits.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

In the consolidated statement of financial position, bank overdrafts is shown in current liabilities.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income as measured at financial assets at fair value through profit or loss ("FVTPL") if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

Financial assets designated at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Credit losses and impairment of financial assets

The Group recognises a credit loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and loan and interest receivables), and on loan commitments issued which are not measured at FVTPL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has applied loss rates which are reference to the default rates, adjusted for forward-looking factors and the economic environment.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("12m ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For financial assets, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers these financial assets are in default when contractual payments are 90 days past due.

Loan and interest receivables are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12m ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit losses and impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonably supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in (1) regulatory, economic or technological environments; (2) business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- financial re-organisation/restructuring entered by the debtors.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonably supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit losses and impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider;
- (d) probable bankruptcy or other financial reorganisation entered by the debtor;
- (e) probable shortfall that expected cash inflows from the realisation of collateral is below the carrying amount of financial assets; or
- (f) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off the gross carrying amount of a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

A write-off constitutes a derecognition event. Any subsequent recoveries will result in an impairment gain and is included in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit losses and impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*

Where ECL is measured on a collective basis or caters for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the below basis:

- Nature of financial instruments (i.e. the Group's trade receivables, loans and advances to customers are each assessed as a separate group. Other receivables are collective assessed. Amounts due from associates is assessed for ECL on an individual basis);
- Past-due status;
- External credit ratings where available; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics in accordance with the internal credit risk categories as disclosed in note 38(b).

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to related parties, a joint venture and an associate, borrowings and bank overdrafts) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

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.

For contracts entered into or modified or arising from business combinations on or 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, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of clinics that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(Continued)*

Right-of-use assets

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 are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 are 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 consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures 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/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (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.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee (prior to 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, joint ventures, and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share option reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue from contracts with customers

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract liability relating to a contract are accounted for a presented on a net basis.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts.

Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Non-current assets held for sale

Non-current assets and disposal company is classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal company) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal company) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these consolidated financial statements requires the directors of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Impairment allowances on loans and advances to customers

The Group measures the loss allowance based on an expected credit loss model. The allowance for ECL on the loans to customers are calculated based on loss rates which are reference to the default rates from international credit rating agencies and historical data, adjusted for forward-looking futures specific to the debtors and the economic environment. Specifically, a credit loss is the present value of the difference between (i) the contractual cash flows that are due to an entity under the contract and (ii) the cash flows that the entity expects to receive. Such assessment involves a high degree of estimation and uncertainty. When the actual future cash flows are less or more than expected, a material ECLs or material reversal of ECLs may arise, accordingly. As at 31 March 2020, the carrying amount of loans and advances to customers is HK\$274,053,000 (2019: HK\$332,905,000), net of impairment losses allowance of HK\$81,414,000 (2019: HK\$31,780,000).

(b) ECL allowances for trade receivables

Management regularly assesses the loss allowances for ECL on trade receivables and recognises lifetime ECL for trade receivables. Allowances for these receivables assets are made based on evaluation of ECL for trade receivables and involve exercise of management's judgments, which are made by reference to the estimation of the future cash flows discounted to the present value. A considerable amount of judgment is required in assessing the ultimate realisation of these debtors, including their current creditworthiness and the risk of default occurring on debtors with significant balances and/or collectively using a provision matrix with appropriate groupings. The assessment on the probability of default and loss given default is based on historical data adjusted by forward-looking information. As at 31 March 2020, the carrying amount of trade receivables is HK\$5,665,000 (2019: HK\$18,095,000), net of impairment losses allowance of HK\$2,381,000 (2019: HK\$4,099,000).

(c) Impairment assessment on property, plant and equipment, right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used. Based on the assessment, the recoverable amount of the CGU is larger than the carrying amount of the property, plant and equipment and right-of-use assets and no impairment was recognised in profit or loss for the year ended 31 March 2020.

(d) Impairment assessment of interests in associates

On 5 March 2020, the Group acquired three associates Big Max Limited ("Big Max"), Diamond Brave Limited ("Diamond Brave") and Wing Way Limited ("Wing Way") at a consideration of HK\$3,850,000, HK\$4,100,000 and HK\$4,100,000, respectively (see note 16). In determining the recoverable amounts of the Group's interests in Big Max, Diamond Brave and Wing Way, requires an estimation of the value in use of the investments. The value in use calculation requires the Group to estimate the future cash flows expected to arise the associates with assumptions of suitable growth rates and discount rates in order to calculate the present values.

At 31 March 2020, the carrying amounts of the Group's interests in Big Max, Diamond Brave and Wing Way are HK\$3,531,000, HK\$3,177,000 and HK\$3,010,000, net of impairment of HK\$634,000, HK\$515,000 and HK\$1,190,000, respectively (2019: nil). Details of the recoverable amounts calculation are disclosed in note 16.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. 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:

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

Revenue from contracts with customers are recognised at a point in time.

(b) Segment information

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

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

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

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Segment results, assets and liabilities

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

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

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

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(e) Information about major customers

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

(f) Geographical information

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

6. INVESTMENT AND OTHER INCOME

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

7. OTHER GAINS AND LOSSES, NET

	2020 HK\$'000	2019 HK\$'000
Exchange losses, net	(273)	(57)
Fair value gains on financial assets at FVTPL, net	2,181	2
Gain/(loss) on disposal of subsidiaries	709	(2,909)
Loss on disposal of an associate	–	(909)
Impairment loss of interests in associates <i>(note 16)</i>	(2,339)	–
Gain on bargain purchase of a subsidiary <i>(note 30)</i>	102	–
Loss on disposal of property, plant and equipment, net	(368)	(16)
	12	(3,889)

8. LOSS BEFORE TAX

	2020 HK\$'000	2019 HK\$'000
Loss before tax is arrived at after charging:		
Auditors' remuneration	650	690
Commission expense (included in employee benefit expenses)		
– Money lending business	3,768	3,968
– Retail and wholesale business	142	2,048
Minimum lease payments in respect of operating lease of land and buildings	843	7,620
Employee benefit expenses		
– Basic salaries, allowances and other benefits in kind	32,274	44,116
– Retirement benefit scheme contributions	2,138	1,465
Equity-settled share option expense (note 34)	1,436	–
	35,848	45,581
Depreciation of property, plant and equipment (note 14)		
– Owned assets (included in administrative expenses)	5,209	6,540
– Owned assets (included in cost of sales)	646	442
	5,855	6,982
Depreciation of right-of-use assets (note 15)		
– Included in administrative expenses	3,129	–
– Included in cost of sales	596	–
	3,725	–
Carrying amount of inventories sold	47,352	121,436
Write-down of inventories (included in cost of sales)	1,332	1,374
Cost of inventories recognised as expenses	48,684	122,810

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefit of Directors) Regulation (Cap. 622G) and the GEM Listing Rules, the remuneration paid or payable to each of the six (2019: six) directors of the Company is set out below:

	For the year ended 31 March 2020				
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>					
Mr. SHIU Yeuk Yuen, the Chief Executive	–	284	–	–	284
Ms. SIU Yeuk Hung, Clara	–	777	33	18	828
	–	1,061	33	18	1,112
<i>Independent Non-Executive Directors</i>					
Mr. LEE King Fui (Appointed on 17 July 2019)	71	–	–	–	71
Mr. KAM Tik Lun (Resigned on 17 July 2019)	30	–	–	–	30
Mr. HO Siu King, Stanley (Resigned on 7 June 2020)	100	–	–	–	100
Mr. SIU Chi Yiu Kenny (Appointed on 8 May 2019 and resigned on 18 June 2020)	90	–	–	–	90
	291	–	–	–	291
Total emoluments	291	1,061	33	18	1,403

	For the year ended 31 March 2019				
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>					
Mr. SHIU Yeuk Yuen, the Chief Executive	–	310	–	–	310
Mr. LEUNG Ge On, Andy (<i>note</i>)	–	526	–	7	533
Ms. SIU Yeuk Hung, Clara	–	832	–	18	850
	–	1,668	–	25	1,693
<i>Independent Non-Executive Directors</i>					
Dr. SIU Yim Kwan, Sidney (Resigned on 8 March 2019)	94	–	–	–	94
Mr. KAM Tik Lun	100	–	–	–	100
Mr. HO Siu King, Stanley	100	–	–	–	100
	294	–	–	–	294
Total emoluments	294	1,668	–	25	1,987

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Except as disclosed above, there was no remuneration paid to other directors of the Company for the years ended 31 March 2020 and 2019.

During the years ended 31 March 2020 and 2019, no emolument was paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office and none of the directors of the Company has waived any emoluments during the year.

"Salaries, allowances and benefits in kind" paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

Note: Mr. LEUNG Ge On, Andy passed away on 25 August 2018.

10. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, one (2019: one) was a director of the Company whose emolument is included in the disclosures in note 9 above. The emoluments payable to the remaining four (2019: four) individuals in which all of them (2019: all of them) were senior management during the year are as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries, allowances and benefits in kind	2,782	2,938
Retirement benefit scheme contributions	36	36
	2,818	2,974

The emoluments of the highest paid four (2019: four) individuals for the year fell within the following bands:

	Number of individuals	
	2020	2019
Emolument bands		
Nil – HK\$1,000,000	4	4

11. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest expenses on:		
Other loans	1,088	2,243
Lease liabilities	154	–
	1,242	2,243

12. INCOME TAX EXPENSE/(CREDIT)

	2020 HK\$'000	2019 HK\$'000
Current tax: Hong Kong		
– Over-provision in prior years	(270)	(14)
Deferred tax (note 32)	377	(108)
Income tax expense/(credit)	107	(122)

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

The tax expense/(credit) for the year can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2020 HK\$'000	2019 HK\$'000
Loss before tax	(63,833)	(37,256)
Tax at the domestic income tax rate at 16.5% (2019: 16.5%)	(10,532)	(6,147)
Tax effect of non-taxable income	(692)	(975)
Tax effect of non-deductible expenses	678	5,137
Tax effect of unused tax loss not recognised	9,431	1,905
Tax effect of utilisation of tax losses previously not recognised	(224)	(30)
Tax effect of deductible temporary differences not recognised	1,749	145
Tax effect of share of results of associates	(177)	(167)
Tax effect of share of result of a joint venture	144	24
Over-provision of income tax in prior years	(270)	(14)
Income tax expense/(credit)	107	(122)

At the end of the reporting period, the Group has unused tax losses of HK\$95,452,000 (2019: HK\$39,652,000) for offset against future profits. A deferred tax asset has been recognised in respect of HK\$1,867,000 (2019: HK\$1,867,000) of such losses. The tax losses do not expire under current legislation. No deferred tax asset has been recognised in respect of the tax losses of HK\$93,585,000 (2019: HK\$37,785,000) due to the unpredictability of future profit streams.

As 31 March 2020, the Group has deductible temporary differences of HK\$10,600,000 (2019: HK\$879,000) of which deferred taxation has not been recognised. Tax effect of such deductible temporary differences as at 31 March 2020 was HK\$1,749,000 (2019: HK\$145,000).

13. LOSS PER SHARE

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

	2020 HK\$'000	2019 HK\$'000
Loss		
Loss for the year attributable to owners of the Company	(63,441)	(37,108)

	2020	2019
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	222,845,898	218,894,354

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

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles and ship HK\$'000	Total HK\$'000
Cost					
At 1 April 2018	8,446	8,079	3,824	15,790	36,139
Additions	2,859	2,458	533	–	5,850
Disposals	–	–	–	(930)	(930)
Derecognised upon disposal of a subsidiary	(1,512)	(1,479)	(104)	–	(3,095)
Reclassified as held for sale	(855)	(886)	(45)	(532)	(2,318)
At 31 March 2019 and 1 April 2019	8,938	8,172	4,208	14,328	35,646
Additions	521	356	141	–	1,018
Acquisition of a subsidiary	1,970	268	39	–	2,277
Disposals	(1,710)	(31)	–	–	(1,741)
Disposal of a subsidiary	–	(252)	(6)	–	(258)
At 31 March 2020	9,719	8,513	4,382	14,328	36,942
Accumulated depreciation					
At 1 April 2018	2,216	3,320	1,841	5,147	12,524
Charge for the year	2,139	1,595	1,075	2,173	6,982
Derecognised upon disposal of a subsidiary	(1,460)	(1,413)	(92)	–	(2,965)
Written back on disposals	–	–	–	(885)	(885)
At 31 March 2019 and 1 April 2019	2,895	3,502	2,824	6,435	15,656
Charge for the year	2,014	1,292	791	1,758	5,855
Acquisition of a subsidiary	520	79	10	–	609
Written back on disposals	(1,456)	(2)	–	–	(1,458)
Disposal of a subsidiary	–	(132)	(3)	–	(135)
At 31 March 2020	3,973	4,739	3,622	8,193	20,527
Carrying amounts					
At 31 March 2020	5,746	3,774	760	6,135	16,415
At 31 March 2019	6,043	4,670	1,384	7,893	19,990

Note: As at 31 March 2020, the ship with net book value of HK\$5,625,000 (2019: HK\$7,125,000) is for staff welfare.

15. RIGHT-OF-USE ASSETS

Office buildings HK\$'000

Cost

At 1 April 2019 upon initial application of HKFRS 16	6,320
Additions	3,858
Reassessment	(1,174)

At 31 March 2020	9,004

Accumulated depreciation

At 1 April 2019 upon initial application of HKFRS 16	—
Charge for the year	3,725

At 31 March 2020	3,725

Carrying amounts

At 31 March 2020	5,279

At 1 April 2019	6,320

For both years, the Group leases office buildings for its operations. Lease contracts which effective interest rates of 4.1%–5.2% are entered into for fixed terms of 12 months to 3 years, but may have extension and termination options included. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is beyond its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

The reassessment of lease liabilities and corresponding right-of-use assets represented by rent reduction from July 2019 to May 2021 relating to the social unrest in Hong Kong.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

16. INTERESTS IN ASSOCIATES

	2020 HK\$'000	2019 HK\$'000
Unlisted shares, at cost	19,588	7,610
Share of post-acquisition profit	3,045	1,971
Less: impairment loss	(2,339)	–
	20,294	9,581
Amounts due from associates (<i>note i</i>)	1,341	12,850
Allowance for impairment (<i>note 38(b)</i>)	–	(12,850)
	1,341	–
Amount due to an associate (<i>note i</i>)	(1,012)	–

On 2 March 2020, a wholly-owned subsidiary of the Group, Perfect Catering Group Limited entered into agreements with independent third parties to acquire 20% equity interest in Big Max, Diamond Brave and Wing Way at the consideration of HK\$3,850,000, HK\$4,100,000 and HK\$4,100,000, respectively. The consideration was settled by cash during the year ended 31 March 2020.

On 22 February 2019, the Group disposed of its 45.65% equity interests in Smart Investment Development Limited (“Smart Investment”) to an individual third party at a total consideration of HK\$2,037,000. The consideration was settled by cash consideration of HK\$1,700,000 during the year ended 31 March 2019 and HK\$337,000 was included in other receivables which has been settled on 30 April 2019. A net loss on the disposal of Smart Investment of HK\$909,000 was recognised in profit or loss during the year ended 31 March 2019.

16. INTERESTS IN ASSOCIATES (Continued)

Notes:

- (i) The amounts due from/(to) associates are unsecured, interest-free and repayable on demand.

The directors of the Company considered the carrying amounts of amounts due from/(to) associates approximate their fair values as at 31 March 2020 and 2019.

- (ii) Particulars of the Group's interests in the Group's material associates at 31 March 2020 and 2019 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			
			2020 %	2019 %	2020 %	2019 %		
Topwise Global Holdings Limited ("TGH") [#]	Ordinary	HK\$42,750,000 (2019: HK\$42,750,000)	22.00	22.00	N/A	N/A	Vehicle inspection and maintenance business and operation of vehicles examination centre	British Virgin Islands
Keep Choice Limited ("KCL")	Ordinary	HK\$100 (2019: HK\$100)	N/A	N/A	22.00	19.80	Operation of a vehicles examination centre	Hong Kong
Big Max	Ordinary	HK\$100 (2019: Nil)	20.00	N/A	N/A	N/A	Operation of a restaurant	Hong Kong
Diamond Brave	Ordinary	HK\$100 (2019: Nil)	20.00	N/A	N/A	N/A	Operation of a restaurant	Hong Kong
Wing Way	Ordinary	HK\$100 (2019: Nil)	20.00	N/A	N/A	N/A	Operation of a restaurant	Hong Kong

[#] TGH is an investment holding company which holds 100% (2019: 90%) equity interest in Power Moto Holdings Limited ("Power Moto"). KCL is a subsidiary of Power Moto which is engaged in vehicle inspection and maintenance business and operation of examination centre.

All of the above associates are unlisted and accounted for using the equity method in the consolidated financial statements.

- (iii) Impairment assessment of the interests in associates

As at 31 March 2020, as there was unfavorable market condition and new government policy of prohibited group gathering launched at the end of March 2020, the management performed an impairment assessment on interests in associates of Big Max, Diamond Brave and Wing Way with gross carrying amounts of HK\$4,165,000, HK\$3,692,000 and HK\$4,200,000 respectively (2019: nil). The recoverable amounts of the associates has been determined based on value in use calculation which uses cash flow projections based on most recent financial budgets approved by the management covering a five-year period, and a discount rate of 13.20%. Cash flows beyond the five-year period have been extrapolated using an estimated 2.5% growth rate which do not exceed the average growth rate for the relevant markets. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which include expected changes in turnover and direct costs, such estimation is based on the unit's past performance and management's expectations for the market development.

Based on the result of the assessment, the recoverable amounts of the associates is lower than their carrying amount. Accordingly, Big Max, Diamond Brave and Wing Way have recognised impairment loss of HK\$634,000, HK\$515,000, HK\$1,190,000 (reducing the carrying amount of goodwill in interest in associates) (2019: nil) respectively during the year ended 31 March 2020.

16. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

- (iv) Summarised financial information of the material associates, reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2020 HK\$'000	2019 HK\$'000
TGHL		
<i>Gross amounts of the associate</i>		
Non-current assets	35,903	37,419
Current assets	18,533	20,635
Current liabilities	(8,948)	(13,417)
Equity	45,488	44,637
Revenue	48,080	47,625
Profit for the year and total comprehensive income for the year		
– attributable to owners	4,520	4,134
<i>Reconciled to the Group's interest in the associate</i>		
Gross amount of net assets of the associate	45,488	44,637
Non-controlling interests	–	(3,669)
Group's effective interest	22%	22%
Group's share of net assets of the associate	10,008	9,013
Goodwill	568	568
Carrying amount in the consolidated financial statements	10,576	9,581

	2020 HK\$'000
Big Max	
<i>Gross amounts of the associate</i>	
Non-current assets	6,387
Current assets	1,482
Current liabilities	(4,991)
Non-current liabilities	(3,283)
Equity	(405)
Revenue	1,951
Profit and total comprehensive income for the period from date of acquisition	
– attributable to owners	192
<i>Reconciled to the Group's interest in the associate</i>	
Gross amount of net liabilities of the associate	(405)
Group's effective interest	20%
Group's share of net liabilities of the associate	(81)
Goodwill	4,246
Impairment loss recognised	(634)
Carrying amount in the consolidated financial statements	3,531

16. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

- (iv) Summarised financial information of the material associates, reconciled to the carrying amounts in the consolidated financial statements, is disclosed below: (Continued)

	2020 HK\$'000
Diamond Brave	
<i>Gross amounts of the associate</i>	
Non-current assets	8,051
Current assets	1,611
Current liabilities	(2,286)
Non-current liabilities	(6,928)
Equity	448
Revenue	1,528
Profit and total comprehensive income from the date of acquisition	
– attributable to owners	70
<i>Reconciled to the Group's interest in the associate</i>	
Gross amount of net assets of the associate	448
Group's effective interest	20%
Group's share of net assets of the associate	90
Goodwill	3,602
Impairment loss recognised	(515)
Carrying amount in the consolidated financial statements	3,177
	2020 HK\$'000
Wing Way	
<i>Gross amounts of the associate</i>	
Non-current assets	6,735
Current assets	1,247
Current liabilities	(4,374)
Non-current liabilities	(3,840)
Equity	(232)
Revenue	1,774
Profit and total comprehensive income from the date of acquisition	
– attributable to owners	114
<i>Reconciled to the Group's interest in the associate</i>	
Gross amount of net liabilities of the associate	(232)
Group's effective interest	20%
Group's share of net liabilities of the associate	(46)
Goodwill	4,246
Impairment loss recognised	(1,190)
Carrying amount in the consolidated financial statements	3,010

16. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

- (v) The Group has discontinued recognition of its share of losses of certain associates.

The amounts of unrecognised share of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2020 HK\$'000	2019 HK\$'000
Unrecognised share of losses of associates for the year	–	27
Accumulated unrecognised share of losses of associates	3,456	3,456

17. INTEREST IN A JOINT VENTURE

	2020 HK\$'000	2019 HK\$'000
Unlisted shares, at cost	1,373	1,373
Share of post-acquisition losses	(1,018)	(146)
	355	1,227
Amount due to a joint venture (note)	86	–

Note: The amount due to a joint venture is unsecured, interest-free and repayable on demand.

On 29 March 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose of 60% equity interest in a wholly owned subsidiary, Basic Wholesale Limited ("Basic Wholesale"), at a consideration of HK\$1,747,000, which HK\$500,000 was settled during the year ended 31 March 2019 and the remaining HK\$1,247,000 was fully settled during the year ended 31 March 2020.

The following set out the particulars of the joint venture of the Group as at 31 March 2020 and 2019:

Name of joint venture	Class of shares held	Particulars of paid up capital	Proportion of ownership interest		Principal activities	Place of incorporation and operations
			2020 %	2019 %		
Basic Wholesale	Ordinary	HK\$15,000 (2019: HK\$15,000)	40.00	40.00	Wholesale of grocery products	Hong Kong

Pursuant to the sale and purchase agreement, the Group was able to exert joint control over Basic Wholesale as the Group has appointed one out of two directors on the board of directors. Appointment or removal of a director can be executed by an ordinary resolution that requires 75% vote. The composition of directors has no change during the years ended 31 March 2020 and 2019.

17. INTEREST IN A JOINT VENTURE (Continued)

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

	2020 HK\$'000	2019 HK\$'000
Basic Wholesale		
<i>Gross amounts of the joint venture</i>		
Non-current assets	71	115
Current assets	3,259	3,601
Current liabilities	(2,443)	(649)
Equity	887	3,067
Revenue	10,309	20,844
(Loss)/profit and total comprehensive (expenses)/income for the year	(2,180)	840
<i>Reconciled to the Group's interest in the joint venture</i>		
Gross amount of net assets of the joint venture	887	3,067
Group's effective interest	40%	40%
Group's share of net assets of the joint venture	355	1,227

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK\$'000	2019 HK\$'000
Listed equity securities		
– Hong Kong (notes (i) and (iii))	240	3,517

Notes:

- (i) The fair values of listed equity securities are determined by reference to their quoted market prices at the end of the reporting period and are categorised as level 1 under fair value measurement hierarchy.
- (ii) As at 31 March 2020, listed equity securities with an aggregate fair value of approximately HK\$124,000 (2019: HK\$3,517,000) were pledged as collateral to securities brokers for margin financing granted to the Group.

As at 31 March 2020 and 2019, no margin financing was utilised by the Group.
- (iii) As at 31 March 2019, the Group held 10,000,000 ordinary shares of Hsin Chong Group Holdings Limited, which the fair values of the shares has been written down to zero during the year ended 31 March 2018 as the trading of the stocks have been suspended since 3 April 2017. During the year ended 31 March 2020, Hsin Chong Group Holdings Limited was wound up by court of Bermuda commercial court and the listing of Hsin Chong Group was cancelled by the Stock Exchange of Hong Kong Limited.

19. INVENTORIES

	2020 HK\$'000	2019 HK\$'000
Merchandise, at cost	3,632	10,123

20. TRADE RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	8,046	22,194
Allowance for credit losses	(2,381)	(4,099)
	5,665	18,095

The Group maintains payment terms of cash on delivery for retail sales for both years ended 31 March 2020 and 2019. The credit term for certain wholesale customers is 30 to 90 days from the date of billing for the years ended 31 March 2020 and 2019. The Group did not hold any collateral as security or other credit enhancements over the trade receivables. Details of allowance for credit losses refer to note 38(b).

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

	2020 HK\$'000	2019 HK\$'000
Within three months	1,919	13,479
Over three months and within one year	3,746	4,616
	5,665	18,095

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Deposits (note (iii))	1,963	3,249
Prepayments (note (iv))	722	2,007
Other receivables (note (v))	155	2,339
	2,840	7,595
Analysed for reporting purpose as:		
Current portion (note (i))	2,776	6,805
Non-current portion (note (iii))	64	790
	2,840	7,595

Notes:

- (i) As at 31 March 2020 and 2019, the balances of deposits, prepayments and other receivables were expected to be utilised within one year from the end of the reporting period and hence were classified as current assets except for the long term rental deposit.
- (ii) In the opinion of the directors of the Company, deposits, prepayments and other receivables are neither past due nor impaired.
- (iii) Included in deposits was rental deposit of HK\$1,030,000 (2019: HK\$1,962,000) of which HK\$64,000 (2019: HK\$790,000) is expected to be utilised over one year. Amount of HK\$493,000 is expected to be recovered of which HK\$29,000 is expected to be recovered over one year and was capitalised in right-of-use assets.
- (iv) As at 31 March 2019, included in prepayments of HK\$970,000 was paid to suppliers for purchase of frozen meat products.
- (v) During the year ended 31 March 2019, included in other receivables were consideration receivables for disposal of a subsidiary of HK\$1,247,000 (see note 17) and disposal of an associate of HK\$337,000 (see note 16). The amounts were fully settled during the year ended 31 March 2020.

22. LOANS AND ADVANCES TO CUSTOMERS

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

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

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

Types of loan	Effective interest rate per annum	
	2020	2019
Secured loan with properties (first charge)	4%–28%	4%–28%
Unsecured loan	2%–56%	1%–56%

22. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(a) Analysis of changes in the gross carrying amount is as follow:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit-impaired) HK\$'000	Total HK\$'000
At 1 April 2018	193,867	90,222	138,386	422,475
Additions	273,894	–	–	273,894
Repayments	(179,726)	(52,908)	(81,548)	(314,182)
Amounts written off	–	–	(17,502)	(17,502)
At 31 March 2019 and 1 April 2019	288,035	37,314	39,336	364,685
Additions	272,650	–	–	272,650
Transfer from 12m ECL	(319,218)	279,040	40,178	–
Transfer from lifetime ECL (credit-impaired)	–	(16,283)	16,283	–
Repayments	(169,782)	(89,957)	(17,630)	(277,369)
Amounts written off	–	–	(4,499)	(4,499)
At 31 March 2020	71,685	210,114	73,668	355,467

(b) Analysis of changes in the corresponding credit loss allowance is as follow:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit-impaired) HK\$'000	Total HK\$'000
At 31 March 2018 (b/f)	–	–	14,843	14,843
At 1 April 2018 (Opening ECL)	5,330	3,451	1,106	9,887
At 1 April 2018 (Restated)	5,330	3,451	15,949	24,730
Transfer from 12m ECL	(19)	(1)	20	–
Recognise/(reversal) of allowance for ECL	7,124	(1,784)	19,212	24,552
Amounts written off	–	–	(17,502)	(17,502)
At 31 March 2019 and 1 April 2019	12,435	1,666	17,679	31,780
Transfer from 12m ECL	(10,077)	9,727	350	–
Transfer from lifetime ECL	–	(614)	614	–
Recognise of allowance for ECL	13	15,422	38,698	54,133
Amounts written off	–	–	(4,499)	(4,499)
At 31 March 2020	2,371	26,201	52,842	81,414

23. PLEDGED BANK DEPOSITS

The pledged bank deposits of HK\$1,003,000 (2019: HK\$1,002,000) carry interest at the rate of 0.1% (2019: 0.1%) per annum with maturity period of three months (2019: three months). As at 31 March 2020, the above bank deposits have been pledged to banks to secure general banking facilities (2019: general banking facilities) granted to the Group.

24. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise of cash at bank, security brokers and on hand.

(b) Reconciliation of liabilities arising from financing activities

The table below details the changes in the Group's major liabilities arising from financing activities, including both cash and non-cash changes:

	Amounts due to related parties HK\$'000	Amount due to an associate HK\$'000	Amount due to a joint venture HK\$'000	Lease liabilities HK\$'000	Borrowings HK\$'000	Total HK\$'000
At 1 April 2019	5,700	–	–	–	7,500	13,200
Impact of adopting HKFRS 16	–	–	–	5,977	–	5,977
At 1 April 2019 (restated)	5,700	–	–	5,977	7,500	19,177
Financing cash flows						
Repayment of borrowings	–	–	–	–	(7,500)	(7,500)
Repayment of lease liabilities	–	–	–	(3,800)	–	(3,800)
Advance from an associate	–	1,012	–	–	–	1,012
Advance from a joint venture	–	–	86	–	–	86
Repayment to related parties	(5,700)	–	–	–	–	(5,700)
	(5,700)	1,012	86	(3,800)	(7,500)	(15,902)
Other changes						
Additions to lease liabilities	–	–	–	3,359	–	3,359
Reassessment of lease liabilities	–	–	–	(1,174)	–	(1,174)
Interest charges on lease liabilities	–	–	–	154	–	154
Interest expenses recognised in profit or loss	–	–	–	–	1,088	1,088
Interest and finance charges paid	–	–	–	–	(1,088)	(1,088)
	–	–	–	2,339	–	2,339
At 31 March 2020	–	1,012	86	4,516	–	5,614

24. CASH AND CASH EQUIVALENTS (Continued)

(b) Reconciliation of liabilities arising from financial activities (Continued)

	Amounts due to related parties HK\$'000	Amount due to non-controlling shareholder of a subsidiary HK\$'000	Borrowings HK\$'000	Total HK\$'000
At 1 April 2018	7,200	754	16,000	23,954
Financing cash flows				
Repayment of borrowings	–	–	(9,500)	(9,500)
Drawdown of borrowings	–	–	1,000	1,000
Advance from related parties	14,500	–	–	14,500
Repayment to related parties	(16,000)	–	–	(16,000)
	(1,500)	–	(8,500)	(10,000)
Other changes				
Release upon disposal	–	(754)	–	(754)
Interest expenses recognised in profit or loss	1,132	–	1,111	2,243
Interest and finance charges paid	(1,132)	–	(1,111)	(2,243)
	–	(754)	–	(754)
At 31 March 2019	5,700	–	7,500	13,200

25. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 2 April 2019, the Group entered into a sale and purchase agreement with an independent third party. Pursuant to the sale and purchase agreement, the Group agreed to sell its 100% equity interest in a wholly-owned subsidiary, Cool Cool Frozen Food Limited ("Cool Cool Frozen"), for a cash consideration of HK\$3,000,000. Cool Cool Frozen is engaged in trading of frozen food products which included in the Group's groceries retail and wholesale for segment reporting purpose (see note 5).

As at 31 March 2019, the asset and liability attributable to Cool Cool Frozen, which are expected to be sold with twelve months, had been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal were expected to exceed the net carrying amount of the relevant asset and liability at 31 March 2019. Accordingly, no impairment loss had been recognised upon the classification of these operations as asset and liability held for sale. The disposal was completed on 2 April 2019 and disclosed in note 31.

25. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(Continued)*

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	2019 HK\$'000
Property, plant and equipment	2,318
Assets classified as held for sale	2,318
Other payables	7
Liability associated with asset classified as held for sale	7
Net assets	2,311

26. TRADE AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Trade payables	4,014	4,307
Other payables and accruals	4,427	4,223
	8,441	8,530

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

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

	2020 HK\$'000	2019 HK\$'000
0–30 days	2,190	4,246
31–90 days	150	17
91–365 days	1,293	44
Over 365 days	381	–
	4,014	4,307

27. CONTRACT LIABILITIES

	2020 HK\$'000	2019 HK\$'000
Receipt in advance of retail and wholesale products	1,054	353

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

Movements in contract liabilities are as follows:

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

28. BORROWINGS

	2020 HK\$'000	2019 HK\$'000
Other loans – unsecured (note (i))	–	7,500

Note:

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

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

	2020 HK\$'000	2019 HK\$'000
On demand	–	6,500
Within one year	–	1,000
	–	7,500

29. LEASE LIABILITIES

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2020 HK\$'000
At 1 April 2019 upon initial application of HKFRS 16	5,977
Additions	3,359
Reassessment	(1,174)
Interest expense	154
Payments during the year	(3,800)
At 31 March 2020	4,516
Lease liabilities payable	
Within one year	3,858
More than one year but less than two years	658
	4,516
Less: Amounts for settlement within 12 months shown under current liabilities	(3,858)
Amounts due for settlement after 12 months shown under non-current liabilities	658

30. ACQUISITION OF A SUBSIDIARY

On 8 December 2019, the Group acquired 100% equity interest in Head Captain Limited at a total cash consideration of HK\$2,000,000. Head Captain Limited is engaged in operating a restaurant in Hong Kong. The transaction was completed on 12 December 2019.

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

	2020 HK\$'000
Property, plant and equipment	1,668
Inventories	15
Deposits, prepayment and other receivables	419
	2,102
Gain on bargain purchase	(102)
Cash consideration	2,000

The Group recognised a gain on bargain purchase of approximately HK\$102,000 in the business combination.

Included in the profit for the year is HK\$288,000 attributable to the additional business generated by Head Captain Limited. Revenue for the year includes HK\$9,687,000 generated from Head Captain Limited.

Had the acquisition been completed on 1 April 2019, revenue for the year of the Group would have been HK\$117,526,000, and loss for the year of the Group would have been HK\$63,731,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2019, nor is it intended to be a projection of future results.

31. DISPOSAL OF SUBSIDIARIES

During the years ended 31 March 2020 and 2019, the Group has disposal of subsidiaries which the detail of major disposal of subsidiary is as follow:

Year ended 31 March 2020

Disposal of Cool Cool Frozen

On 2 April 2019, the Group completed the disposal of a subsidiary which is engaged in trading of frozen food products, for a cash consideration of HK\$3,000,000. The total net assets disposed of were as follows:

	2020 HK\$'000
Property, plant and equipment	2,318
Other payable	(7)
Net assets disposed of	<u>2,311</u>
Cash consideration	3,000
Less: net assets disposed of	<u>(2,311)</u>
Gain on disposal of a subsidiary	<u>689</u>

Year ended 31 March 2019

Disposal of Basic Wholesale

On 30 November 2018, the Group acquired the remaining 20% of equity interest in Basic Wholesale at a cash consideration of HK\$1 and Basic Wholesale became wholly owned by the Group and resulted in increase in non-controlling interest by HK\$428,000. On 29 March 2019, the Group disposed of 60% of its equity interest in Basic Wholesale, to an independent third party for a cash consideration of HK\$1,747,000 that will be settled in cash by four installments. As at 31 March 2019, consideration of HK\$500,000 was settled and the remaining consideration of HK\$1,247,000 was settled during the year ended 31 March 2020. After the disposal, the Group has lost control over Basic Wholesale and the remaining 40% equity interest was recognised as interest in a joint venture as disclosed in note 17.

The total net assets disposed of were as follows:

	2019 HK\$'000
Property, plant and equipment	130
Inventories	3,318
Other payable	(15)
Net assets disposed of	<u>3,433</u>
Consideration	1,747
Fair value of interest retained on loss control of a subsidiary	1,373
Less: net assets disposed of	(3,433)
waiver of amount due from the Group upon disposal	<u>(2,596)</u>
Loss on disposal of a subsidiary	<u>(2,909)</u>

32. DEFERRED TAX LIABILITIES

Deferred tax (assets) liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax loss <i>HK\$'000</i>	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2018	(308)	539	231
Deferred tax credited to the income statement during the year (note 12)	–	(108)	(108)
At 31 March 2019 and 1 April 2019	(308)	431	123
Deferred tax charged to the income statement during the year (note 12)	–	377	377
At 31 March 2020	(308)	808	500

33. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Share capital

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

	Number of shares	HK\$'000
Authorised ordinary shares of HK\$0.01 each:		
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020		
Ordinary shares of HK\$0.01 each	30,000,000,000	300,000
Issued and fully paid ordinary shares of HK\$0.01 each:		
At 1 April 2018, 31 March 2019 and 1 April 2019	218,894,354	2,189
Share option exercise (note 34)	21,465,000	215
At 31 March 2020	240,359,354	2,404

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

33. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Reserves

(i) *Share premium*

The application of share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

(ii) *Share option reserve*

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire after the vesting period.

(iii) *Capital reserve*

Capital reserve represents (i) the difference between the nominal value of the shares of subsidiaries acquired and the nominal value of shares issued by the Company as consideration thereof pursuant to the reorganisation and (ii) the difference between the consideration paid/received to obtain/release non-controlling interests in certain subsidiaries and their respective carrying amount on the date of acquisition or disposal.

(iv) *Investment revaluation reserve*

The investment revaluation reserve represents the cumulative net change in fair value of financial assets designated at fair value through other comprehensive income FVTOCI since initial recognition.

(v) *Contributed surplus*

Contributed surplus represents the reduction of issued share capital.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if there are reasonable grounds for believing that: (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and the share premium account.

(d) Dividend

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

34. SHARE-BASED COMPENSATION

The 2011 Share Option Scheme was effective on 4 January 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The purpose of the 2011 Share Option Scheme is to enable the Group to grant share options to the participants as incentives or rewards for their contribution to the Group.

Eligible participants of the 2011 Share Option Scheme ("Eligible Participants") include (i) any full-time employees of the Group and Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) of the Company; (ii) any supplier of goods or services to any member of the Group or any entity in which any member of the Group holds an equity interest (the "Invested Entity"); (iii) any customer of any member of the Group or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (vii) any other group or classes of Eligible Participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

34. SHARE-BASED COMPENSATION (Continued)

The maximum number of share options permitted to be granted under the 2011 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the 2011 Share Option Scheme.

The maximum number of share issuable under share options to each eligible participant in the 2011 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, which any 12-month period, are subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a vesting period and ends on a date which is not later than ten years from the date of offer of the share options.

The exercise price of share options is determinable by the directors of the Company, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the share options; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The Group has no legal or constructive obligation to repurchase or settle the options.

During the year ended 31 March 2020, 21,850,000 options were granted under the 2011 Share Option Scheme to eligible participants and 21,465,000 share option were exercised.

The following share options were outstanding during the year ended 31 March 2020:

	2011 Share Option Scheme exercise price per share HK\$	Number of options '000
At 31 March 2019 and 1 April 2019	—	—
Granted during the year	0.265	21,850
Exercised during the year	0.265	(21,465)
At 31 March 2020	0.265	385

The fair values of the equity-settled share options granted during the year ended 31 March 2020 were estimated by Valor Appraisal & Advisory Limited, an independent firm of professionally qualified valuer, using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of the equity-settled share options granted during the year ended 31 March 2020 was HK\$1,436,000. The Group recognised a share option expense of HK\$1,436,000 during the year ended 31 March 2020. The following table lists the inputs to the model used.

34. SHARE-BASED COMPENSATION (Continued)

Share options granted

Date of grant	10 December 2019
Dividend yield (%)	0%
Expected volatility (%)	61.89%
Risk-free interest rate (%)	1.75
Expected life of options (year)	1
Share price at grant date (HK\$ per share)	0.265

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 385,000 share options outstanding under the 2011 Share Option Schemes, which represented approximately 0.17% of the Company's shares in issue as at that date. The exercise in full of the share options would, under the present capital structure of the Company, result in the issue of 385,000 additional ordinary shares of the Company and additional share capital of approximately HK\$3,850 and share premium of approximately HK\$98,000.

No vesting period of the share options granted during the year ended 31 March 2020.

35. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(a) Key management compensation

During both years, compensation of key management personnel represents directors' remuneration and those of senior staff as stated in notes 9 and 10, respectively. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

(b) Financing arrangements

	Notes	Amounts owed by the Group to related parties		Related interest expense	
		As at 31 March		For the year ended 31 March	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loans from close family members of a director	(i), (iii)	–	(5,700)	(531)	(1,131)
Amount due to an associate	(ii)	(1,012)	–	–	–
Amount due to a joint venture	(ii)	(86)	–	–	–

Notes:

- (i) During the year ended 31 March 2019, the balances due to certain family members of an executive director of the Company are unsecured, interest bearing at 10% per annum and repayable within one year, except for the balance of HK\$4,000,000 which is unsecured, interest bearing at 10% per annum and repayable on demand. All the balance was fully settled during the year ended 31 March 2020.
- (ii) The amounts are unsecured, interest free and repayable on demand.
- (iii) The related party transactions in respect of the financial assistance received from close family members of an executive director constitutes continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules. However, those transactions are exempt from the disclosure requirements in Chapter 20 of the GEM Listing Rules as the transactions are on normal commercial terms and no security over the assets of the Company is granted in respect of such financial assistance.

35. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

(c) Performance guarantee provided

During the years ended 31 March 2020 and 2019, the Company provided performance guarantee for KCL regarding the management, operation and maintenance of a vehicle examination center. The letter of guarantee contains no specific amount and will be repaid on 31 March 2021. A counter-guarantee of 78% of the guarantee liability was provided by one of the ultimate shareholders of TGHL.

(d) Other related party transactions

The Group had significant transactions with the following related parties during the year:

Related party relationship	Type of transaction	Notes	Transaction amount	
			2020 HK\$'000	2019 HK\$'000
Directors of the Company	Sales of groceries products	(ii)	2	77
	Sales of cash coupons		39	37
Close family members of a director of the Company	Sales of cash coupons	(ii)	19	45
	Sales of a subsidiary		20	–
Associate	Sales of groceries products		877	940
	Purchase of groceries products		–	28
	Sales of cash coupons		74	22

Notes:

- (i) The directors of the Company are of the opinion that the above transactions were entered into at terms agreed by both parties and the terms of the transactions were determined by the directors with reference to the terms of similar transactions with unrelated third parties.
- (ii) The related party transactions in respect of the sales and purchase of groceries products and cash coupons and rental income above constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules. However, those transactions are exempt from the disclosure requirements in Chapter 20 of the Listing Rules as they are below the de minimis threshold under Rule 20.74(1)(c) of the GEM listing Rules.
- (iii) Except as disclosed above and elsewhere in the consolidated financial statements, there were no other significant related party transactions with related parties during the year or significant balances with them at the end of the year.

36. COMMITMENTS

Operating lease commitments

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2020 HK\$'000	2019 HK\$'000
Within one year	190	6,724
In the second to fifth years, inclusive	–	2,144
	190	8,868

During the year ended 31 March 2020, operating lease commitments of HK\$190,000 are short-term lease which within 1 year.

During the year ended 31 March 2019, the Group leases a number of premises under operating leases, with original terms ranging from 1 to 3 years. The leases do not include any contingent rentals.

37. CONTINGENT LIABILITIES

Performance guarantee granted

As at the end of the reporting period, the Group has provided performance guarantee to an associate (note 35(c)). As at 31 March 2020 and 2019, the directors of the Company do not consider it probable that a claim will be made against the Group under the guarantee.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	2020 HK\$'000	2019 HK\$'000
Financial assets		
Financial assets at FVTPL	240	3,517
Financial assets at amortised costs		
– Trade receivables	5,665	18,095
– Other receivables	1,581	5,588
– Loans and advances to customers	274,053	332,905
– Amounts due from associates	1,341	–
– Pledged bank deposits	1,003	1,002
– Cash and cash equivalents	47,438	34,779
	331,081	392,369
Total	331,321	395,886
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	4,566	4,461
– Amount due to an associate	1,012	–
– Amount due to a joint venture	86	–
– Amounts due to related parties	–	5,700
– Bank overdrafts	–	485
– Borrowings	–	7,500
Total	5,664	18,146

(b) Financial risk factors

The Group is exposed itself to variety of financial risks: market risk (including cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the directors of the Company. The overall objective in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate returns with acceptable risk levels.

The Group identifies ways to assess financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the directors of the Company.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate cash at bank, security brokers. The Group's cash flow interest rate results mainly from the fluctuations of market interest rates.

The Group is exposed to fair value interest rate risk in relation to fixed-rate loans advances to customers, pledged bank deposit, amount due to related parties and borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Interest rates sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate cash at bank at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2019: 50 basis points) increase or decrease in HIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Cash flow interest rate risk

If interest rates had been 50 basis points (2019: 50 basis points) higher/lower and all other variables were held constant, the Group's loss after tax for the year ended 31 March 2020 would decrease/increase by HK\$198,000 (2019: decrease/increase by HK\$143,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and overdrafts.

Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable rate bank balances is insignificant.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(ii) Price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to equity security price risk arising from individual equity investments classified as FVTPL (note 18) at 31 March 2020 and 2019.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. If equity prices were 10% higher/lower, loss after tax would decrease/increase by HK\$20,000 (2019: HK\$294,000) for the Group as a result of the changes in fair value of equity securities at FVTPL.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

(b) Credit risk and impairment assessment

Credit risk refers to the risk that the borrowers or counterparties may default on their payment obligations due to the Group. These rights arise from the Group's lending and investment activities and sales of goods. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statement of financial positions which are summarised in note 38(a).

In order to minimise the credit risk, the Group has established policies and systems for the monitoring and control of credit risk. The management has delegated different divisions responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that follow-up action is taken to recover overdue debts and past due trade receivables. In addition, management reviews the carrying amounts of loans and advances to customers and trade receivables individually and collectively at the end of each reporting period to ensure that adequate loss allowance for ECL on financial assets is made. In this regard, management considers that the Group's credit risk is significantly reduced.

Loans and advances to customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Group has certain concentration of credit risk as 9% and 24% of the total loans and advances to customers was due from the Group's largest customer and the five largest customers within the money lending segment respectively (2019: 14% and 28% respectively).

The table below shows the past due information based on the Group's credit policy, unless other information is available without undue cost or effort, and year-end staging classification at 31 March 2020 and 2019. The amounts presented are gross carrying amounts for financial assets.

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit-impaired) HK\$'000	Total HK\$'000
Loans and advances to customers				
– Not yet past due	288,035	–	–	288,035
– Less than 90 days past due	–	37,314	–	37,314
– More than 90 days past due	–	–	39,336	39,336
At 31 March 2019	288,035	37,314	39,336	364,685
Loans and advances to customers				
– Not yet past due	71,685	–	–	71,685
– Less than 90 days past due	–	210,114	–	210,114
– More than 90 days past due	–	–	73,668	73,668
At 31 March 2020	71,685	210,114	73,668	355,467

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

(b) Credit risk and impairment assessment (Continued)

Trade receivables

The Group applied simplified approach in HKFRS 9 to measures loss allowance for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 March 2020 and 2019:

	31 March 2020			31 March 2019		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000
Neither past due nor impaired	5.02%	1,934	97	2.72%	6,665	181
Within three months past due	12.88%	4,255	548	11.92%	9,265	1,104
Over three months but within one year past due	46.93%	228	107	30.78%	4,984	1,534
Over one year past due	100%	1,629	1,629	100%	1,280	1,280
		8,046	2,381		22,194	4,099

The estimated loss rates are estimated based on historical observed default rate and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtor is updated.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

(b) Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivable under simplified approach.

	HK\$'000
As at 1 April 2018	4,145
Impairment losses recognised	3,205
Impairment losses reversed	(1,576)
Impairment losses recognised during the year	1,629
Bad debts written off	(1,675)
As at 31 March 2019 and 1 April 2019	4,099
Impairment losses recognised	5,374
Impairment losses reversed	(459)
Impairment losses recognised during the year	4,915
Bad debts written off	(6,633)
As at 31 March 2020	2,381

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Amounts due from associates

The movements in allowance for impairment of the amounts due from associates are as follows:

	2020 HK\$'000	2019 HK\$'000
Balance at the beginning of year	12,850	15,725
Written off	(12,600)	–
Amount written off upon disposal of an associate	(250)	(2,875)
Balance at the end of year	–	12,850

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Amounts due from associates (Continued)

As disclosed in note 16, the directors of the Company believe that the associates were in financial difficulties and management of the Group considers the probability of default is significant in view that these amounts have been overdue for a long period of time for the year ended 31 March 2019.

For the year ended 31 March 2020, management makes periodic collective assessments as well as individual assessment on the recoverability of amount due from associates based on past due status and the amount due from associates approximate to their fair value as at 31 March 2020.

Other receivables

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past due status, assessed that the expected loss rates for the other receivables was minimal. Thus no loss allowance for other receivables was recognised as at 31 March 2020 and 2019.

Pledge bank deposit and cash and cash equivalents

For the years ended 31 March 2020 and 2019, all the Group's pledged bank deposits, cash and cash equivalents are deposited with major banks and securities brokers located in Hong Kong. The expected credit loss for bank balances is insignificant because such assets are placed in banks with good reputation.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, borrowings, bank overdrafts, amount due to an associate, amount due to a joint venture, amounts due to related parties, lease liabilities and its financing obligations and also in respect of its cash flow management. The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business.

The Group maintains a level of cash and cash equivalents and marketable securities deemed adequate by the management to meet its liquidity requirements for up to 30-day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities at 31 March 2020 and 2019. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. Borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the independent third party choosing to exercise their rights within one year after the reporting period. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The analysis is based on the financial liabilities' contractual undiscounted cash flows (including interest payments calculated using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the Group can be required to pay.

	Weighted average effective interest rate	On demand	Within one year	More than one year but within five years	Total contractual undiscounted cash flows	Carrying amount
At 31 March 2020	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-derivative financial instruments						
Trade and other payables	–	–	4,566	–	4,566	4,566
Amount due to an associate	–	1,012	–	–	1,012	1,012
Amount due to a joint venture	–	86	–	–	86	86
Lease liabilities	4.1–5.2	–	3,964	667	4,631	4,516
Total		1,098	8,530	667	10,295	10,180

	Weighted average effective interest rate	On demand	Within one year	More than one year but within five years	Total contractual undiscounted cash flows	Carrying amount
At 31 March 2019	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-derivative financial instruments						
Trade and other payables	–	–	4,461	–	4,461	4,461
Amounts due to related parties	10	4,000	1,700	–	5,700	5,700
Bank overdrafts	5	485	–	–	485	485
Borrowings						
– Other loan	10	6,500	1,028	–	7,528	7,500
Total		10,985	7,189	–	18,174	18,146

(c) Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The capital structure of the Group consists of borrowings and equity attributable to owners of the Company (comprising issued share capital, share premium, reserves and accumulated profits).

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair value measurement

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

Fair value hierarchy

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.

- Level 1 Quoted bid prices in an active market

For assets and liabilities that are recognised in the 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.

	Level 1	
	2020	2019
	HK\$'000	HK\$'000
Financial assets at FVTPL		
– Listed equity securities	240	3,517

During the years ended 31 March 2020 and 2019, there were no transfers between Level 1, Level 2 and Level 3 and there is no financial instrument manual fair value measurements in 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.

(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 31 March 2020 and 2019.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period is as follows:

	2020 HK\$'000	2019 HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	5	7
Investment in a subsidiary (note (i))	–	1,097
Amount due from a subsidiary	18,061	17,686
	18,066	18,790
Current assets		
Prepayments, deposits and other receivables	137	130
Financial assets at fair value through profit or loss	240	3,517
Amounts due from subsidiaries	316,962	392,234
Tax recoverable	146	–
Cash and cash equivalents	7,096	3,703
	324,581	399,584
LIABILITIES		
Current liabilities		
Other payables	1,891	832
Amount due to a subsidiary	3,219	–
Tax payable	–	806
	5,110	1,638
Net current assets	319,471	397,946
Net assets	337,537	416,736
EQUITY		
Equity attributable to owners of the Company		
Share capital	2,404	2,189
Reserves	335,133	414,547
Total equity	337,537	416,736

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

- (i) Investment in a subsidiary

	2020 HK\$'000	2019 HK\$'000
Investment in a subsidiary	1,097	1,097
Less: impairment	(1,097)	–
	–	1,097

The directors of the Company are of opinion that none of the Group's subsidiary that have non-controlling interests are material to the consolidated financial statements as a whole.

- (ii) Particulars of the principal subsidiaries of the Company at 31 March 2020 and 2019 are set out in note 40.
- (iii) Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital HK\$'000 (note 33(b))	Share premium HK\$'000 (note 33(c)(i))	Share option reserve HK\$'000 (note 33(c)(iii))	Investment revaluation reserve HK\$'000 (note 33(c)(iv))	Contributed surplus HK\$'000 (note 33(c)(v))	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2018	2,189	353,125	–	(16,320)	145,926	(16,334)	468,586
Loss for the year	–	–	–	–	–	(42,524)	(42,524)
Other comprehensive loss:							
Changes in fair value of financial assets designated at FVTOCI	–	–	–	(9,326)	–	–	(9,326)
Transfer of revaluation reserves to accumulated losses upon disposal of equity instrument designated at FVTOCI	–	–	–	25,646	–	(25,646)	–
Total comprehensive loss for the year	–	–	–	16,320	–	(68,170)	(51,850)
Balance at 31 March 2019 and 1 April 2019	2,189	353,125	–	–	145,926	(84,504)	416,736
Loss for the year	–	–	–	–	–	(86,323)	(86,323)
Transaction with owner:							
Equity settled share option arrangement	–	–	1,436	–	–	–	1,436
Shares issued on exercise of share option	215	6,884	(1,411)	–	–	–	5,688
Transaction with owner	215	6,884	25	–	–	–	7,124
Balance at 31 March 2020	2,404	360,009	25	–	145,926	(170,827)	337,537

40. GENERAL INFORMATION OF SUBSIDIARIES

Details of the principal subsidiaries held by the Company directly and indirectly as at 31 March 2020 and 2019 are as follows:

Name of subsidiaries	Paid up issued/ registered capital		Group's effective interest		Held by the Company subsidiaries		Principal activities and place of operations
	2020 HK\$	2019 HK\$	2020	2019	2020	2019	
Bright Zone Corporation Limited	90	90	100%	100%	100%	100%	Sales of grocery products, Hong Kong
Cool Cool F&B Holding Limited	30,000,000	30,000,000	100%	100%	100%	100%	Wholesale of frozen food, Hong Kong
Cool Cool Trading (International) Limited	1	1	100%	100%	100%	100%	Sales of frozen food, Hong Kong
King of Catering (Investment) Limited	10	10	60%	60%	60%	60%	Trading of cash coupons, Hong Kong
Local Food Production Limited	100	100	100%	100%	100%	100%	Sales of processed food, Hong Kong
Yvonne Credit Service Co., Limited	388,583,043	10,000	100%	100%	100%	100%	Provision of money lending business, Hong Kong
Head Captain Limited	1	N/A	100%	N/A	100%	N/A	Operation of a restaurant, Hong Kong

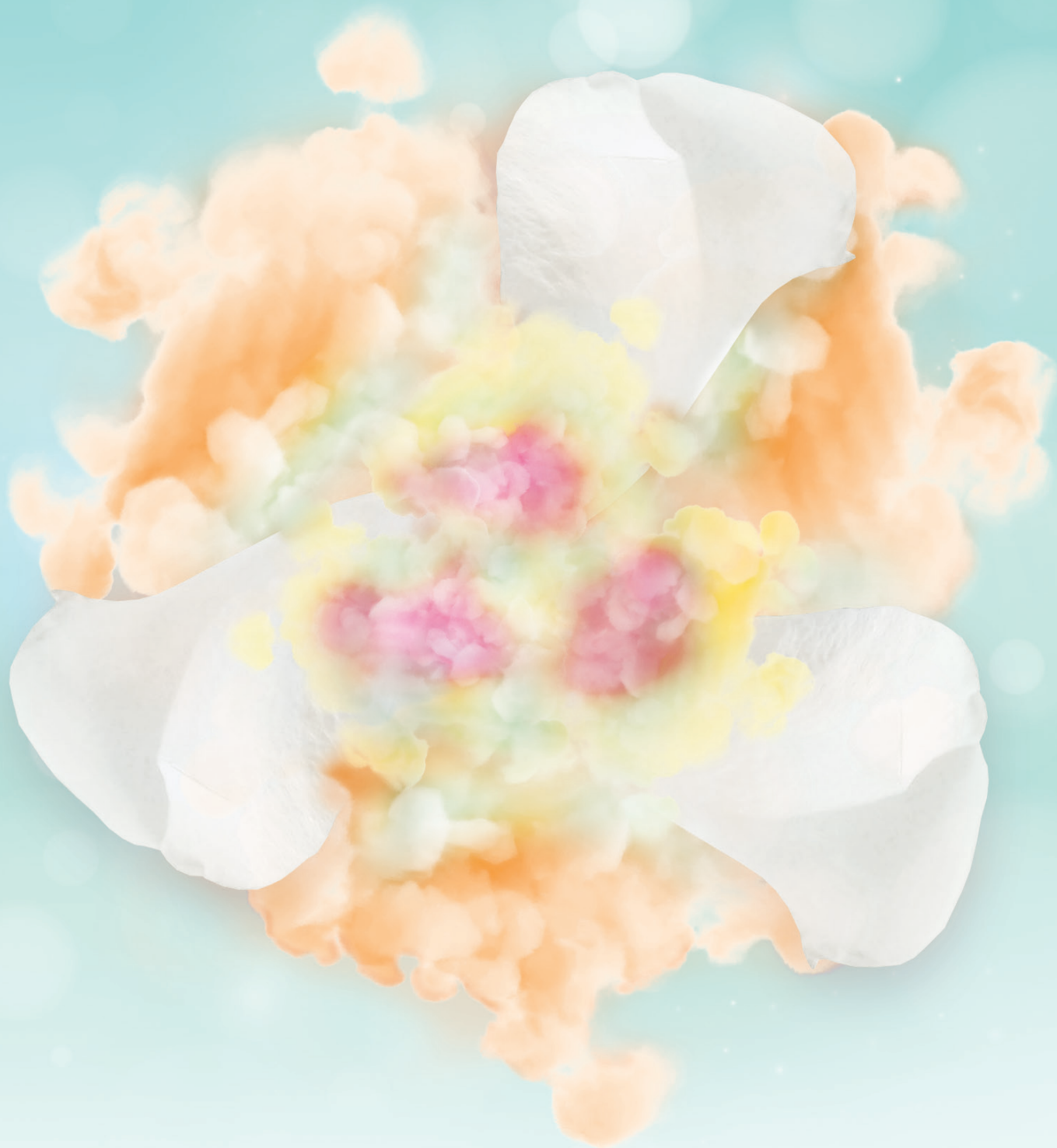
Note:

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.



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



Annual Report
2020/21

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 (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.

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FINANCIAL SUMMARY

Annual results for the five years from 2017

	Year ended 31 March 2021 HK\$'000	Year ended 31 March 2020 HK\$'000	Year ended 31 March 2019 HK\$'000	Year ended 31 March 2018 HK\$'000	Year ended 31 March 2017 HK\$'000
Revenue	115,368	116,110	206,268	191,768	181,610
(Loss)/profit for the year	(94,698)	(63,940)	(37,134)	(6,488)	26,397
(Loss)/profit attributable to owners of the Company	(93,952)	(63,441)	(37,108)	(6,756)	26,315
	As at 31 March 2021 HK\$'000	As at 31 March 2020 HK\$'000	As at 31 March 2019 HK\$'000	As at 31 March 2018 HK\$'000	As at 31 March 2017 HK\$'000
Total assets	278,695	378,796	443,488	519,463	514,707
Total liabilities	(11,001)	(15,704)	(23,585)	(39,496)	(24,436)
	267,694	363,092	419,903	479,967	490,271

CORPORATE INFORMATION

Directors

Executive Directors

Ms. SIU Yeuk Hung, Clara – Chairman
Mr. LAW Ka Kei (appointed on 2 July 2020)
Mr. SHIU Yeuk Yuen (resigned on 2 July 2020)

Independent Non-executive Directors

Mr. LEE King Fui
Mr. HO Tak Yin (appointed on 21 August 2020)
Mr. LEE Wing Lun (appointed on 16 September 2020)
Mr. HO Siu King, Stanley (resigned on 7 June 2020)
Mr. SIU Chi Yiu, Kenny (resigned on 18 June 2020)

Company Secretary

Mr. TO Chi, CPA, FCCA

Compliance Officer

Ms. SIU Yeuk Hung, Clara

Authorised Representatives

Ms. SIU Yeuk Hung, Clara
Mr. LAW Ka Kei (appointed on 2 July 2020)

Audit Committee

Mr. LEE King Fui
Mr. HO Tak Yin (appointed on 21 August 2020)
Mr. LEE Wing Lun (appointed on 16 September 2020)
Mr. HO Siu King, Stanley (resigned on 7 June 2020)
Mr. SIU Chi Yiu, Kenny (resigned on 18 June 2020)

Remuneration and Nomination Committee

Mr. LEE King Fui
Ms. SIU Yeuk Hung, Clara
Mr. LAW Ka Kei (appointed on 2 July 2020)
Mr. HO Tak Yin (appointed on 21 August 2020)
Mr. LEE Wing Lun (appointed on 16 September 2020)
Mr. HO Siu King, Stanley (resigned on 7 June 2020)
Mr. SIU Chi Yiu, Kenny (resigned on 18 June 2020)

Legal Adviser on the Bermuda Law

Appleby

Auditor

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors
801–806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head Office and Principal Place of Business in Hong Kong

Unit A, 8/F, D2 Place Two,
15 Cheung Shun Street,
Cheung Sha Wan, Kowloon,
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
409–415 Hennessy Road, Wanchai
Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Hong Kong

Stock Code

8079

Website

<http://www.ecrepay.com>

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "Board"), I present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2021 to the shareholders.

The money lending business has continued to achieve satisfactory result in previous years and will continue to be the core business of the Group and generate stable income to the Group. The revenue of this segment is HK\$31.2 million.

The Company reviewed that 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-owned brand products, namely Master Chef Series, FRESHNESSMART, Dawooyeon Hanwoo, 李朝, 月姐滋養湯, 老蕭燉湯, Buon Cibo and source different types of products from local or overseas suppliers to satisfy the ever-changing needs of our customers.

PROSPECTS

The Group has been implementing certain business strategies in response to the worsened market conditions arising by the novel coronavirus outbreak in Hong Kong. The Group plans to expand its money lending business and retail business, for instance, by hiring more salespersons and delivery staff and upgrading its online platform, taking into account the novel coronavirus outbreak in which consumers tend to do shopping online instead of doing their purchases at physical shops. The money lending business and retail business remain the principal businesses of the Group and the Group will adjust its strategies and focus among its business segments in accordance with the changing market conditions.

In spite of all these expansion plans, the Group has been actively seeking suitable investment opportunities for business diversification. The Group will explore into different industry sectors so as to expand and diversify the scope of the Group's business.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers and staff members for their support in the past years. I would also like to express my personal appreciation to my fellow Board members for their continuous valuable contributions.

Ms. Siu Yeuk Hung, Clara

Chairman

Hong Kong, 25 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The Company reviewed that the E-commerce is a part of the modern urban lifestyle in Hong Kong. The Group has been developing the retails and online sales business since year 2015. The Group will continue to develop self-own brand products, namely Master Chef Series, FRESHNESSMART, Dawooyeon Hanwoo, 李朝, 月姐滋養湯, 老蕭燉湯, and Buno Cibo and source different types of products from local or overseas suppliers to satisfy the ever-changing conditions of our customers.

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

OPERATION REVIEW

Revenue for the financial year ended 31 March 2021 was approximately HK\$115.4 million (2020: HK\$116.1 million). The loss before tax is mainly arising from the increase of the allowance for expected credit losses on loans and advances to customers.

Money Lending Business

After actively participating in money lending business for more than seven years, a solid client base has been built. In the financial year, revenue for this segment under review was approximately HK\$31.2 million (2020: HK\$52 million).

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

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 outbreak of novel coronavirus disease (COVID-19) seriously undermined the economies of Hong Kong and further weakened the catering industry in 2020. 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. The pandemic remains not yet fully under control and the future is uncertain.

On the other hand, in view of the COVID-19, the shift of consumers' behaviour to shop online instead of physical shops as consumers stay at homes and avoid going to crowded areas in the wake of the novel coronavirus, which may in turn stimulate the Group's existing online retail business, mitigating the potential adverse impact on the Group's retail business. Although it is difficult to estimate how long the novel coronavirus will remain, consumers currently have a higher tendency and frequency to shop online than before. It is expected that after experiencing online shopping for several months, certain consumers may change their shopping behaviour from offline to online. This may provide potential opportunities for retailers with an online presence.

Revenue for this segment for the year ended 31 March 2021 was approximately HK\$84.2 million (2020: HK\$64.1 million).

Outlook

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internally generated cash flows. As at 31 March 2021, the Group had cash and cash equivalents of approximately HK\$44.5 million (2020: HK\$47.4 million).

As at 31 March 2021, the Group had no borrowings (2020: Nil) which were used to finance the operation of the Group.

As at 31 March 2021, the Group's gearing ratio, expressed as a percentage of total borrowings (comprising amounts due to related parties, borrowings) less cash and cash equivalents then divided by total equity was nil (2020: nil).

CHARGES ON GROUP'S ASSETS

As at 31 March 2021, except for the pledged bank deposits, 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 (2020: HK\$0.1 million).

TREASURY POLICIES

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

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

EMPLOYEES

As at 31 March 2021, the Group had 99 (2020: 99) full-time employees. The total employee remuneration, including that of the Directors, for the year ended 31 March 2021 amounted to approximately HK\$32.8 million (2020: HK\$35.8 million). The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

CAPITAL STRUCTURE

During the year ended 31 March 2021, there is no change of the capital structure of the Group. The total issued share capital of the Company as at 31 March 2021 is 240,359,354 shares.

DISPOSAL OF SUBSIDIARY

On 24 March 2021, Perfect Catering Group Limited, a wholly-owned subsidiary of the Company, entered into an Agreement with Widely Investment Development Limited in relation to a disposal of 100% equity interest in Head Captain Limited ("Head Captain") at the consideration of HK\$2,100,000 ("Disposal I"). The net proceeds of approximately HK\$2.05 million was used for general working capital of the Group.

Head Captain is principally engaged in operation of a Korean BBQ restaurant in Hong Kong. The outbreak of COVID-19 seriously undermined the economies of Hong Kong and further weakened the catering industry since 2020. The Board is of the view that the operation of catering business in Hong Kong is uncertainty and not performing as expected and to continue the operation of catering business is going to take up too much resources of the Group. As such, the Board considers that by disposing Head Captain, the Group can re-focus its resources to main business sectors of the Group.

Immediately after completion of the Disposal I, Head Captain will cease to be a subsidiary of the Company.

Details of the Disposal was disclosed in the announcement dated 24 March 2021.

DISPOSAL OF 22% EQUITY INTEREST IN AN ASSOCIATE

On 15 September 2020, Century Forever Limited, a wholly-owned subsidiary of the Company (the "Vendor"), Topwise Global Holdings Limited (the "Purchaser") and Mr. Wong Hei Yan (the "Guarantor") entered into the sale and purchase agreement ("SPA") in respect of the disposal of 2,200 shares of the Purchaser, representing 22% of the issued share capital of the Purchaser ("Sale Shares"). Pursuant to the SPA, the Vendor agreed to sell, and the Purchaser agreed to repurchase, the Sale Shares at a consideration of HK\$7,180,000 ("Disposal II"). The net proceeds from the Disposal II was approximately HK\$7,180,000 was used for general working capital of the Group.

The Guarantor agrees to provide unconditional and irrevocable guarantee for the full performance of all obligations of the Purchaser under the SPA and all losses suffered and expenses incurred by the Vendor arising from any breach of the SPA by the Purchaser.

Immediately after completion of the Disposal II, the Purchaser will cease to be an associate of the Company and the financial results of the Purchaser will no longer be consolidated into the Group's financial statements.

Details of the Disposal II was disclosed in the announcement dated 15 September 2020.

SUBSCRIPTION OF INTEREST IN A FUND

On 31 August 2020, Yvonne Credit Service Co., Limited ("Subscriber"), being a subsidiary of Company, entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe for the Class A Shares in the Albany Creek Bond Series SP ("Segregated Portfolio"), a segregated portfolio of Albany Creek Fund SPC, up to approximately HK\$16,000,000.

The Segregated Portfolio is to aim to generate stable fixed income for Shareholders by investing in bonds, debentures, promissory notes and other similar products of Hong Kong listed companies and/or sizeable corporations.

The Fund was incorporated on 17 November 2017 as an exempted company with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands.

The authorized share capital of the Fund is US\$50,000.00 divided into 100 voting, non-redeemable Management Shares of a nominal or par value US\$0.01 each and 4,999,900 participating, limited-voting, redeemable Participating Shares (which may be issued in different classes and with respect to different Segregated Portfolios from time to time) of a nominal or par value of US\$0.01 each.

The principal purpose of the Company of the Subscription is to diversify the investment portfolio of the Company with an aim to enhancing its profitability. The Subscription provides an opportunity to the Company to enhance return by utilising the idle cash of the Company.

Details of the Subscription was disclosed in the announcements dated 31 August 2020 and 15 September 2020.

DISPOSAL OF ASSETS

On 14 August 2020, Vision Lion Limited (the "Vendor"), a subsidiary of the Company and Mr. John Anthony Lim (the "Purchaser") signed an agreement ("Agreement"), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase a Vessel at consideration of US\$500,000 (after setting off against the repairing fee, the final consideration was adjusted to US\$450,000) ("Disposal III"). The net proceeds from the Disposal III was approximately US\$450,000 was used for general working capital of the Group.

Details of the Disposal III was disclosed in the announcement dated 14 August 2020.

VOLUNTARY CONDITIONAL CASH OFFERS

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

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

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

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

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

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

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

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

REQUISITION OF SPECIAL GENERAL MEETING BY SHAREHOLDER

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

1. that the maximum number of Directors for the purposes of Bye-law 101 of the Bye-laws be fixed at 11, which number shall be deemed to include any Director appointed pursuant to any of resolutions 2 to 7 below, whether or not the appointment has taken effect;
2. that Mr. Cheung Siu Fai be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong (the "Takeovers Code");
3. that Mr. Fong Wai Ho and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
4. that Mr. Lam Chik Shun, Marcus be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
5. that Mr. Leung Wai Kei be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;
6. that Mr. Wong Ka Wai be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code;

7. that Mr. Wong Yiu Kui be and is hereby appointed as a director of the Company pursuant to Bye-Law 90 of the Bye-Laws with effect from the later of (a) the conclusion of the SGM or (b) where applicable, the earliest time at which such appointment can be given in effect in compliance with the Takeovers Code; and
8. that the general mandate given to the Directors to allot, issue and deal with additional shares not exceeding 20% of the issued share capital of the Company by an ordinary resolution passed at the annual general meeting of the Company held on 5 December 2019 be revoked with immediate effect.

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

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

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

CONTINGENT LIABILITIES

As at 31 March 2021, the Company did not provide any corporate guarantee to third parties.

Performance Guarantee

The Company provided a performance guarantee for KCL, an associate of the Company, regarding the management, operation and maintenance of New Kowloon Bay Vehicle Examination Centre and the relevant Hong Kong government tender. The letter of guarantee contains no specific amount and until the expiry of such contract. This performance guarantee was expired on 31 March 2021.

DIVIDEND

The Directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

EVENT AFTER REPORTING PERIOD

On 15 April 2021, Perfect Catering Group Limited (a wholly-owned subsidiary of the Company) entered into an agreement with an independent third party in relation to an acquisition of a 20% equity interest in Sunshine Team Limited for a consideration of HK\$2,400,000. Sunshine Team Limited is principally engaged in the operation of a HK-style restaurant in Shatin.

On 17 May 2021, the Company entered into the Tenancy Agreement in respect of the lease of the Premises located at Shop C, G/F, Kam Fook Building, Nos. 29-39 Tai Ming Lane, No. 24 Kwong Fuk Square, Tai Po, New Territories, Hong Kong for operation of a retail shop for a term of three years commencing on 16 June 2021 and ending on 15 June 2024 under the trade name of "People's Market" at a monthly rent of HK\$100,000 (inclusive of government rent, rates and management fees).

The unaudited value of the right-of-use asset to be recognised by the Company under the terms of the Tenancy Agreement amounts to approximately HK\$3.3 million, which is the present value of total consideration payable at the inception of the lease terms of the Tenancy Agreement in accordance with HKFRS 16.

On 12 May 2021, the Company entered into the Tenancy Agreement in respect of the lease of the Premises located at Unit 1101B and Unit 1102, 11/F, The Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong for a term of three years commencing on 17 May 2021 and ending on 16 May 2024 at a monthly rent of HK\$149,971.50 (exclusive of government rent, rates, management fees and other service charges) for office use.

The unaudited value of the right-of-use asset to be recognised by the Company under the terms of the Tenancy Agreement amounts to approximately HK\$4.75 million, which is the present value of total consideration payable at the inception of the lease term of the Tenancy Agreement in accordance with HKFRS 16.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

Ms. SIU Yeuk Hung, Clara (“Ms. Siu”), aged 56, joined the Company on 9 August 2017. Ms. Siu has extensive experience in marketing and business development. Prior to joining the Company, Ms. Siu has worked in a company listed on The Stock Exchange of Hong Kong Limited, responsible for the marketing and business development since 2006. Ms. Siu is the sister of Ms. Siu York Chee, the director of several subsidiaries of the Company. Ms. Siu has been appointed as the chairman of the Company with effect from 2 July 2020.

Mr. LAW Ka Kei (“Mr. Law”), aged 45, is a director of several subsidiaries of the Company. Mr. Law joined the Group as the General Manager of People’s Market in 2012 and appointed as executive director of the Company with effect from 2 July 2020. Mr. Law has over 18 years’ retail chain management experience. Mr. Law obtained a Degree of Business Administration from Lingnan University, Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEE King Fui (“Mr. Lee”), aged 42, joined the Company in July 2019. Mr. Lee is the Chairman of the Audit Committee and Remuneration Committee, the member of Nomination Committee of the Company. Mr. Lee is a director of Visionwide Consultancy Limited since October 2017. Mr. Lee has more than 18 years of experience in accounting, audit and corporate finance and advisory services in Malaysia Hong Kong and Mainland China. He worked at Enesoon Technology Limited from January 2016 to December 2016, and his last position was vice president of strategic investment. Mr. Lee had been the chief financial officer of different companies in Hong Kong and China namely, Legend Oilfield Services Limited, Aujet Industry Limited, and Wellable Marine Biotech Holding Limited for the period from August 2011 to April 2015. Prior to the above mentioned positions, Mr. Lee worked in KPMG Hong Kong from October 2006 to March 2011 and the last position that he held was senior manager.

Mr. Lee obtained a master’s degree in accountancy from The Hong Kong Polytechnic University in October 2012. He was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants since January 2012. Mr. Lee was admitted as a member of the Association of Chartered Certified Accountants in September 2003 and became a fellow member since September 2008. Mr. Lee was also admitted as a chartered accountant of the Malaysian Institute of Accountants since March 2004.

Mr. Lee is an independent non-executive director of China Creative Digital Entertainment Limited (Stock code 8078), a company listed on the GEM of The Stock Exchange of Hong Kong Limited.

Mr. HO Tak Yin (“Mr. Ho”), aged 49, joined the Company in August 2020. Mr. Ho is the member of Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Ho is a director of a design company since 2002. Mr. Ho has over 18 years of experience in design industry and has sufficient experience in company operational management. The Board believes Mr. Ho as Independent Non-executive Director could bring objective and valuable view to the Group. Mr. Ho obtained a Degree of Arts in Graphic Design from University of Lincolnshire & Humberside, UK.

Mr. LEE Wing Lun (“Mr. Lee”), aged 37, joined the Company in September 2020. Mr. Lee is the member of Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Lee is a technical advisor in technology ventures, start-ups and consulting industry. He holds a Bachelor of Computer Engineering from the University of Hong Kong. Mr. Lee is a partner in an information technology company and responsible to provide IT infrastructure services to corporate clients.

Mr. Lee is an independent non-executive director of China Creative Digital Entertainment Limited (Stock code 8078), a company listed on the GEM of The Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE REPORT

A. CORPORATE GOVERNANCE

Corporate Governance Practices

The Company is committed to achieving high standards of corporate governance to protect the interests of the shareholders of the Company. The Company had complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2021 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.

During the year ended 31 March 2021, the Board was responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Group's compliance with the Code and disclosure requirements in the corporate governance report.

B. SECURITIES TRANSACTIONS BY DIRECTORS

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

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings for the financial year ended 31 March 2021.

C. BOARD OF DIRECTORS

Composition of the Board, number of Board meetings and Directors’ attendance

The Company’s Board is comprised of experienced and highly competent individuals and a balanced composition of Executive and Non-executive Directors. 9 Board meetings were held during the financial year ended 31 March 2021. The composition of the Board and attendance of the Directors are set out below:

Name of Directors	Attendance/ Number of Board meetings held during the year	Attendance/ Number of General meetings held during the year
Executive Directors		
Ms. Siu Yeuk Hung, Clara	9/9	3/3
Mr. Law Ka Kei (appointed on 2 July 2020)	6/9	1/3
Mr. Shiu Yeuk Yuen (resigned on 2 July 2020)	2/9	–/3
Independent Non-executive Directors		
Mr. Lee King Fui	9/9	3/3
Mr. Ho Tak Yin (appointed on 21 August 2020)	4/9	1/3
Mr. Lee Wing Lun (appointed on 16 September 2020)	3/9	1/3
Mr. Ho Siu King, Stanley (resigned on 7 June 2020)	–	–/3
Mr. Siu Chi Yiu, Kenny (resigned on 18 June 2020)	–	1/3

As some of the Board meetings are concerned with the day-to-day management of the Company which often requires prompt decisions, usually only the executive Directors attend. There was 2 additional Board meetings held for normal course of business during the year.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

Ms. Siu Yeuk Hung, Clara is the sister of Ms. Siu York Chee, the director of several subsidiaries of the Company. Save for the aforesaid, there is no relationship between members of the Board.

The Executive Directors are responsible for the leadership and control of the Company and oversee the Group’s businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Independent Non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing adequate checks and balances in the Board in order to protect shareholders’ interest and overall interest of the Group.

Each Independent Non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the Independent Non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

D. APPOINTMENT AND SUCCESSION PLANNING OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the code provisions A.4 set out in the Code contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2021.

Code A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election and Code A.4.2 stipulates that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

All Independent Non-executive Directors appointed has entered into a letter of appointment with the Company for a term of one year and renewable automatically for successive terms of another year unless terminated by three-month notice in writing served by either party. Pursuant to the Code A.4.2, the Directors, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment. The Company in practice will observe Code A.4.2 and will ensure that any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment.

E. CHAIRMAN AND CHIEF EXECUTIVE

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

Ms. Siu Yeuk Hung Clara is the Chairman and Chief Executive Officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives and department heads, the Board considers that vesting the roles of both Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It is in the best interest of the Group to maintain the current practice for continuous efficient operations and development of the Group.

F. REMUNERATION COMMITTEE

During the year ended 31 March 2021, 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 has adopted written terms of reference in compliance with Code Provision B.1.3. The primary duties of the Remuneration Committee include the following:

- evaluating the performance and making recommendations to the Board on the remuneration packages of the individual executive directors and senior management;
- making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the year ended 31 March 2021, the Remuneration Committee held five meetings with presence of all eligible members and reviewed and made recommendations on the remunerations packages of the Directors of the Group.

None of the Directors participated in the determination of his/her own remuneration. Attendance of the members of the Remuneration Committee is set out below:

Name of Directors	Number of meeting attended/Number of meeting held
Mr. Lee King Fui	5/5
Ms. Siu Yeuk Hung, Clara	5/5
Mr. Law Ka Kei (appointed on 2 July 2020)	3/5
Mr. Ho Tak Yin (appointed on 21 August 2020)	2/5
Mr. Lee Wing Lun (appointed on 16 September 2020)	1/5
Mr. Ho Siu King, Stanley (resigned on 7 June 2020)	–
Mr. Siu Chi Yiu, Kenny (resigned on 18 June 2020)	–

G. 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 report 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. During the year ended 31 March 2021, it consists of three Independent Non-executive Directors, Mr. Lee King Fui, chairman of the Audit Committee, Mr. Ho Tak Yin and Mr. Lee Wing Lun. Four meetings were held during the financial year ended 31 March 2021. Attendance of the members of the Audit Committee is set out below:

Name of Directors	Number of meeting attended/Number of meeting held
Mr. Lee King Fui	4/4
Mr. Ho Tak Yin (appointed on 21 August 2020)	2/4
Mr. Lee Wing Lun (appointed on 16 September 2020)	2/4
Mr. Ho Siu King, Stanley (resigned on 7 June 2020)	–
Mr. Siu Chi Yiu, Kenny (resigned on 18 June 2020)	–

The Company's annual results for the year ended 31 March 2021, have been reviewed by the Audit Committee.

H. NOMINATION COMMITTEE

During the year ended 31 March 2021, 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 has adopted written terms of reference, which have been amended by the Board in compliance with Code Provision A.5.3. The primary duties of the Nomination Committee include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the issuer's corporate strategy;
- identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
- reviewing the nomination of Directors and making recommendations to the Board on terms of such appointment;
- assessing the independence of Independent Non-executive Directors.

The Company has adopted a board diversity policy (the “Board Diversity Policy”), which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, gender and age. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Company considers that the current composition of the Board is characterised by diversity, whether considered in terms of professional background and skills.

During the year ended 31 March 2021, the Nomination Committee held four meetings with the presence of all eligible members and (i) reviewed and discussed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills, experience and diversity of perspectives appropriate to the requirements for the business of the Group and (ii) recommendation on the re-election of the retiring Directors.

I. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 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 year ended 31 March 2021.

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.

J. TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

All Directors should participate in continuing professional development to develop and refresh their skills to ensure that they have appropriate understanding of the business and operations of the Group and that they are sufficiently aware of their responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged where necessary.

The Company has also continually updated Directors on the latest development regarding the GEM Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

K. RESPONSIBILITIES IN RESPECT OF THE FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, interim and quarterly reports, price-sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements.

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 March 2021.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 39.

L. AUDITOR'S REMUNERATION

For the year ended 31 March 2021, the remuneration paid or payable to the Company's auditor, Moore Stephens CPA Limited, is set out as follows:

	Fee HK\$'000
Statutory audit services	710
Non-statutory audit services	233
Total	943

M. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Board provides direction to senior management by setting the organisation's risk appetite. It also seeks to identify the principal risks facing the organization. Thereafter, the Board assures itself on an ongoing basis that senior management is responding appropriately to these risks. The Group has adopted three lines of defence to identify, assess and manage different types of risks. As the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. The second line of defence, consists of the compliance officer, financial controller, company secretary, IT department and all department heads, monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organization. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defense, the independent consultant assists the Audit Committee to review the first and second lines of defense. The independent consultant will, through a risk-based approach to their work, provide assurance to the Board and Audit Committee.

As the corporate and operation structure of the Group is not complex and a separate internal audit department may divert resources of the Group, the Group currently does not have an internal audit department. However, the Group has engaged an independent third party internal control consultant to, on an annual basis, review and provide recommendations on improving its internal control system in order to manage our business risks and to ensure our smooth operation. The review covered certain operational procedures. No significant control failings or weakness have been identified by the consultant during the review. The Board and the Audit Committee would review the need for an internal audit function on an annual basis.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 March 2021. The Board and the Audit Committee considered the risk management and internal control systems effective and adequate. No significant areas of concern that might affect shareholders were identified.

It should be acknowledged that the Group's risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives at the reasonable level, but not absolute assurance against material misstatement or loss.

Inside information

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

N. COMMUNICATIONS WITH SHAREHOLDERS

The Company recognises the importance in engaging in regular, effective and fair communication with its shareholders and is committed to conveying important and relevant information to the shareholders on a timely basis.

The Company strives to ensure that information is made publicly available in a prompt and timely disseminated manner. Disclosure of information is made through announcements to the Stock Exchange, the Company's annual reports, interim reports and quarterly reports, as well as the corporate website (<http://www.ecrepay.com>).

O. SHAREHOLDERS' RIGHTS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-laws. Details of such rights to demand a poll will be included in the circular to shareholders in relation to the holding of 2021 annual general meeting and explained during the proceedings of the meeting.

Save as aforesaid, pursuant to section 62 of the Bye-Laws, special general meetings of the Company (the "SGM") shall be convened on the requisition of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such shareholders shall have the right, by written requisition to the Board or the company secretary of the Company, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and the SGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (annual, interim and quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to the Chairman of the Board of the Company at the Company's principal place of business in Hong Kong by post or by email. Shareholders may also directly raise questions during the shareholders' meetings.

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request.

P. ENVIRONMENTAL ISSUES

The Company is committed to the sustainable development of the environment and our society. The Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental policies to ensure its projects meet the required standards and ethics in respect of environmental protection.

Q. RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that our employees, customers and suppliers and business associates are key stakeholders to the Company's success. We strive to achieve corporate sustainability through engaging our employees, providing quality products and services to our customers, collaborating with suppliers to deliver quality sustainable products and services and supporting our community.

R. COMPANY SECRETARY

Mr. To Chi is the company secretary of the Company. Mr. To has confirmed that he had received no less than 15 hours of relevant professional training for the year ended 31 March 2021, in compliance with Rule 5.15 of the GEM Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE AND REPORTING PERIOD

Easy Repay Finance & Investment Limited and its subsidiaries (the “Group”) are pleased to present this Environmental, Social and Governance (“ESG”) Report. This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Guide”), as set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited. This report aims to provide a balanced representation of our major ESG policies, initiatives and performances of the Group in the four main areas – environmental protection, employment and labor practices, operating practices and community participation.

This report has covered the principal businesses of the Group, which includes money lending business, financial instruments and quoted shares investment, property investment, retail and wholesale business. The geographical location of the Group’s businesses situated in Hong Kong. The information stated in this report covers the period from 1 April 2020 to 31 March 2021 (the “Reporting Period”) which aligns with the financial year as the 2021 annual report of the Group.

The Group firmly believes in the need to prioritize environmental and social responsibilities and continues to seek ways to improve its environmental management system. In addition to achieving our business objectives, we recognize our responsibility to operate in a more responsible and sustainable manner by integrating ESG considerations into our day-to-day operations.

STAKEHOLDERS ENGAGEMENT

The Group is committed to creating positive values and believes that the interests of all stakeholders must be considered in order to strengthen relationship with our shareholders, employees, suppliers, customers, government authorities and the society as a whole.

Stakeholder participation is essential for the Group to understand their concerns and expectations in order to determine the most significant aspects of ESG. It is the foundation of our sustainable development strategy and supports our long-term sustainable development. The Group continue to proactively engaged with the key stakeholder groups in a variety of ways in order to fully understand their perspectives and expectations. The areas of concern considered by the stakeholders are listed below:

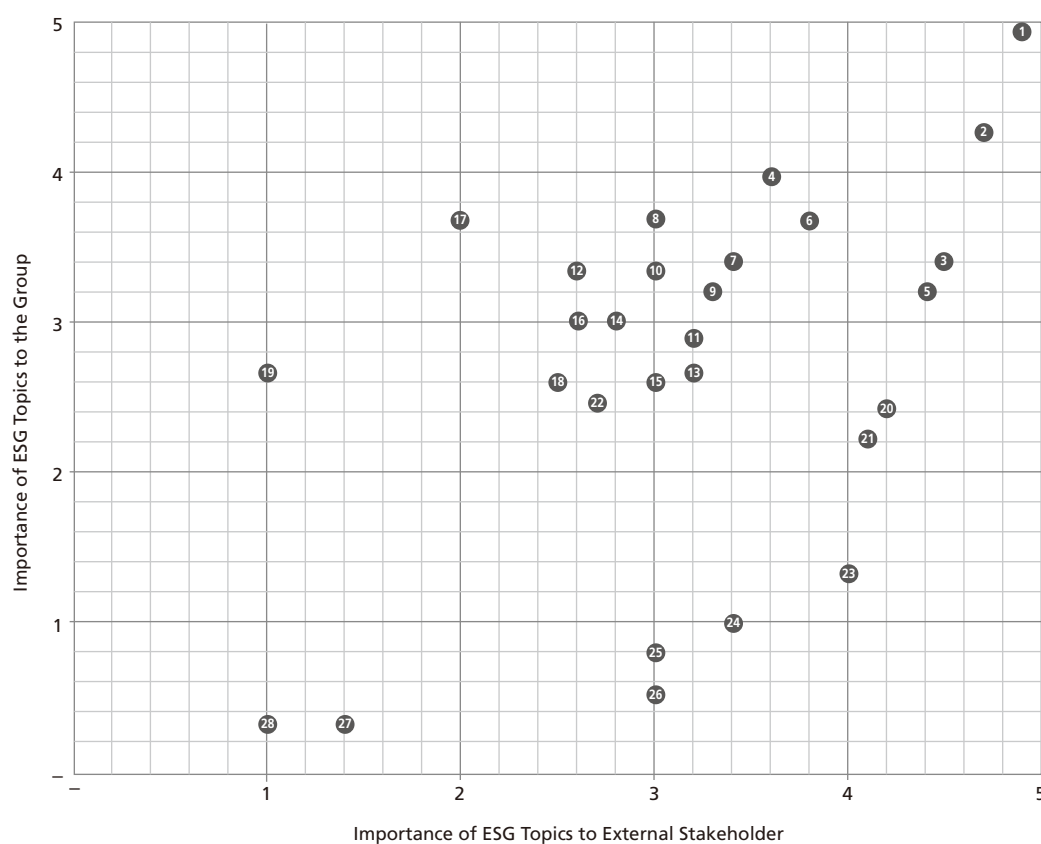
Major Stakeholder	Major Communication Channels	Major Concerns
Shareholders and Investors	- Press release - Corporate Announcements and Circulars - Annual and Interim Reports - Annual General Meetings	- Profitability - Financial Stability - Information Disclosure & Transparency
Employees	- Staff trainings - Team Building Activities - Business Meetings and Briefings - Performance Appraisals	- Compensation & Benefits - Career Development and Training Opportunities - Health & Safety Work Environment
Suppliers	Phone Calls, Conferences, Emails	Cooperation on Fair Terms
Customers	- Customer Complaint Hotlines - Meetings and Correspondences	- Quality of Products and Services - Understanding of the Products and Services - Privacy Protection
Public Community	- Charitable and Volunteering Activities - Community Interactions	- Corporate Social Responsibilities - Community Investment and Charitable Activities
Government and Supervisory Institutions	- Major Meeting and Policy Consultation - Information Disclosures - Examinations and inspections	- Compliance Operation - Corporate Governance - Environmental Protection

During the year, through a wide range of communication channels, we have learned the important concerns of the major stakeholders, including ESG compliance, environmental emissions and anti-fraud measures are the main focuses of our stakeholders. With the aim of contributing our effort to protecting the environment and supporting the society, we are dedicated to leading a business driven primarily by sustainability through tides of change. We emphasize the significance of sustainable development in our operational strategies as we believe to act responsibly, we must plan sustainably.

MATERIALITY ASSESSMENT

During the Reporting Period, the Group conducted an annual review to identify the main concerns and major interests of stakeholders on ESG issues through a substantive assessment survey involving stakeholders. Based on the influence and dependence of internal and external stakeholders on the Group, some stakeholders, including employees and suppliers, participated in this materiality assessment. Selected stakeholders were invited to participate in an electronic survey to express their opinions on the list of ESG questions. The following table briefly shows the results of the assessment:

Materiality Assessment Matrix



The breakdown of topics is listed in the following table:

Item	ESG Topic	Item	ESG Topic
1	Employee remuneration, benefits and rights	15	Environmental risks and social risks of the suppliers
2	Product health and safety	16	Marketing communications
3	Selection and monitoring of suppliers	17	Number of concluded legal cases regarding corrupt practices
4	Customer satisfaction	18	Environmentally preferable products and services
5	Employee development and training	19	Community support
6	Customer information and privacy	20	Energy use
7	Anti-corruption policies and whistle-blowing procedure	21	Water use
8	Cultivation of local employment	22	Preventing child and forced labor
9	Observing and protecting intellectual property rights	23	Hazardous waste production
10	Anti-corruption training provided to directors and staff	24	Non-hazardous waste production
11	Occupational health and safety	25	Mitigation measures to protect environment and natural resources
12	Diversity and equal opportunity of employees	26	Climate change
13	Use of materials	27	Air emissions
14	Product and service labelling	28	Greenhouse gas emissions

Through the materiality analysis, the Group identified 'Employee remuneration, benefits and rights', 'Product health and safety', and 'Selection and monitoring of suppliers' as issues of high importance. Given the high degree of concerns on the material issues mentioned above, the Group has carefully priced the risks and opportunities behind those matters and elaborated in detail under different sections of this ESG Report.

STAKEHOLDER'S FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views with the Group through any channel below:

Address: Unit A, 8/F, D2 Place Two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong
 Email: info@ecrepay.com
 Phone: +(852) 2898 0567

A. ENVIRONMENTAL ASPECTS

A1 Emissions & A2 Use of Resources

The Group is committed to achieving environmental sustainability through daily operations. In order to promote better environmental management, the Group continues to dedicate its best effort to comply with laws, regulations and rules related to environmental issues in its business.

In general, the energy consumption and raw material usage of the Group are relatively low. The Group's primary business is the provision of quality financial services which has minimal direct impact to the environment and we do not generate hazardous waste.

Emission Sources and Use of Resources

Direct Emissions

Due to the business nature, the Group does not produce a large amount of emissions. In view of the daily business activities of the Group, direct emissions mainly come from the daily use of business vehicles fuel combustion. Regarding the Group's approximate amount of sulphur oxides ("SO_x"), nitrogen oxide ("NO_x") and respiratory suspended particles ("RSP") produced from our operation, the figures are shown in the table below:

Emissions from Vehicles	Unit	2019/20	2020/21	Percentage Comparison
Units of fuel consumed by vehicles	Liters	18,959	7,293.71	(61.53%)
Sulphur oxides (SO _x)	Kilograms	0.29	0.11	(62.07%)
Nitrogen oxides (NO _x)	Kilograms	184.65 ¹	5.44	(97.05%)
Respiratory suspended particles (RSP)	Kilograms	17.85 ¹	0.39	(97.82%)

Note:

- ¹ The direct emissions in 2019/20 have been recalculated, and figures have been restated accordingly.

During the Reporting Period, the total emission of SO_x, NO_x and RSP are 0.11 kg, 5.44 kg, and 0.39 kg, respectively. Comparing to the emissions data in the last Reporting Period, the air emissions of SO_x, NO_x and RSP have reduced 62.07%, 97.05% and 97.82% respectively. The changes were mainly due to the disposal of three light good vehicles and one medium and heavy good vehicle. The Group will keep monitoring on the emissions data in order to enhance the least usage of vehicles in the future.

The Group is aware of the air pollutants generated from vehicles usage and will consider to use a more environment-friendly fuel type, such as electricity or other biomass sources, in the upcoming Reporting Period to reduce carbon footprint.

Greenhouse Gas Emissions

The Group's main contribution to the carbon footprint comes from indirect greenhouse gas ("GHG", "carbon dioxide" or "CO₂") emissions from air travel for business purposes and electricity consumption, primarily due the use of office equipment in the workplace, including but not limited to the lighting systems, air-conditionings and office machineries. The emissions of GHG of the Group can be broadly classified into direct emissions (Scope 1), energy indirect emissions (Scope 2) and other indirect emissions (Scope 3).

The emissions of GHG for the year end at 31 March 2021 has been summarized as follow:

Aspects	Emission (in tCO ₂ e)		Percentage Comparison
	2019/20	2020/21	
Scope 1 – Direct GHG Emissions	70	19.75	(71.79%)
Scope 2 – Indirect GHG Emissions	479	532.69	11.21%
Scope 3 – Other Indirect GHG Emissions	21 ¹	14.40	(31.43%)
Total GHG Emissions – CO₂	570¹	566.83	(0.56%)
Total GHG Emissions – CO₂ (per employee)	5.76¹	5.73	(0.52%)

Notes:

¹ Due to update of the in-scope entities, the emissions of 2019/20 have been recalculated, and figures have been restated accordingly.

- Reference was made to Appendix 20 of the Listing Rules governing the GEM Board and the relevant guidance of The Stock Exchange of Hong Kong Limited for the emission factors, unless stated otherwise.
- tCO₂e represents tonnes of carbon dioxide equivalent.
- Direct emissions of the Group were from fuel combustion in vehicle and ship.
- Energy indirect emissions of the Group were from purchased electricity.
- Other indirect emissions of the Group included air travel for business, paper used and recycled and electricity used for fresh water and sewage processing by government department.

During the year, the total carbon emissions are approximately 566.83 tonnes, representing a decrease of 3.17 tonnes, or 0.56%, compared with the figure in the last fiscal year. The Group will continue to assess and record its greenhouse gas emissions and other environmental data annually and compare it with last year's data to assist the Group in further developing emission reduction targets in the future.

Electricity and Water Consumption

The Group is well aware that the rational use of resources is an indispensable part of sustainable development. The resources used by the Group are principally attributed to electricity and water consumed at offices. During the Reporting Period, the approximate amount of the Group's electricity consumption and water consumption are shown in the following table:

Electricity Consumption	Unit	Percentage Comparison	
		2019/20	2020/21
Electricity Consumption	kWh	739,631	991,313.5
Electricity Consumption per employee	kWh/employee	7,471	10,013.27
Water Consumption	m ³	4,581.88 ¹	9,323
Water Consumption per employee	m³/employee	46.28¹	94.17

Note:

¹ Due to update of the in-scope entities, the consumption of 2019/20 have been recalculated, and figures have been restated accordingly.

For the year ended 31 March 2021, the electricity consumption of the Group is 991,313.50 kWh, representing an increase of 251,682.50 kWh, or 34.03%, compared with the figure in the last fiscal year. During the Reporting Period, new offices were rented, resulting in an increase in electricity consumption.

In order to achieve energy conservation and reduce GHG emissions, the Group has adopted a number of energy conservation measures to ensure the most efficient use of electricity, reduce emission of GHG and demonstrate our determination to protect our environment, including but not limited to the below:

- 1) Choose energy-efficient appliances, e.g. replace the traditional bulbs by LED energy-saving bulbs in the office;
- 2) Switch off air conditioning and lighting systems after office hours;

- 3) Advise employees to put their computers in hibernation mode and turn off all other office equipment when not in use;
- 4) Keep all the doors and windows closed when the air conditioners are in operation; and
- 5) Teleconferences and internet-meeting practices are encouraged to avoid unnecessary business travel.

The majority of the Group's water consumption comes from drinking water and daily activities of employee. The water consumption of the Group is 9,323 m³, representing an increase of 4,741.12 m³, or 103.48%. The large variance in water consumption is due to the fact that the data collected by the Group this fiscal year is more complete than the previous fiscal year. The Group is committed to enhancing the awareness of water conservation among employees and other stakeholders. The Group promotes and guides employees to save water by posting water conservation slogans.

Looking ahead, the Group will be more active in seeking opportunities to improve operational efficiency so as to minimize the use of resources.

Waste Control

During the Reporting Period, no significant hazardous waste was generated in our business activities. Our waste mainly comes from food waste and general office waste, which are non-hazardous. The Group has generated 8,846 tonnes of food waste and 1.49 tonnes of general office waste in the Reporting Period. Our non-hazardous waste is dealt with appropriately and is disposed of in a proper manner by qualified waste disposal company in each business region.

Paper Usage

A large amount of paper consumption will have a serious impact on the environment. To save energy and protect resources, the Group should use office paper in a scientific and reasonable manner. Regarding the Group's approximate the paper usage at office, the figure is shown in the table below:

Paper Usage	Units	2019/20	2020/21	Percentage Comparison
Total paper consumption	Kilograms	1,731	1,794.41	3.66%
Total paper consumption per employee	Kilograms/employee	17	18.13	6.65%

This fiscal year, the Group consumed a total of 1,794.41 kg of paper, increased by 3.66% compared with the previous year. During the Reporting Period, the Group has also followed a number of resources saving and efficiency measures to promote paperless office, including but not limited to the below:

- 1) Encourage employees to reduce the use of paper by assessing the necessity of printing before use;
- 2) Encourage double sides printing and the use of scrap papers in printing;
- 3) Recycled paper is used for intra-group informal documents and draft papers;
- 4) Send electronic greetings over email or other forms of electronic applications, such as WhatsApp or WeChat, rather than faxing or writing; and
- 5) Encourages the shredding and recycling of documents that are no longer needed.

Packaging Materials

The major packaging materials used by the Group are compression bags, paper boxes and labels. During the Reporting Period, the Group has used 761,518 pieces, 187,627 pieces and 214,901 pieces of compression bags, paper boxes and labels respectively in daily operation. To ensure utilization of the material are in the greatest extent, the usage is constantly evaluated to avoid overstocking and squandering.

We believe through continuous effort of the Group in reducing resources usage and generation of non-hazardous waste, it would bring greater operational efficiency, eco-friendly and paperless workplace, leading to continuous reduction of paper usage, and further environmental impact protection.

Investment Practices

The Group follows a principle that ESG issues are incorporated into the investment analysis and decision-making process. The Group actively seeks to cooperate with companies with good practices in dealing with environmental, humanitarian and governance issues when acting as a placing agent or an underwriter of fund-raising activities.

Companies that perform well in ESG tend to have better financial performance. Companies with excellent ESG performance will have long-term competitive advantage, lower downside risk and better reputation. In the face of unpredictable major risks, companies that pay attention to ESG factors perform significantly better than the market average in resisting risks. These factors can bring great confidence to investors, and help to create better profits and returns for investors, particularly in the long run. When the Group is looking for investment targets, the Group carefully reads prospectuses and annual reports of these companies and take into account their transparency and accountability, and takes into account their transparency and accountability. The Group is concerned about who manages these companies and/or who sits on the board of directors, and cares about the behavior of these companies in terms of environment, society and workers' rights.

The Group seeks cooperation with environmentally conscious companies that (i) strive to reduce energy use, waste and pollution; (ii) make the greatest efforts to conserve resources, such as using recyclable materials, and minimizing paper communication; and (iii) exploit natural resources in a responsible manner.

The Group looks for companies with a sense of social responsibility that (i) cooperate with high-quality suppliers with high ethical standards; (ii) have high customer satisfaction; (iii) maintain integrity interaction with the government and regulators; (iv) make decisions with a view to maximize positive impacts and minimize negative impacts on the society; and (v) provide charitable contributions and support to the community.

The Group would like to work with companies that respect workers' rights and human rights. These companies ensure the health and safety of working conditions and surrounding communities, and provide fair and equitable wages and benefits.

The companies that the group cooperates with should also have a robust governance mechanism, which can properly manage various corporate governance issues, including but not limited to financial reports and other disclosures, investor relations, executive compensation, conflicts of interest, and regulatory compliance.

The Group shares the set of principles and best practices with our major customers and encourages them to apply the same principles when selecting a company to invest.

A3 The Environment and Natural Resources

Since our business is mainly office-based, it does not result in any other significant pollution or destruction of the environment and natural resources. The main environmental impact of the business is the indirect impact of carbon dioxide generated by power and paper usage in the daily activities of the business. The Group has taken steps to reduce its impact on the environment by adopting energy saving measures mentioned in A1 Emissions and A2 Use of Resources. The Group has complied with relevant laws and regulations and did not find any cases of breach of regulations relating to emissions and the environment during the Reporting Period.

As we understand that there will be more concerns from government, companies and public over carbon emissions, the Group will continue to assess environmental risks in our business operations to formulate responsive measures and regularly review and update our environmental protection policies.

B. SOCIAL

B1 Employment and Labor Practices

The Group insist in believing that employees are the company's most valuable asset and an indispensable part of the company's sustainable development. The Group is committed to providing a workplace free from any form of discrimination and harassment, and provides opportunities for employees with different backgrounds and characteristics to build a diversified workforce. We strongly prohibit any form of discrimination against our potential or existing employees based on nationality, age, gender, sexual orientation, identity, race, disability, pregnancy, political orientation, etc. In accordance with the Group's policies and procedures, we focus on transparent recruitment and employment mechanisms. In all labor relations within the Group, whether it is personnel recruitment, promotion, or dismissal, the Group only values whether the candidate or employee's ability, qualification, experience and performance match the job position.

A good employee management system is the basis for acquiring and retaining talents. The Group has established an "Employee Handbook", which includes terms and conditions of employment, employee working hours, rest periods, employee benefits (entitled holidays, insurance and training), and office rules and policies, etc. In addition, the Group provides various forms of incentives to employees, including but not limited to competitive salaries and benefits. These incentives are evaluated based on employees' personal qualifications and work performance, and refer to the situation of companies in the same industry that year.

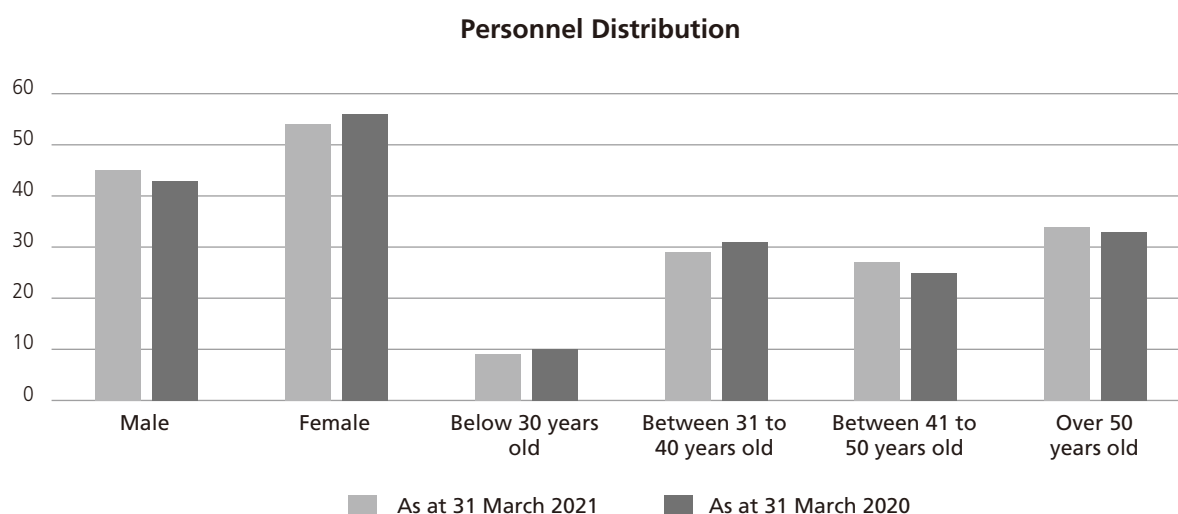
All our employees basically enjoy fair wages, fixed working hours, appropriate insurance coverage, statutory holidays and other types of leave, including sick leave, maternity leave, marriage leave, paternity leave and jury leave. In addition, the Group also organized various leisure activities, including but not limited to annual dinners, birthdays or Christmas parties, to enhance the cohesion of employees.

During the year under review, the Group did not find any labor lawsuits related to the Group or its employees.

The total workforce by age group and gender, as compared to last year, are as follows:

Number of Employee of the Group	As at 31 March 2020	As at 31 March 2021	Movement	Percentage Comparison
By Gender				
Male	43	45	2	4.65%
Female	56	54	(2)	(3.57%)
By Age				
Below 30 years old	10	9	(1)	(10.00%)
Between 31 to 40 years old	31	29	(2)	(6.45%)
Between 41 to 50 years old	25	27	2	8.00%
Over 50 years old	33	34	1	3.03%

The comparison of personnel distribution in the two years is shown in the figure below:



There is no change in the number of employees and small changes in the number of employees in each category. The Group always adheres to the principle of personnel diversification, so as to build a large family with strong compatibility and cohesion.

The Group actively adopts various measures to retain talents, thereby reducing the turnover rate of employees, such as:

- strengthening recruitment control so that applicants can fully understand the working environment and welfare level of the Group;
- attaching importance to employee training so that the Group can fully meet the career development requirements of employees;
- paying attention to the working pressure of employees, and advocating conversations between management and employees to ease the psychological pressure of employees; and
- expanding the development prospects of the Group, and providing a competitive career platform for the employees.

The employee turnover rate was low. Only 35 employees left the Group during the Reporting Period.

Number of Employee left the Group	As at 31 March 2020	As at 31 March 2021	Movement	Percentage Comparison
By Gender				
Male	28	13	(15)	(53.57%)
Female	28	22	(6)	(21.43%)
By Age				
Below 30 years old	11	7	(4)	(36.36%)
Between 31 to 40 years old	13	10	(3)	(23.08%)
Between 41 to 50 years old	14	11	(3)	(21.43%)
Over 50 years old	18	7	(11)	(61.11%)

Compared with previous year, the turnover rate of the Group has decreased from 57% to 35% this year, which is in line with the people-oriented concept of the Group. The Group will make persistent efforts to pay more attention to the employees and make them love this family, so as to further reduce the turnover rate of employees.

B2 Health and Safety

The Group concerns about the health and safety of its employees and is committed to providing a safe, healthy and productive environment for all.

The total indicators regarding to health and safety are as follows:

Indicators	2019/2020	2020/2021
Number of work-related fatalities	—	—
Rate of work-related fatalities ¹	—	—
Number of reportable injuries ²	2	1
Number of reportable occupational diseases	—	—
Number of lost days due to work injury ³	295	296

Notes:

1. The rate of work-related fatalities is calculated based on the number of injuries per 200,000 hours worked (employees working 40 hours per week for 50 weeks).
2. Reportable injuries refer to work-related accidents to employees resulting in incapacity for a period exceeding three days in Hong Kong.
3. Lost days refer to the days that could not be worked as a consequence of a worker being unable to perform their usual work because an occupational accident or disease.

The Group pays attention to the safety and health of all employees and provides complete medical insurance for all full-time employees, including but not limited to medical insurance, operation insurance, hospitalization insurance and employee compensation insurance.

The Group has established policies and procedures for primary hazard prevention and all aspects of workplace health and safety. The main purposes of the policy are: (1) to maintain and promote workers' health and working condition; (2) to improve the working environment for safety and health; and (3) to develop a work culture in a direction which supports health and safety at the workplace. All employees must comply with all policies and procedures related to fire safety, suspicious mail alarm, rainstorm alarm, typhoon arrangement and office neatness policy to avoid injury to employees due to the above reasons.

Novel coronavirus (COVID-19) pneumonia has been the focus of the world's attention in the past year. The Group has also given priority to the epidemic prevention situation. In the face of serious epidemics, we have actively responded to the government's call to encourage employees to work at home, so as to minimize the situation where employees are in danger.

In terms of working environment, the board of directors has set up an office in Hong Kong to provide a safe, clean and healthy working environment and protect employees from occupational hazards. The Group also implements a smoking policy, which forbids employees to smoke in any area of the office, so as to provide employees with a healthy, safe and free breathing working environment.

During the year under review, no non-compliance case was noted in relation to Hong Kong health and safety laws and regulations.

B3 Development and Training

The Group emphasizes the importance of employee training and development. It strives to assist employees not only in acquiring professional knowledge to fulfil their duties, but also in developing their lifelong career. Training includes internal, external, induction, on-the-job, capability and corporate culture training.

Training programme is designed according to different needs of staff, in particular, new staff, front line staff, supervisory staff and staff with compliance functions. Upon joining the company, all new recruits will have a briefing session on AML/CTF as part of the orientation.

All directors of the Group receive comprehensive, formal and tailored induction training, to ensure that they understand business operations of the Group, directors' responsibilities and obligations under the Listing Rules and other regulatory requirements. They are also trained regularly on the newest relevant statutory requirements and market changes, to ensure their high level of awareness on the industrial trends.

The directors are responsible for planning staff training schedules and refreshing course for relevant staff members to attend on a periodic basis. The record of attendance will be maintained by directors.

As at 31 March 2021, all employees have participated in the training, with a total duration of 207 hours. The total training hours by gender and employee category, as compared to last year, are as follows:

	As at 31 March 2020	As at 31 March 2021	Percentage Comparison
Number of employees trained by the group			
Total employees trained	99	99	0%
By Gender			
Male	71	50	(29.58%)
Percentage of male trained	72%	51%	(29.17%)
Female	42	56	33.33%
Percentage of female trained	42%	57%	35.71%
By Employee Category			
Senior management	6	8	33.33%
Percentage of senior management trained	6%	8%	33.33%
Middle management	31	31	0%
Percentage of middle management trained	31%	31%	0%
Frontline and other employees	76	69	(9.21%)
Percentage of frontline and other employees trained	77%	70%	(9.09%)

	As at 31 March 2020	As at 31 March 2021	Percentage Comparison
Training hours of the Group			
Total hours	280	207	(26.07%)
Average training hours per employee	2.48	2.09	(15.73%)
By Gender			
Male	170	92	(45.88%)
Average training hours of male	2.39	1.84	(23.01%)
Female	110	115	4.55%
Average training hours of female	2.62	2.05	(21.76%)
By Employee Category			
Senior management	29	13	(55.17%)
Average training hours of senior management	4.83	1.63	(66.25%)
Middle management	83	55	(33.73%)
Average training hours of middle management	2.68	1.77	(33.96%)
Frontline and other employees	168	139	(17.26%)
Average training hours of frontline and other employees	2.21	2.01	(9.05%)

Comparing to the data in the last Reporting Period, the total training hours of senior management, middle management and frontline employees decreased by 55.17%, 33.73% and 17.26% respectively. The decreasing amount of training is due to COVID-19. The Group will pay more attention to the development of employees and provide more training opportunities in the future.

B4 Labor Standards

The Group strictly complies with the Employment Ordinance of the Laws of Hong Kong (Cap 57) and other local laws and regulations relating to employment. Any employment of child and force labor, discrimination and harassment are strictly prohibited by the Group. We strive to fulfill our responsibilities to employees, respects their legitimate rights and interests, promote their professional development, improve our working environment and pay attention to the physical and mental health of employees, in order to realize the common development of the Group and its employees. If applicants are found in providing any counterfeiting or forgery information, the Group has right to dismiss the employee immediately.

To keep a clean working environment, the Group has established a transparent recruitment and employment mechanism. In all employment decisions, including recruitment, promotion and termination, the Group only takes the qualification, experience and performance of candidates or employees relevant to the job function into account. The employment term and conditions are set out in the "Employee Handbook" which is required to be signed by all new employees to confirm acceptance.

During the Reporting Period, the Group did not find any non-compliance with laws and regulations which have a significant impact on employment and labor practices.

B5 Supply Chain Management

The Group is mainly engaged in the wholesale and retail business of grocery products, cash coupons, restaurants and quick-frozen food. The Group has been registered as a food importer/food distributor in accordance with the Food Safety Ordinance. The Group pays attention to the environmental and social impacts of our business activities, and takes measures to minimize the negative impacts of the Group and its suppliers and service vendors on the environment and society. In the assessment, selection and evaluation process of suppliers and service vendors, we certainly take compliance with environmental laws as an important consideration. We are more enthusiastic about choosing suppliers that respect the environment and respect for sustainable development. In addition, we focus on indicators such as product and service quality, cost, delivery time and stability, safety management and related qualifications.

During the Reporting Period, the number of suppliers are listed as below:

Number of Suppliers by Region	2019/2020	2020/2021
Hong Kong	120	102
Korea	2	1
Taiwan	–	7
Malaysia	–	1

The Group realizes that supply chain management plays an important role in its business development, and attaches great importance to the environmental and social performance of suppliers. The Group requires its supply chain partners to abide by the principles of reasonable ethical business conduct recognized by the Group and supervise its operation methods to reduce its impact on society.

The Group has established procedures to select and evaluate suppliers in accordance with certain requirements and standards set by the Group to ensure that the purchased goods comply with relevant standards and guidelines. When selecting and evaluating suppliers, the Group also considers their environmental compliance records and commitment to social responsibility. In the selection process, priority will be given to environmentally and socially responsible suppliers.

B6 Operating Practices and Product Responsibility

Product responsibility

Product responsibility is one of the Group's top priorities. Through strict internal control, the Group strives to ensure the quality of products and services. Especially in the food distribution business, the Group has established internal food safety management system according to the requirements of ISO 22000:2005 to ensure that the food is in good condition in the process of processing and delivery. The product policy for new products specifies the procedures for sample receiving and inspection, sample return and product detail preparation. The quality assurance department shall inspect the products before they are placing in stock to ensure that there are no defects in the quality of the products.

In addition, the Group provides financial services such as loans to individuals and enterprises in Hong Kong. The Group's lending business is operated as a licensed money lender under the Money Lenders Ordinance (the "Money Lenders Ordinance").

During the reporting period, the Group did not find any non-compliance in terms of health and safety, advertising and labeling related to products and services required by relevant laws and regulations.

Confidentiality

The Group attaches importance about the trust and satisfaction of customers. Based on our business characteristics, there is no doubt that the confidentiality of customer information is crucial. We always adhere to the most stringent standards to protect customer information.

The Group has a contractual obligation of confidentiality to its customers, that is, all transaction details, contracts and other relevant information are treated as confidential information. The Group strictly abides by relevant laws and regulations and maintains a high awareness of customer information protection. The collected data is retained only when it is consistent with the purpose, and will be destroyed when the purpose is expired. Unauthorized personnel are not allowed to access and review any confidential data.

During the reporting period, no violations of data protection and privacy required by relevant laws and regulations were found.

Handling of Complaints

The Group has established policies and procedures for handling complaints. The customer service department is responsible for reviewing all customer complaints, collecting evidence and providing feedback and suggestions on general complaints.

In addition to general recommendations, specific or complex complaints will be forwarded to the relevant department head for special treatment. After receiving all the complaints, the Group gives a preliminary reply and takes corresponding follow-up actions.

In order to promote effective communication with customers, the Group has been implementing the following measures:

1. Provide one or more communication channels to facilitate communication between customers and us;
2. Provide timely confirmation of receipt of feedback, including the provision of a copy of the communication, the date and time of registration, and the communication reference code; and
3. Respond promptly to the communication in an appropriate and meaningful way.

During the reporting period, no non-compliance case around product or service liability was noted according to relevant laws and regulations.

B7 Anti-Corruption & Anti-Money Laundering

The Group does not tolerate any corruption, fraud or other conduct against professional ethics. The Group values and upholds integrity, honesty and fairness in how it conducts business. To make this strong commitment within our business, the Group has established the "Anti-Money Laundering and Counter-Terrorist Financing Policies and Procedures" ("AML & CTF Policy") with reference to the Drug Trafficking (Recovery of Proceeds) Ordinance, the Organized and Serious Crimes Ordinance, the United Nations (Anti-Terrorism Measures) Ordinance and Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance. The AML & CTF Policy has established clear responsibility and accountability of directors and staff of the Group, and defined a wide range of terms related to anti-corruption and explains how these terms apply to various situations to ensure compliance.

To promote anti-fraud principles and consistent organizational behaviors, the Group is required to:

- conduct AML & CTF risk assessment in order to identify, assess and take effective action to mitigate their ML/TF risks from time to time;
- obtain all required customer information or documents before conducting business with the customers;
- take all reasonable steps and customer due diligence process before conducting business with the customers; and
- conduct the necessary ongoing monitoring for identification of suspicious transactions.

For customers that have a higher risk of risk grading, additional measures, i.e. enhanced customer due diligence process, will be adopted. The Group has set up control and monitoring procedures to capture accounts conducting frequent cash transactions, suspicious trading pattern and third party transactions of large amounts. In combating terrorist financing, the Group exercises customer due diligence, the Know Your Client ("KYC") principles, to monitor any abnormal transaction and to identify the beneficial owner.

The Group is committed to creating a culture of integrity and justice by accepting internal complaints and whistleblowing. The whistleblowing channel, as set out in the "Anti-Money Laundering and Counter-Terrorist Financing Policies and Procedures", has been in place for employees at all levels to raise any concerns without fear of any negative impacts. The Group encourages reporting of suspected business irregularities and provides clear channels specifically for this purpose. All employees can contact the AML Compliance Manager or Compliance Officer or, in case of extremely serious matter, directly to the Chairman of the Board's audit committee for lodging a complaint or whistleblowing. The Group is committed to the highest standards of integrity and ethics.

During the period under review, the Group has complied with all applicable anti-money laundering laws and regulations in Hong Kong and performed regular internal assessment in order to assess the different risk factors of the Group's money laundering activities. The Group was not aware of any of non-compliance with laws or regulations that has a significant impact concerning bribery, extortion, fraud or money laundering during the year.

B8 Community

The Group recognizes our responsibility to the community, and is committed to providing available resources to support the community and encouraging employees to participate in various charitable and voluntary activities.

We actively advocate employees to seek opportunities to work with charitable organizations to get involved in various charitable events, to arouse attention to the community and drive further participation in community services.

The Group will continue to uphold the principles of accountability to shareholders, investors, suppliers, customers and the public community and seek further development opportunities to maintain a harmonious relationship with stakeholders.

REPORT OF THE DIRECTORS

The directors of the Company (the “Directors”) present their annual report together with the audited consolidated financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

A review of the business of the Group and a discussion on the Group’s future business development during the year ended 31 March 2021 are provided in the Chairman’s Statement on page 5 and Management Discussion and Analysis on pages 6 to 10 of this Annual Report.

An analysis of the Group’s performance during the year ended 31 March 2021 using financial key performance indicators is provided in the Financial Summary on page 3 of this Annual Report.

Discussion on the Group’s environmental issues and compliance with the relevant laws and regulations that have a significant impact on the Company are contained in the Corporate Governance Report and Environmental, Social and Governance Report on pages 12 to 32 of this Annual Report.

The Company’s key relationships with its employees, customers and suppliers and business associates that have a significant impact on the Company and on which the Company’s success depends are shown in the Management Discussion and Analysis under “Employees” section on page 7 and in the Corporate Governance Report on pages 12 to 19 of this Annual Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of comprehensive income on page 44 of the annual report.

The Directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 3.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

ISSUED CAPITAL AND SHARE OPTIONS

Details of the movements in issued capital and share-based compensation of the Company for the year ended 31 March 2021 are set out in notes 31 and 32, respectively to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out on page 47 in the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to shareholders as at 31 March 2021, comprising share premium, contributed surplus and (accumulated losses)/retained earnings, amounted to HK\$265,290,000.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest suppliers of the Group accounted for approximately 45.2% of its cost of sale for the year ended 31 March 2021. The largest supplier of the Group accounted for approximately 13.7% of its cost of sale for the year ended 31 March 2021.

Sales to the Group's five largest customers accounted for approximately 9.0% of the Group's turnover for the year ended 31 March 2021. The Group's largest customer accounted for approximately 2.2% of the Group's turnover for the year ended 31 March 2021.

Save as disclosed above, if any, none of the Directors or any of their associates (as defined in the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules")) or any shareholders of the Company (who, to the knowledge of the Directors, own more than 5% of the issued share capital of the Company) had any beneficial interest in any of the five largest suppliers or customers of the Group for year ended 31 March 2021.

DONATION

During the year ended 31 March 2021, no donation was made by the Group (2020: nil).

DIRECTORS

The Directors who held office during the year are:

Executive Directors

Ms. Siu Yeuk Hung, Clara

Mr. Law Ka Kei (appointed on 2 July 2020)

Mr. Shiu Yeuk Yuen (resigned on 2 July 2020)

Independent Non-executive Directors

Mr. Lee King Fui

Mr. Ho Tak Yin (appointed on 21 August 2020)

Mr. Lee Wing Lun (appointed on 16 September 2020)

Mr. Ho Siu King, Stanley (resigned on 7 June 2020)

Mr. Siu Chi Yiu, Kenny (resigned on 18 June 2020)

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A (1) of the GEM Listing Rules, there are changes in the information required to be disclosed pursuant to paragraph (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the course of the directors' term of office. The total remuneration of Ms. Siu Yeuk Hung, Clara and Mr. Law Ka Kei were HK\$859,000 and HK\$508,000 for year ended 31 March 2021 respectively. The remuneration was determined based on their qualifications, experience, level of responsibilities and prevailing market conditions.

Mr. Lee King Fui has resigned as the Independent non-executive director of Hang Tai Yue Group Holdings Limited (stock code: 8081) on 8 December 2020.

Save as disclosed above, there are no other matters that need to be disclosed pursuant to Rule 17.50A (1) of the GEM Listing Rules.

LIABILITY INSURANCE FOR THE DIRECTORS AND OFFICERS

The Company has in force appropriate insurance coverage on Director's and officer's liabilities arising from the Group's business. The Company reviews the extent of insurance coverage on an annual basis.

DIRECTORS' SERVICE CONTRACTS

All of the Directors have entered into a service contract with the Company and the service contracts shall be renewed automatically after a year unless and until terminated by not less than three months' notice in writing served by either party to the other. Pursuant to the Company's Bye-laws, the Directors, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2021.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, senior management and five individuals with highest emoluments are set out in notes 9 and 10 to the consolidated financial statements respectively.

SHARE OPTION SCHEMES

On 4 January 2011, the shareholders of the Company approved to terminate the old share option scheme and adopted a new share option scheme (the "New Scheme").

The major terms of the New Scheme are summarized as follows:

1. The purpose of the New Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group.
2. The Board of Directors may, at its discretion, offer the options to any full-time or part-time employees and Executive, Non-executive and Independent Non-executive Directors of the Company and/or any of its subsidiaries, suppliers, customers, advisors, shareholder of any member of the Group, consultants to subscribe for shares of the Company.
3. The maximum number of ordinary shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme adopted by the Group shall not exceed 30 per cent of the share capital of the Company in issue from time to time.

The total number of ordinary shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the ordinary shares in issue on the date of approval of the New Scheme (the "Scheme Limit") or as at the date of the Shareholders' approval of the refreshed Scheme Limit.

4. The total number of ordinary shares issued and which may fall to be issued upon exercise of the options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1 per cent of the issued share capital of the Company for the time being.

SHARE OPTION SCHEMES *(Continued)*

5. The exercise period of any option granted under the New Scheme shall be determined by the Board but such period shall not exceed 10 years from the date of grant.
6. The New Scheme does not specify any minimum holding period.
7. The acceptance of an offer of the grant of the option under the New Scheme ("Offer") must be made within 21 days from the date on which the letter containing the Offer is delivered to that participant together with a non-refundable payment of HK\$1.00 from each grantee.
8. The subscription price will be determined by the Board of Directors of the Company and shall not be less than the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.
9. The New Scheme is valid for ten years from the date of adoption and expired on 4 January 2021.

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

For the year ended 31 March 2021, no option was granted and 385,000 option were lapsed under the New Scheme.

There is no employee compensation expense which was included in the consolidated statement of comprehensive income for the year ended 31 March 2021 (2020: nil). No liabilities was recognised due to share-based payment transactions.

DIRECTOR'S 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 March 2021, 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	Approximate percentage to the issued share capital of the Company as at 31 March 2021
Mr. Law Ka Kei (<i>note 1</i>)	2,185,000	0.91%

Note:

1. Mr. Law Ka Kei is the Executive Director of the 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 31 March 2021, 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 31 March 2021
Ms. Bai Yu	26,093,500	10.86%
Able Rich Consultants Limited (<i>Note</i>)	82,288,613	34.23%

Note:

82,288,613 shares of the Company are held by Able Rich Consultants Limited ("Able Rich"), a wholly-owned subsidiary of Rich Treasure Group Limited ("Rich Treasure"), of which Mr. Shiu is the sole director and shareholder of that company.

As confirmed by a supplemental deed dated 29 May 2020 entered into between, among others, Popland Investments Limited as borrower, Able Rich, Rich Treasure and Cheung Siu Fai as lender relating to a HK\$327,000,000 term loan facility agreement dated 18 October 2017 (the "Supplemental Deed"), whereby the parties thereto agreed that the share charge dated 18 October 2017 shall be effective upon satisfaction of all conditions precedent stated in the Supplemental Deed. Details of the Supplemental Deed was disclosed in the circular dated 1 June 2020.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

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

For the year ended 31 March 2021, 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 33 to the consolidated financial statements.

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

COMPETING INTEREST

None of the Directors or the controlling shareholder (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.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independent pursuant to Rule 5.09 of the GEM Listing Rules and considers all the Independent Non-executive Directors to be independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company maintained the prescribed public float under the GEM Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 March 2021 were audited by Moore Stephens CPA Limited whose term of office will expire upon the annual general meeting. A resolution for the re-appointment of Moore Stephens CPA Limited as the auditor of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Easy Repay Finance & Investment Limited

Siu Yeuk Hung, Clara
Chairman

Hong Kong, 25 June 2021

**Moore Stephens CPA Limited**

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EASY REPAY FINANCE & INVESTMENT LIMITED

(Continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Easy Repay Finance & Investment Limited and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 116, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment losses on loans and advances to customers	
We identified the impairment losses of loans and advances to customers as a key audit matter due to significant management judgements and estimates involved in identification and measurement of expected credit losses ("ECL").	Our procedures in relation to the impairment losses on loans and advances to customers included:
As disclosed in note 22 to the consolidated financial statements, the carrying amount of loans and advances to customers is HK\$160,486,000, after recognising an impairment allowance of HK\$155,225,000 as at 31 March 2021.	• Understanding key controls and how the management estimates the provision for impairment of loans and advances to customers, and the methodology used by the management in the measurement of ECL; • Testing the inputs used by the management in the measurement of ECL, by comparing individual items in the analysis with the relevant loan agreements and other supporting documents on a sample basis; • Assessing the reasonableness of the inputs and assumptions applied to the ECL model for loans and advances to customers, including criteria on determination of internal credit ratings of loans and advances to customers, probability of default, loss given default, value of collateral and forward-looking information on macroeconomic factors; • Reviewing the Group's historical loss experience; • Testing the mathematical accuracy of the calculation in the ECL model; • Examining underlying documentation supporting the value of collateral, if any, on a sample basis; and • Evaluating the appropriateness of disclosures regarding the impairment assessment of loans and advances to customers in the consolidated financial statements.
The management estimates the provision for impairment of loans and advances to customers based on the measurement of ECL under a "three-stage" model. In measuring ECL of loans and advances to customers, the management uses judgements in applying the inputs and assumptions regarding probability of default and loss given default with reference to the historical delinquency ratio of loan portfolio, value of collateral and forward-looking information on macroeconomic factors. We focused on this area because the carrying amount of loans and advances to customers is significant to the consolidated financial statements and the management's impairment assessment of loans and advances to customers requires the use of significant judgements and estimates.	

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment losses on interests in associates	
We identified the impairment losses of interests in associates as a key audit matter due to significant management judgements and estimates involved in the estimation of the recoverable amounts of interests in associates.	Our procedures in relation to the impairment losses on interests in associates included:
As disclosed in note 16 to the consolidated financial statements, the carrying amount of interests in associates is HK\$6,457,000, after recognising an impairment allowance of HK\$11,806,000 as at 31 March 2021.	• Understanding key controls on how the management identifies the existence of impairment indicators and estimates the provision for impairment of interests in associates, and the methodology used by the management in the value in use calculation for interests in associates; • Assessing the reasonableness of the inputs and assumptions applied to the value in use calculation of interests in associates, including discount rate, terminal growth rate and expected change in turnover and direct costs; • Comparing current year's actual results with prior year's forecast to consider whether any inputs or assumptions applied to prior year's forecast, with hindsight, had been aggressive; • Testing the mathematical accuracy of the value in use calculation; • Reconciling inputs and assumptions to supporting evidence, such as current year's actual results, inflation rate and market data; and • Evaluating the appropriateness of disclosures regarding the impairment assessment of interests in associates in the consolidated financial statements.
The management estimates the recoverable amounts of interests in associates based on value in use calculation. In measuring the value in use of interests in associates, the management uses judgements in applying the inputs and assumptions regarding discount rate, terminal growth rate and expected change in turnover and direct costs. We focused on this area because the carrying amount of the interests in associates is significant to the consolidated financial statements and the management's impairment assessment of interests in associates requires the use of significant judgements and estimates.	

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the financial summary, corporate information, chairman's statement, management discussion and analysis, biographical details of directors and senior executives, corporate governance report, environmental, social and governance report and report of the directors but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Chan King Keung
Practising Certificate Number: P06057

Hong Kong, 25 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue from money lending	5(a)	31,189	51,966
Revenue from sale of goods	5(a)	84,179	64,144
Cost of goods sold		(62,253)	(49,901)
Gross profit from sale of goods		21,926	14,243
Investment and other income	6	7,646	1,523
Other gains and losses, net	7	(7,304)	12
Servicing, selling and distribution costs		(8,788)	(11,064)
Administrative expenses		(55,835)	(60,421)
Allowance for expected credit losses on trade receivables, net	35(b)	(4,311)	(4,915)
Allowance for expected credit losses on loans and advances to customers, net	22(b)	(80,504)	(54,133)
Finance costs	11	(231)	(1,242)
Share of results of associates		1,770	1,070
Share of result of a joint venture		(299)	(872)
Loss before tax	8	(94,741)	(63,833)
Income tax credit/(expense)	12	43	(107)
Loss for the year and total comprehensive loss for the year		(94,698)	(63,940)
Loss for the year and total comprehensive loss for the year attributable to:			
Owners of the Company		(93,952)	(63,441)
Non-controlling interests		(746)	(499)
		(94,698)	(63,940)
Loss per share	13		
Basic and diluted		(39.09 HK cents)	(28.47 HK cents)

The notes on pages 50 to 116 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	13,781	16,415
Right-of-use assets	15	4,079	5,279
Interests in associates	16	6,457	20,294
Interest in a joint venture	17	–	355
Deposits, prepayments and other receivables	21	91	64
Loans and advances to customers	22	59,921	95,326
		84,329	137,733
Current assets			
Inventories	19	8,124	3,632
Trade receivables	20	13,664	7,006
Deposits, prepayments and other receivables	21	2,855	2,776
Loans and advances to customers	22	100,565	178,727
Financial assets at fair value through profit or loss	18	23,631	240
Tax recoverable		–	241
Pledged bank deposits	23	1,004	1,003
Cash and cash equivalents	24(a)	44,523	47,438
		194,366	241,063
LIABILITIES			
Current liabilities			
Trade and other payables	25	5,143	8,441
Contract liabilities	26	1,149	1,054
Lease liabilities	27	2,768	3,858
Amount due to an associate	16	–	1,012
Amount due to a joint venture	17	–	86
Income tax payable		289	95
		9,349	14,546
Net current assets		185,017	226,517
Total assets less current liabilities		269,346	364,250

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current liabilities			
Lease liabilities	27	1,390	658
Deferred tax liabilities	30	262	500
		1,652	1,158
Net assets		267,694	363,092
EQUITY			
Equity attributable to owners of the Company			
Share capital	31(b)	2,404	2,404
Reserves	31(c)	265,290	358,314
		267,694	360,718
Non-controlling interests		–	2,374
Total equity		267,694	363,092

The notes on pages 50 to 116 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 44 to 116 were approved and authorised for issue by the board of directors on 25 June 2021 and are signed on its behalf by:

Siu Yeuk Hung, Clara
Director

Law Ka Kei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company						Non-		Total equity
	Share capital	Share Premium	Share Option reserve	Capital reserve	Contributed surplus	Accumulated losses	Total	Controlling Interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 31(b))	(note 31(c)(i))	(note 31(c)(ii))	(note 31(c)(iii))	(note 31(c)(iv))				
Balance at 1 April 2019	2,189	353,125	–	28,392	145,926	(112,597)	417,035	2,868	419,903
Loss for the year	–	–	–	–	–	(63,441)	(63,441)	(499)	(63,940)
Transactions with owners:									
Disposal of subsidiaries	–	–	–	–	–	–	–	5	5
Equity-settled share option arrangement (note 32)	–	–	1,436	–	–	–	1,436	–	1,436
Share issued upon exercise of share option (note 31(b))	215	6,884	(1,411)	–	–	–	5,688	–	5,688
Total transactions with owners	215	6,884	25	–	–	–	7,124	5	7,129
Balance at 31 March 2020 and 1 April 2020	2,404	360,009	25	28,392	145,926	(176,038)	360,718	2,374	363,092
Loss for the year	–	–	–	–	–	(93,952)	(93,952)	(746)	(94,698)
Transactions with owners:									
Acquisition of non-controlling interests (note)	–	–	–	928	–	–	928	(1,628)	(700)
Transfer upon lapse of share options (note 32)	–	–	(25)	–	–	25	–	–	–
Total transactions with owners	–	–	(25)	928	–	(93,927)	(93,024)	(2,374)	(95,398)
Balance at 31 March 2021	2,404	360,009	–	29,320	145,926	(269,965)	267,694	–	267,694

Note : On 20 August 2020, the Group entered into a sale and purchase agreement with a non-controlling shareholder, pursuant to which the Group agreed to acquire 40% of equity interests in a subsidiary at a consideration of HK\$100,000. The excess of HK\$36,000 between the consideration paid to obtain non-controlling interests in a subsidiary and its carrying amount on the date of acquisition was recognised in capital reserve.

On 9 September 2020, the Group entered into a sale and purchase agreement with a non-controlling shareholder, pursuant to which the Group agreed to acquire 25% of equity interests in a subsidiary at a consideration of HK\$600,000. The deficit of HK\$964,000 between the consideration paid to obtain non-controlling interests in a subsidiary and its carrying amount on the date of acquisition was recognised in capital reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Operating activities			
Loss before tax		(94,741)	(63,833)
Adjustments for:			
Depreciation on property, plant and equipment	14	5,518	5,855
Depreciation of right-of-use assets	15	5,471	3,725
Fair value gain on financial assets at fair value through profit or loss, net	7	(1,503)	(2,181)
Gain on disposal of subsidiaries	29	(39)	(709)
Loss on disposal of an associate	7	2,817	–
Gain on disposal of a joint venture	7	(10)	–
Equity-settled share option expense	32	–	1,436
Finance costs	11	231	1,242
Interest income from bank balances	6	(72)	(417)
Interest income from rental deposits	6	(49)	–
Loss on disposal of property, plant and equipment, net	7	2,137	368
Write-down of inventories	8	454	1,332
Dividend income from financial assets at fair value through profit or loss	6	(22)	(5)
Gain on bargain purchase of a subsidiary	28	–	(102)
Allowance for expected credit losses on trade receivables, net		4,311	4,915
Allowance for expected credit losses on loans and advances to customers, net		80,504	54,133
Impairment of interests in associates	7	4,598	2,339
Share of results of associates		(1,770)	(1,070)
Share of result of a joint venture		299	872
		8,134	7,900
(Increase)/decrease in inventories		(4,960)	5,174
(Increase)/decrease in trade receivables		(11,086)	6,174
(Increase)/decrease in deposits, prepayments and other receivables		(162)	2,859
Decrease in loans and advances to customers		33,063	4,719
(Decrease)/increase in trade and other payables		(2,174)	612
Cash generated from operations		22,815	27,438
Dividend received from financial assets at fair value through profit or loss		22	5
Interest received		71	417
Interest and finance charges paid		–	(1,088)
Hong Kong Profits Tax refunded		240	1,593
Net cash generated from operating activities		23,148	28,365

CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)**For the year ended 31 March 2021*

	Notes	2021 HK\$'000	2020 HK\$'000
Investing activities			
Increase in pledged bank deposits		–	(1)
Purchase of financial assets at fair value through profit or loss		(32,258)	(16,164)
Proceeds from disposal of financial assets at fair value through profit or loss		10,370	21,622
Purchase of property, plant and equipment	14	(9,336)	(1,018)
Acquisition of a subsidiary	28	–	(2,000)
Acquisition of interests in associates	16	–	(12,050)
Proceeds from disposal of subsidiaries	29	1,051	4,267
Proceeds from disposal of property, plant and equipment		3,192	–
Proceeds from disposal of an associate	16	7,180	337
Proceeds from disposal of a joint venture	17	56	–
Net cash used in investing activities		(19,745)	(5,007)
Financing activities			
Repayment to related parties		–	(5,700)
Repayment of borrowings		–	(7,500)
Advance from an associate		–	1,012
(Repayment to)/advance from a joint venture		(76)	86
Repayment of lease liabilities	27	(5,542)	(3,800)
Acquisition of non-controlling interests		(700)	–
Proceeds from issue of ordinary shares upon exercise of share options	31(b)	–	5,688
Net cash used in financing activities		(6,318)	(10,214)
Net (decrease)/increase in cash and cash equivalents		(2,915)	13,144
Cash and cash equivalents at the beginning of year		47,438	34,294
Cash and cash equivalents at the end of year		44,523	47,438

The notes on pages 50 to 116 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

Easy Repay Finance & Investment Limited (the “Company”) was an exempted company continued into Bermuda with limited liability with effect from 30 April 2008. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The principal places of business of the Company and its subsidiaries (collectively referred to as the “Group”) are in Hong Kong. The Company’s principal place of business in Hong Kong is Unit A, 8/F., D2 Place two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon. The Company’s shares are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

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

These consolidated financial statements were approved and authorised for issue by the board of directors on 25 June 2021.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(a) Impacts on application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

(b) Impacts on application of Amendments to HKFRS 3 "Definition of a Business"

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred income tax assets, and goodwill resulting from the effects of deferred income tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ⁵
Amendments to Accounting Guideline 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised) ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁵
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ⁴

¹ Effective for annual periods beginning on or after 1 June 2020.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after 1 April 2021.

⁴ Effective for annual periods beginning on or after 1 January 2022.

⁵ Effective for annual periods beginning on or after 1 January 2023.

⁶ Effective for annual periods beginning on or after a date to be determined.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

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

(a) Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associates or Joint Venture"

The amendments to HKFRS 10 "Consolidated Financial Statements" and HKAS 28 "Investments in Associates and Joint Ventures" deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 16 "Covid-19-Related Rent Concessions"

The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"

The 2021 Amendment to HKFRS 16 extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

(d) Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)"

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from the end of the reporting period for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

Based on the Group's outstanding liabilities as at 31 March 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

(e) Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020

The annual improvements make amendments to the following standards:

HKFRS 9 "Financial Instruments"

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

HKFRS 16 "Leases"

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

HKAS 41 "Agriculture"

The amendment ensures consistency with the requirements in HKFRS 13 "Fair Value Measurement" by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation and consolidation

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation and consolidation *(Continued)*

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

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

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

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

Business combinations

Effective from 1 April 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in change in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in associates and joint ventures *(Continued)*

An interest in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements	20% or over the lease terms, whichever is shorter
Equipment	20% to 33%
Furniture and fixtures	20% to 50%
Motor vehicles	20%
Ship	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in profit or loss.

Impairment on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amounts of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rate basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, bank overdrafts and three-month time deposits.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

In the consolidated statement of financial position, bank overdrafts are shown in current liabilities.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income as measured at financial assets at fair value through profit or loss ("FVTPL") if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets designated at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Credit losses and impairment of financial assets

The Group recognises a credit loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and loans and advances to customers), and on loan commitments issued which are not measured at FVTPL. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has applied loss rates which are reference to the default rates, adjusted for forward-looking factors and the economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit losses and impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("12m ECLs"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

At the end of each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For financial assets, the Group considers that there has been a significant increase in credit risk when contractual payments are past due. The Group considers these financial assets are in default when contractual payments are 30 days past due.

Loan and advances to customers are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12m ECLs.
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.
- Stage 3 – Financial assets that are credit-impaired at the end of the reporting period (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonably supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit losses and impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in (1) regulatory, economic or technological environments; (2) business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- financial reorganisation/restructuring entered by the debtors.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonably supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit losses and impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider;
- (d) probable bankruptcy or other financial reorganisation entered by the debtor;
- (e) probable shortfall that expected cash inflows from the realisation of collateral is below the carrying amount of financial assets; or
- (f) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off the gross carrying amount of a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

A write-off constitutes a derecognition event. Any subsequent recoveries will result in an impairment gain and is included in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit losses and impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*

Where ECL is measured on a collective basis or caters for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the below basis:

- Nature of financial instruments (i.e. the Group's trade receivables, loans and advances to customers are each assessed as a separate group. Other receivables are collective assessed.
- Past-due status;
- External credit ratings where available; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics in accordance with the internal credit risk categories as disclosed in note 35(b).

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables and amounts due to a joint venture and an associate) are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

Leases

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.

For contracts entered into or modified or arising from business combinations on or 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, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of clinics that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

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 are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 are 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 consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities *(Continued)*

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures 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/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidate statement of financial position.

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.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessor *(Continued)*

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, joint ventures, and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “investment and other income”.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share option reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Revenue recognition

Revenue from contracts with customers

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract liability relating to a contract are accounted for a presented on a net basis.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts.

Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these consolidated financial statements requires the directors of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Impairment allowances on loans and advances to customers

The Group estimates the provision for impairment of loans and advances to customers based on the measurement of ECL under a "three-stage" model. The allowance for ECL on the loans and advances to customers are calculated based on loss rates which are reference to the default rates from international credit rating agencies and historical data, adjusted for forward-looking information specific to the debtors and the economic environment. Specifically, a credit loss is the present value of the difference between (i) the contractual cash flows that are due to an entity under the contract and (ii) the cash flows that the entity expects to receive. Such assessment involves a high degree of estimation and uncertainty. When the actual future cash flows are less or more than expected, a material provision for ECL or material reversal of provision for ECL may arise, accordingly. As at 31 March 2021, the carrying amount of loans and advances to customers is HK\$160,486,000 (2020: HK\$274,053,000), after recognising an impairment allowance of HK\$155,225,000 (2020: HK\$81,414,000).

(b) ECL allowances for trade receivables

Management regularly assesses the allowance for ECL on trade receivables and recognises lifetime ECL for trade receivables. Allowances for ECL on trade receivables are made based on evaluation of ECL for trade receivables and involve exercise of management's judgments, which are made by reference to the estimation of the future cash flows discounted to the present value. A considerable amount of judgment is required in assessing the ultimate realisation of these debtors, including their current creditworthiness and the risk of default occurring on debtors with significant balances and/or collectively using a provision matrix with appropriate groupings. The assessment on the probability of default and loss given default is based on historical data adjusted by forward-looking information. As at 31 March 2021, the carrying amount of trade receivables is HK\$13,664,000 (2020: HK\$7,006,000), after recognising an impairment allowance of HK\$6,124,000 (2020: HK\$2,381,000).

(c) Impairment assessment on property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used. Based on the assessment prepared by the management, the recoverable amount of the relevant CGUs are larger than their carrying amounts and therefore no impairment was recognised in profit or loss for the year ended 31 March 2021.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(d) Impairment assessment on interests in associates

During the year ended 31 March 2020, the Group acquired three associates, which are Big Max Limited ("Big Max"), Diamond Brave Limited ("Diamond Brave") and Wing Way Limited ("Wing Way"), at considerations of HK\$3,850,000, HK\$4,100,000 and HK\$4,100,000, respectively. The Group estimates the recoverable amounts of these interests in associates based on value in use calculation. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the associates with assumptions of terminal growth rates and discount rates in order to calculate the present values. As at 31 March 2021, the carrying amounts of the Group's interests in Big Max, Diamond Brave and Wing Way are HK\$1,944,000, HK\$3,115,000 and HK\$1,398,000 (2020: HK\$3,531,000, HK\$3,177,000 and HK\$3,010,000), after recognising impairment allowances of HK\$2,509,000, HK\$1,487,000 and HK\$3,010,000 (2020: HK\$358,000, HK\$937,000 and HK\$1,113,000), respectively.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. 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:

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Contracts with customers		
Retail sales of grocery products and coupons and restaurant operation	50,042	40,594
Wholesale of frozen food and processed food	34,137	23,550
	84,179	64,144
Revenue from contracts with customers not within the scope of HKFRS 15		
Revenue from money lending	31,189	51,966
	115,368	116,110
Timing of revenue recognition within the scope of HKFRS 15		
At point in time	84,179	64,144

Revenue from contracts with customers are recognised at a point in time.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information

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

Management assesses the performance based on the nature of the Group's businesses which are principally located in Hong Kong, and comprises (i) money lending; and (ii) groceries retail and wholesale.

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

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

(c) Segment results, assets and liabilities

	Money lending		Groceries retail and wholesale		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from external customers	31,189	51,966	84,179	64,144	115,368	116,110
Reportable segment loss before tax	(79,934)	(36,933)	(5,102)	(15,058)	(85,036)	(51,991)
Depreciation of property, plant and equipment	2,090	1,683	2,380	1,686	4,470	3,369
Depreciation of right-of-use assets	–	1,956	2,853	1,769	2,853	3,725
Allowance for expected credit losses on trade receivables, net	–	–	4,311	4,915	4,311	4,915
Allowance for expected credit losses on loans and advances to customers, net	80,504	54,133	–	–	80,504	54,133
Reportable segment assets	199,514	305,180	51,016	38,557	250,530	343,737
Additions to property, plant and equipment	4,687	722	4,210	296	8,897	1,018
Reportable segment liabilities	1,157	4,642	4,929	8,797	6,086	13,439

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	2021 HK\$'000	2020 HK\$'000
Revenue		
Reportable segment revenue and consolidated revenue	115,368	116,110
	2021 HK\$'000	2020 HK\$'000
Loss before tax		
Reportable segment loss before tax	(85,036)	(51,991)
Unallocated head office corporate expenses	(11,287)	(12,333)
Investment and other income	7,646	1,523
Other gains and losses, net	(7,304)	12
Finance costs	(231)	(1,242)
Share of results of associates	1,770	1,070
Share of result of a joint venture	(299)	(872)
Consolidated loss before tax	(94,741)	(63,833)
	2021 HK\$'000	2020 HK\$'000
Assets		
Reportable segment assets	250,530	343,737
Unallocated corporate assets	28,165	35,059
Consolidated total assets	278,695	378,796
	2021 HK\$'000	2020 HK\$'000
Liabilities		
Reportable segment liabilities	6,086	13,439
Unallocated corporate liabilities	4,915	2,265
Consolidated total liabilities	11,001	15,704

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(e) Information about major customers

No single customer contributed 10% or more to the Group's revenue for the years ended 31 March 2021 and 2020.

(f) Geographical information

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

6. INVESTMENT AND OTHER INCOME

	2021 HK\$'000	2020 HK\$'000
Dividend income from financial assets at FVTPL	22	5
Government grants <i>(note)</i>	5,642	–
Interest income from		
– bank balances	72	417
– rental deposits	49	–
Rental income from sub-letting of		
– office premises	142	154
Sponsorship income	422	329
Others	1,297	618
	7,646	1,523

Note: During the year ended 31 March 2021, the Group recognised government grants of HK\$5,642,000 (2020: Nil) in respect of Covid-19-related subsidies, including Employment Support Scheme and Retail Sector Subsidy Scheme provided by the Hong Kong government. There is no unfulfilled condition or contingency in respect of the government grants.

7. OTHER GAINS AND LOSSES, NET

	2021 HK\$'000	2020 HK\$'000
Exchange losses, net	–	(273)
Fair value gains on financial assets at FVTPL, net	1,503	2,181
Gain on disposal of subsidiaries <i>(note 29)</i>	39	709
Loss on disposal of an associate <i>(note 16)</i>	(2,817)	–
Gain on disposal of a joint venture <i>(note 17)</i>	10	–
Impairment loss of interests in associates <i>(note 16)</i>	(4,598)	(2,339)
Gain on bargain purchase of a subsidiary <i>(note 28)</i>	–	102
Loss on disposal of property, plant and equipment, net	(2,137)	(368)
Others	696	–
	(7,304)	12

8. LOSS BEFORE TAX

	2021 HK\$'000	2020 HK\$'000
Loss before tax is arrived at after charging:		
Auditors' remuneration	710	650
Commission expense		
– Money lending business	1,524	3,768
– Retail and wholesale business	77	142
Minimum lease payments in respect of short-term leases of land and buildings	76	843
Employee benefit expenses		
– Basic salaries, allowances and other benefits in kind	30,803	32,274
– Retirement benefit scheme contributions	2,007	2,138
Equity-settled share option expense (note 32)	–	1,436
	32,810	35,848
Depreciation of property, plant and equipment (note 14)		
– Owned assets (included in administrative expenses)	4,698	5,209
– Owned assets (included in cost of sales)	820	646
	5,518	5,855
Depreciation of right-of-use assets (note 15)		
– Included in administrative expenses	4,883	3,129
– Included in cost of sales	588	596
	5,471	3,725
Carrying amount of inventories sold	47,820	47,352
Write-down of inventories (included in cost of sales)	454	1,332
Cost of inventories recognised as expenses	48,274	48,684

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefit of Directors) Regulation (Cap. 622G) and the GEM Listing Rules, the remuneration paid or payable to each of the eight (2020: six) directors of the Company is set out below:

	For the year ended 31 March 2021				
	Fees	Salaries, allowances and benefits	Bonus	Retirement benefit scheme contributions	Total
	HK\$'000	in kind HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Executive Directors</i>					
Mr. SHIU Yeuk Yuen, the Chairman (Resigned from Executive Director and the Chairman on 2 July 2020)	66	–	–	–	66
Ms. SIU Yeuk Hung, Clara, the Chairman (Appointed as the Chairman on 2 July 2020)	–	741	100	18	859
Mr. LAW Ka Kei (Appointed on 2 July 2020)	–	387	108	13	508
	66	1,128	208	31	1,433
<i>Independent Non-Executive Directors</i>					
Mr. LEE King Fui (Appointed on 17 July 2019)	100	–	–	–	100
Mr. HO Siu King, Stanley (Resigned on 7 June 2020)	19	–	–	–	19
Mr. SIU Chi Yiu Kenny (Appointed on 8 May 2019 and resigned on 18 June 2020)	22	–	–	–	22
Mr. HO Tak Yin (Appointed on 21 August 2020)	61	–	–	–	61
Mr. LEE Wing Lun (Appointed on 16 September 2020)	54	–	–	–	54
	256	–	–	–	256
Total emoluments	322	1,128	208	31	1,689

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

	For the year ended 31 March 2020				
	Fees	Salaries, allowances and benefits	Bonus	Retirement benefit scheme	Total
	HK\$'000	in kind HK\$'000	HK\$'000	contributions HK\$'000	HK\$'000
<i>Executive Directors</i>					
Mr. SHIU Yeuk Yuen, the Chairman (Resigned from Executive Director and the Chairman on 2 July 2020)	–	284	–	–	284
Ms. SIU Yeuk Hung, Clara, the Chairman (Appointed as the Chairman on 2 July 2020)	–	777	33	18	828
	–	1,061	33	18	1,112
<i>Independent Non-Executive Directors</i>					
Mr. LEE King Fui (Appointed on 17 July 2019)	71	–	–	–	71
Mr. KAM Tik Lun (Resigned on 17 July 2019)	30	–	–	–	30
Mr. HO Siu King, Stanley (Resigned on 7 June 2020)	100	–	–	–	100
Mr. SIU Chi Yiu Kenny (Appointed on 8 May 2019 and resigned on 18 June 2020)	90	–	–	–	90
	291	–	–	–	291
Total emoluments	291	1,061	33	18	1,403

Except as disclosed above, there was no remuneration paid to other directors of the Company for the years ended 31 March 2021 and 2020.

During the years ended 31 March 2021 and 2020, no emolument was paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office and none of the directors of the Company has waived any emoluments during the year.

"Salaries, allowances and benefits in kind" paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

10. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, two (2020: one) were directors of the Company whose emoluments are included in the disclosures in note 9 above. The emoluments payable to the remaining three (2020: four) individuals in which all of them (2020: all of them) were senior management during the year are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries, allowances and benefits in kind	2,023	2,782
Retirement benefit scheme contributions	54	36
	2,077	2,818

The emoluments of the highest paid three (2020: four) individuals for the year fell within the following bands:

	Number of individuals 2021	2020
Emolument bands		
Nil – HK\$1,000,000	3	4

11. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest expenses on:		
Borrowings	–	1,088
Lease liabilities	231	154
	231	1,242

12. INCOME TAX (CREDIT)/EXPENSE

	2021 HK\$'000	2020 HK\$'000
Current tax: Hong Kong		
– Current year tax expense	290	–
– Over-provision in prior years	(95)	(270)
	195	(270)
Deferred tax (note 30)	(238)	377
Income tax (credit)/expense	(43)	107

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

12. INCOME TAX (CREDIT)/EXPENSE (Continued)

The tax (credit)/expense for the year can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2021 HK\$'000	2020 HK\$'000
Loss before tax	(94,741)	(63,833)
Tax at the domestic income tax rate at 16.5% (2020: 16.5%)	(15,632)	(10,532)
Tax effect of non-taxable income	(1,183)	(692)
Tax effect of non-deductible expenses	2,027	678
Tax effect of unused tax losses not recognised	15,241	9,431
Tax effect of utilisation of tax losses previously not recognised	(439)	(224)
Tax effect of deductible temporary differences not recognised	281	1,749
Tax effect of share of results of associates	(292)	(177)
Tax effect of share of result of a joint venture	49	144
Over-provision in prior years	(95)	(270)
Income tax (credit)/expense	(43)	107

At the end of the reporting period, the Group has unused tax losses of HK\$182,871,000 (2020: HK\$95,452,000) for offset against future profits. A deferred tax asset has been recognised in respect of HK\$3,952,000 (2020: HK\$1,867,000) of such losses. The tax losses do not expire under current legislation. No deferred tax asset has been recognised in respect of the tax losses of HK\$178,919,000 (2020: HK\$93,585,000) due to the unpredictability of future profit streams.

As 31 March 2021, the Group has deductible temporary differences of HK\$223,000 (2020: HK\$213,000) of which deferred taxation has not been recognised. Tax effect of such deductible temporary differences as at 31 March 2021 was HK\$37,000 (2020: HK\$35,000).

13. LOSS PER SHARE

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

	2021 HK\$'000	2020 HK\$'000
Loss		
Loss for the year attributable to owners of the Company	(93,952)	(63,441)
	2021	2020
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	240,359,354	222,845,898

The computation of diluted loss per share for the year ended 31 March 2021 is the same as the computation of basic loss per share as there were no potential ordinary shares in issue.

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

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles and ship <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 April 2019	8,938	8,172	4,208	14,328	35,646
Additions	521	356	141	–	1,018
Acquisition of a subsidiary	1,970	268	39	–	2,277
Disposals	(1,710)	(31)	–	–	(1,741)
Disposal of a subsidiary	–	(252)	(6)	–	(258)
At 31 March 2020 and 1 April 2020	9,719	8,513	4,382	14,328	36,942
Additions	2,421	5,938	977	–	9,336
Disposals	–	(1,150)	–	(13,110)	(14,260)
Disposal of a subsidiary	(1,970)	(277)	(50)	–	(2,297)
At 31 March 2021	10,170	13,024	5,309	1,218	29,721
Accumulated depreciation					
At 1 April 2019	2,895	3,502	2,824	6,435	15,656
Charge for the year	2,014	1,292	791	1,758	5,855
Acquisition of a subsidiary	520	79	10	–	609
Written back on disposals	(1,456)	(2)	–	–	(1,458)
Disposal of a subsidiary	–	(132)	(3)	–	(135)
At 31 March 2020 and 1 April 2020	3,973	4,739	3,622	8,193	20,527
Charge for the year	2,289	1,863	598	768	5,518
Written back on disposals	–	(1,042)	–	(7,889)	(8,931)
Disposal of a subsidiary	(991)	(161)	(22)	–	(1,174)
At 31 March 2021	5,271	5,399	4,198	1,072	15,940
Carrying amounts					
At 31 March 2021	4,899	7,625	1,111	146	13,781
At 31 March 2020	5,746	3,774	760	6,135	16,415

Note: As at 31 March 2020, the ship with net book value of HK\$5,625,000 was for staff welfare. The ship was disposed of to an independent third party during the year ended 31 March 2021.

15. RIGHT-OF-USE ASSETS

	Land and buildings <i>HK\$'000</i>
Cost	
At 1 April 2019 upon initial application of HKFRS 16	6,320
Additions	3,858
Reassessment	(1,174)
At 31 March 2020 and 1 April 2020	9,004
Additions	1,838
Lease modification	(573)
Disposal of a subsidiary	(1,322)
At 31 March 2021	8,947
Accumulated depreciation	
At 1 April 2019 upon initial application of HKFRS 16	–
Charge for the year	3,725
At 31 March 2020	3,725
Charge for the year	5,471
Lease modification	(3,226)
Disposal of a subsidiary	(1,102)
At 31 March 2021	4,868
Carrying amounts	
At 31 March 2021	4,079
At 31 March 2020	5,279

For both years, the Group leases office buildings for its operations. Lease contracts which effective interest rates of 4.4% (2020: 4.1%–5.2%) are entered into for fixed terms of 12 months to 3 years (2020: 12 months to 3 years), but may have extension and termination options included. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is beyond its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

The reassessment of lease liabilities and corresponding right-of-use assets during the year ended 31 March 2020 represented by rent reduction from July 2019 to May 2021 relating to the social unrest in Hong Kong.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

16. INTERESTS IN ASSOCIATES

	2021 HK\$'000	2020 HK\$'000
Unlisted shares, at cost	16,850	26,535
Share of post-acquisition profit	1,413	3,045
Less: allowance for impairment	(11,806)	(9,286)
	6,457	20,294
Amount due to an associate (<i>note iii</i>)	–	(1,012)

Notes:

- (i) On 15 September 2020, the Group entered into a sale and purchase agreement with Topwise Global Holdings Limited ("TGHL"), pursuant to which the Group agreed to dispose of its 22% equity interests in TGHL and TGHL agreed to repurchase its own shares, at a consideration of HK\$8,192,000. The consideration was partly settled by cash amounted to HK\$7,180,000 during the year ended 31 March 2021 and the remaining HK\$1,012,000 was settled by a waiver of amount due to TGHL. A net loss of disposal of the associate of HK\$2,817,000 was recognised in profit or loss during the year ended 31 March 2021.
- (ii) On 2 March 2020, the Group entered into sale and purchase agreements with independent third parties to acquire 20% equity interests in each of Big Max, Diamond Brave and Wing Way at considerations of HK\$3,850,000, HK\$4,100,000 and HK\$4,100,000, respectively. The considerations were settled by cash during the year ended 31 March 2020.

16. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(iii) The amount due to an associate is unsecured, interest-free and repayable on demand. The directors of the Company considered the carrying amounts of amount due to an associate approximate its fair value as at 31 March 2020.

(iv) Particulars of the Group's interests in the Group's material associates at 31 March 2021 and 2020 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			
			2021 %	2020 %	2021 %	2020 %		
TGHL [#]	Ordinary	N/A (2020: HK\$42,750,000)	N/A	22	N/A	N/A	Vehicle inspection and maintenance and operation of vehicles examination centre	The British Virgin Islands
Keep Choice Limited ("KCL")	Ordinary	N/A (2020: HK\$100)	N/A	N/A	N/A	22	Vehicle inspection and maintenance and operation of a vehicles examination centre	Hong Kong
Big Max	Ordinary	HK\$100 (2020: HK\$100)	20	20	N/A	N/A	Operation of a restaurant	Hong Kong
Diamond Brave	Ordinary	HK\$100 (2020: HK\$100)	20	20	N/A	N/A	Operation of a restaurant	Hong Kong
Wing Way	Ordinary	HK\$100 (2020: HK\$100)	20	20	N/A	N/A	Operation of a restaurant	Hong Kong

[#] TGHL is an investment holding company which holds 100% equity interest in Power Moto Holdings Limited ("Power Moto"). KCL is a subsidiary of Power Moto which is engaged in vehicle inspection and maintenance and operation of a vehicles examination centre.

All of the above associates are unlisted and accounted for using the equity method in the consolidated financial statements.

(v) Impairment assessment of the interests in associates

As at 31 March 2021, due to the unfavorable market condition and the government policy of prohibition on group gathering, the management performed an impairment assessment on interests in Big Max, Diamond Brave and Wing Way with gross carrying amounts of HK\$4,453,000, HK\$4,602,000 and HK\$4,408,000 (2020: HK\$3,889,000, HK\$4,114,000 and HK\$4,123,000), respectively. The recoverable amounts of the associates have been estimated based on value in use calculation, which uses cash flow projections covering a five-year period based on current year's actual results adjusted by expected changes in turnover and direct costs, and a discount rate of 14.09% (2020: 13.20%). Cash flows beyond the five-year period have been extrapolated using a terminal growth rate of 2.5% (2020: 2.5%) which do not exceed the historical average growth rate of the relevant market. Other key assumptions for the value in use calculation include the expected changes in turnover and direct costs for the projection of future cash flows. These assumptions are made based on the associates' past performance and management's expectation on the relevant market.

Based on the result of the impairment assessment, the recoverable amounts of the associates are lower than their carrying amounts. Accordingly, the Group has recognised provision for impairment on its interests in Big Max, Diamond Brave and Wing Way of HK\$2,151,000, HK\$550,000, HK\$1,897,000 (2020: HK\$358,000, HK\$937,000, HK\$1,113,000), respectively, during the year ended 31 March 2021. The carrying amounts of goodwill included interests in associates have been reduced accordingly.

16. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

- (vi) Summarised financial information of the material associates, reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2020 HK\$'000
TGHL	
<i>Gross amounts of the associate</i>	
Non-current assets	35,903
Current assets	18,533
Current liabilities	(8,948)
Equity	45,488
Revenue	48,080
Profit for the year and total comprehensive income for the year	4,520
<i>Reconciled to the Group's interest in the associate</i>	
Gross amount of net assets of the associate	45,488
Non-controlling interests	–
Group's effective interest	22%
Group's share of net assets of the associate	10,008
Goodwill	2,645
Accumulated impairment	(2,077)
Carrying amount in the consolidated financial statements	10,576

The revenue and profit and total comprehensive income for the year ended 31 March 2021, up to the date of disposal, are HK\$13,586,000 and HK\$1,968,000, respectively.

	2021 HK\$'000	2020 HK\$'000
Big Max		
<i>Gross amounts of the associate</i>		
Non-current assets	4,552	6,387
Current assets	4,809	1,482
Current liabilities	(5,949)	(4,991)
Non-current liabilities	(999)	(3,283)
Equity	2,413	(405)
Revenue (note)	23,651	1,951
Profit and total comprehensive income (note)	2,818	192
<i>Reconciled to the Group's interest in the associate</i>		
Gross amount of net assets/(liabilities) of the associate	2,413	(405)
Group's effective interest	20%	20%
Group's share of net assets/(liabilities) of the associate	483	(81)
Goodwill	3,970	3,970
Accumulated impairment	(2,509)	(358)
Carrying amount in the consolidated financial statements	1,944	3,531

Note: Amounts for the year ended 31 March 2020 represent post-acquisition results of the associate.

16. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

- (vi) Summarised financial information of the material associates, reconciled to the carrying amounts in the consolidated financial statements, is disclosed below: (Continued)

	2021 HK\$'000	2020 HK\$'000
Diamond Brave		
<i>Gross amounts of the associate</i>		
Non-current assets	6,096	8,051
Current assets	6,843	1,611
Current liabilities	(3,646)	(2,286)
Non-current liabilities	(6,403)	(6,928)
Equity	2,890	448
Revenue (note)	18,960	1,528
Profit and total comprehensive income (note)	2,442	70
<i>Reconciled to the Group's interest in the associate</i>		
Gross amount of net assets of the associate	2,890	448
Group's effective interest	20%	20%
Group's share of net assets of the associate	578	90
Goodwill	4,024	4,024
Accumulated impairment	(1,487)	(937)
Carrying amount in the consolidated financial statements	3,115	3,177

Note: Amounts for the year ended 31 March 2020 represent post-acquisition results of the associate.

	2021 HK\$'000	2020 HK\$'000
Wing Way		
<i>Gross amounts of the associate</i>		
Non-current assets	4,258	6,735
Current assets	3,612	1,247
Current liabilities	(5,044)	(4,374)
Non-current liabilities	(1,630)	(3,840)
Equity	1,196	(232)
Revenue (note)	18,306	1,774
Profit and total comprehensive income (note)	1,428	114
<i>Reconciled to the Group's interest in the associate</i>		
Gross amount of net assets/(liabilities) of the associate	1,196	(232)
Group's effective interest	20%	20%
Group's share of net assets/(liabilities) of the associate	239	(46)
Goodwill	4,169	4,169
Accumulated impairment	(3,010)	(1,113)
Carrying amount in the consolidated financial statements	1,398	3,010

Note: Amounts for the year ended 31 March 2020 represent post-acquisition results of the associate.

16. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(vii) The Group has discontinued recognition of its share of losses of certain associates.

The amounts of unrecognised share of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2021 HK\$'000	2020 HK\$'000
Unrecognised share of losses of associates for the year	–	–
Accumulated unrecognised share of losses of associates	3,456	3,456

17. INTEREST IN A JOINT VENTURE

	2021 HK\$'000	2020 HK\$'000
Unlisted shares, at cost	–	1,373
Share of post-acquisition losses	–	(1,018)
	–	355
Amount due to a joint venture (note)	–	86

Note: The amount due to a joint venture is unsecured, interest-free and repayable on demand. The directors of the Company considered the carrying amount of the amount due to a joint venture approximates its fair value as at 31 March 2020.

The following set out the particulars of the joint venture of the Group as at 31 March 2021 and 2020:

Name of joint venture	Class of shares held	Particulars of paid up capital	Proportion of ownership interest		Principal activities	Place of incorporation and operations
			2021 %	2020 %		
Basic Wholesale Limited ("Basic Wholesale")	Ordinary	N/A (2020: HK\$15,000)	–	40	Wholesale of grocery products	Hong Kong

Pursuant to the sale and purchase agreement for the acquisition of 40% equity interests of Basic Wholesale by the Group in prior year, the Group was able to exert joint control over Basic Wholesale as the Group has appointed one out of two directors on the board of directors. Appointment or removal of a director can be executed by an ordinary resolution that requires 75% vote. The composition of directors has no change during the years ended 31 March 2021 and 2020.

On 22 March 2021, the Group entered into a sale and purchase agreement with another joint-control shareholder of Basic Wholesale, pursuant to which the Group agreed to dispose of and the joint-control shareholder agreed to acquire the 40% equity interests of the Basic Wholesale held by the Group for a consideration of HK\$66,000. The consideration of HK\$56,000 was settled by cash during the year ended 31 March 2021 and the remaining consideration of HK\$10,000 was waiver of amount due to Basic Wholesale. A net gain on disposal of the joint venture of HK\$10,000 was recognised in profit or loss during the year ended 31 March 2021.

17. INTEREST IN A JOINT VENTURE (Continued)

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

	2020 HK\$'000
Basic Wholesale	
<i>Gross amounts of the joint venture</i>	
Non-current assets	71
Current assets	3,259
Current liabilities	(2,443)
Equity	887
Revenue	10,309
Loss and total comprehensive expenses for the year	(2,180)
<i>Reconciled to the Group's interest in the joint venture</i>	
Gross amount of net assets of the joint venture	887
Group's effective interest	40%
Group's share of net assets of the joint venture	355

The revenue and loss and total comprehensive expenses for the year ended 31 March 2021, up to the date of disposal, are HK\$2,621,000 and HK\$748,000, respectively.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK\$'000	2020 HK\$'000
Listed equity securities		
– Hong Kong (notes (i) and (ii))	7,233	240
Unlisted fund (notes (iii) and (iv))	16,398	–
	23,631	240

Notes:

- (i) The fair values of listed equity securities are determined by reference to their quoted market prices at the end of the reporting period and are categorised as level 1 under fair value measurement hierarchy.
- (ii) As at 31 March 2021, listed equity securities with an aggregate fair value of approximately HK\$nil (2020: HK\$124,000) were pledged as collateral to securities brokers for margin financing granted to the Group.

As at 31 March 2021 and 2020, no margin financing was utilised by the Group.
- (iii) On 31 August 2020, the Group entered into a subscription agreement with a fund registered in the Cayman Islands, pursuant to which the Group agreed to subscribe for the shares in a segregated portfolio of the fund at a consideration of HK\$16,000,000.
- (iv) The fair value of the Group's interests in the fund is determined by reference to its net asset value per share at the end of the reporting period, 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. The fair value of the Group's interests in the fund is categorised as level 3 under fair value measurement hierarchy.

19. INVENTORIES

	2021 HK\$'000	2020 HK\$'000
Merchandise, at cost	8,124	3,632

20. TRADE RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	19,788	9,387
Allowance for credit losses	(6,124)	(2,381)
	13,664	7,006

The Group maintains payment terms of cash on delivery for retail sales for both years ended 31 March 2021 and 2020. The credit term for certain wholesale customers is 0 to 30 days from the date of billing for the years ended 31 March 2021 and 2020. The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

Included in the trade receivables are amounts due from associates amounted to HK\$5,322,000 (2020: HK\$1,341,000), after recognising an allowance for credit losses of HK\$1,171,000 (2020: Nil).

Details of allowance for credit losses refer to note 35(b).

The following is an aged analysis of trade receivables, net of impairment, presented based on the invoice dates:

	2021 HK\$'000	2020 HK\$'000
Within three months	5,735	6,885
Over three months and within one year	7,929	121
	13,664	7,006

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Deposits (<i>note (iii)</i>)	1,883	1,963
Prepayments	953	722
Other receivables	110	155
	2,946	2,840
Analysed for reporting purpose as:		
Current portion (<i>note (i)</i>)	2,855	2,776
Non-current portion (<i>note (iii)</i>)	91	64
	2,946	2,840

Notes:

- (i) As at 31 March 2021 and 2020, the balances of deposits, prepayments and other receivables were expected to be utilised within one year from the end of the reporting period and hence were classified as current assets except for the long term rental deposit.
- (ii) In the opinion of the directors of the Company, deposits, prepayments and other receivables are neither past due nor impaired.
- (iii) Included in deposits was rental deposits of HK\$1,201,000 (2020: HK\$1,030,000) of which HK\$91,000 (2020: HK\$64,000) is expected to be utilised over one year.

22. LOANS AND ADVANCES TO CUSTOMERS

	2021 HK\$'000	2020 HK\$'000
Loans and advances to customers	315,711	355,467
Allowance for credit losses	(155,225)	(81,414)
	160,486	274,053
Analysed for reporting purpose as:		
Current portion	100,565	178,727
Non-current portion	59,921	95,326
	160,486	274,053

As at 31 March 2021, loans and advances to customers of HK\$16,206,000 (2020: HK\$40,208,000) and HK\$17,486,000 (2020: HK\$6,874,000), respectively, are secured by the customers' pledged first charge and second charge properties located in Hong Kong of which the fair value of the property is higher of the respective loan. As at 31 March 2021, total market value of the customers' pledged first charge and second charge properties as collaterals for these loans and advances to customers were HK\$50,700,000 (2020: HK\$101,950,000) and HK\$106,950,000 (2020: HK\$98,700,000), respectively. The remaining balances are unsecured which include unsecured personal loans and third mortgage loans.

All loans and advances to customers are denominated in HK\$. The Group's loans and advances to customers related to a large number of diversified customers with principal amounts ranged from HK\$5,000 to HK\$32,680,000 (2020: HK\$8,000 to HK\$32,680,000). The loans and advances to customers carry fixed effective interest rate as follows with credit terms mutually agreed with the customers:

Types of loan	Effective interest rate per annum	
	2021	2020
Secured loan with properties (first charge and second charge)	12% – 24%	4% – 28%
Unsecured loan	2% – 56%	2% – 56%

22. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(a) Analysis of changes in the gross carrying amount is as follow:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 April 2019	288,035	37,314	39,336	364,685
Additions	220,684	–	–	220,684
Interest income recognised	47,832	1,854	2,280	51,966
Transfer from/to 12m ECL, net	(315,084)	277,186	37,898	–
Transfer from/to lifetime ECL (credit-impaired), net	–	(16,283)	16,283	–
Repayments	(169,782)	(89,957)	(17,630)	(277,369)
Amounts written off	–	–	(4,499)	(4,499)
At 31 March 2020 and 1 April 2020	71,685	210,114	73,668	355,467
Additions	93,254	–	–	93,254
Interest income recognised	10,963	18,260	1,966	31,189
Transfer from/to 12m ECL, net	(12,591)	(49,923)	62,514	–
Transfer from/to lifetime ECL (credit-impaired), net	–	(61,130)	61,130	–
Repayments	(83,295)	(62,269)	(11,942)	(157,506)
Amounts written off	–	–	(6,693)	(6,693)
At 31 March 2021	80,016	55,052	180,643	315,711

(b) Analysis of changes in the corresponding allowance for credit losses is as follow:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 April 2019	12,435	1,666	17,679	31,780
Transfer from/to 12m ECL, net	(10,077)	9,727	350	–
Transfer from/to lifetime ECL, net	–	(614)	614	–
Recognise of allowance for ECL, net	13	15,422	38,698	54,133
Amounts written off	–	–	(4,499)	(4,499)
At 31 March 2020 and 1 April 2020	2,371	26,201	52,842	81,414
Transfer from/to 12m ECL, net	(1,125)	(9,079)	10,204	–
Transfer from/to lifetime ECL, net	–	(7,376)	7,376	–
Recognise of allowance for ECL, net	662	342	79,500	80,504
Amounts written off	–	–	(6,693)	(6,693)
At 31 March 2021	1,908	10,088	143,229	155,225

23. PLEDGED BANK DEPOSITS

The pledged bank deposits of HK\$1,004,000 (2020: HK\$1,003,000) carry interest at the rate of 0.1% (2020: 0.1%) per annum with maturity period of three months (2020: three months). As at 31 March 2021, the above bank deposits have been pledged to banks to secure general banking facilities (2020: general banking facilities) granted to the Group.

24. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise of cash at banks and security brokers and on hand.

(b) Reconciliation of liabilities arising from financing activities

The table below details the changes in the Group's major liabilities arising from financing activities, including both cash and non-cash changes:

	Amount due to an associate HK\$'000	Amount due to a joint venture HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 April 2020	1,012	86	4,516	5,614
Financing cash flows				
Repayment of lease liabilities	–	–	(5,542)	(5,542)
Repayment to a joint venture	–	(76)	–	(76)
	–	(76)	(5,542)	(5,618)
Other changes				
Additions to lease liabilities	–	–	1,809	1,809
Modification of lease liabilities	–	–	3,144	3,144
Interest expenses on lease liabilities	–	–	231	231
Waiver of debt upon disposal of an associate	(1,012)	–	–	(1,012)
Waiver of debt upon disposal of a joint venture	–	(10)	–	(10)
	(1,012)	(10)	5,184	4,162
At 31 March 2021	–	–	4,158	4,158

24. CASH AND CASH EQUIVALENTS *(Continued)***(b) Reconciliation of liabilities arising from financing activities** *(Continued)*

	Amounts due to related parties <i>HK\$'000</i>	Amount due to an associate <i>HK\$'000</i>	Amount due to a joint venture <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Borrowings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2019	5,700	–	–	5,977	7,500	19,177
Financing cash flows						
Repayment of borrowings	–	–	–	–	(7,500)	(7,500)
Repayment of lease liabilities	–	–	–	(3,800)	–	(3,800)
Advance from an associate	–	1,012	–	–	–	1,012
Advance from a joint venture	–	–	86	–	–	86
Repayment to related parties	(5,700)	–	–	–	–	(5,700)
	(5,700)	1,012	86	(3,800)	(7,500)	(15,902)
Other changes						
Additions to lease liabilities	–	–	–	3,359	–	3,359
Reassessment of lease liabilities	–	–	–	(1,174)	–	(1,174)
Interest expenses on lease liabilities	–	–	–	154	–	154
Interest expenses on borrowings	–	–	–	–	1,088	1,088
Interest and finance charges paid	–	–	–	–	(1,088)	(1,088)
	–	–	–	2,339	–	2,339
At 31 March 2020	–	1,012	86	4,516	–	5,614

25. TRADE AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Trade payables	1,873	4,014
Other payables and accruals	3,270	4,427
	5,143	8,441

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

Included in other payables was promotion fees payable to ex-director of the Company and existing substantial shareholder amounted to HK\$449,000 (2020: nil).

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

	2021 HK\$'000	2020 HK\$'000
0–30 days	1,179	2,190
31–90 days	440	150
91–365 days	21	1,293
Over 365 days	233	381
	1,873	4,014

26. CONTRACT LIABILITIES

	2021 HK\$'000	2020 HK\$'000
Receipt in advance of retail and wholesale products	1,149	1,054

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

Movements in contract liabilities are as follows:

	2021 HK\$'000	2020 HK\$'000
At the beginning of year	1,054	353
Receipt in advance during the year	5,055	4,627
Revenue recognised during the year	(4,960)	(3,926)
At the end of year	1,149	1,054

27. LEASE LIABILITIES

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2021 HK\$'000	2020 HK\$'000
At the beginning of year	4,516	5,977
Additions	1,809	3,359
Lease modification and reassessment	3,144	(1,174)
Interest expense	231	154
Payments during the year	(5,542)	(3,800)
At the end of year	4,158	4,516
Lease liabilities payable		
Within one year	2,768	3,858
More than one year but less than two years	1,390	658
	4,158	4,516
Less: Amounts for settlement within 12 months shown under current liabilities	(2,768)	(3,858)
Amounts due for settlement after 12 months shown under non-current liabilities	1,390	658

28. ACQUISITION OF A SUBSIDIARY

Year ended 31 March 2020

Acquisition of Head Captain Limited ("Head Captain")

On 8 December 2019, the Group acquired 100% equity interest in Head Captain at a total cash consideration of HK\$2,000,000. Head Captain is engaged in operating a restaurant in Hong Kong. The transaction was completed on 12 December 2019.

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

	2020 HK\$'000
Property, plant and equipment	1,668
Inventories	15
Deposits, prepayment and other receivables	419
	2,102
Gain on bargain purchase	(102)
Cash consideration	2,000

The Group recognised a gain on bargain purchase of approximately HK\$102,000 in the business combination.

Included in the profit for the year ended 31 March 2020 was HK\$288,000 attributable to the additional business generated by Head Captain. Revenue for the year ended 31 March 2020 included HK\$9,687,000 generated from Head Captain.

Had the acquisition been completed on 1 April 2019, revenue for the year ended 31 March 2020 of the Group would have been HK\$117,526,000, and loss for the year ended 31 March 2020 of the Group would have been HK\$63,731,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2019, nor is it intended to be a projection of future results.

29. DISPOSAL OF SUBSIDIARIES

Year ended 31 March 2021

Disposal of Head Captain

On 24 March 2021, the Group disposed of 100% equity interest in Head Captain, which is engaged in operating a restaurant in Hong Kong, for a cash consideration of HK\$2,100,000. The total net assets disposed of were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	1,123
Right-of-use assets	220
Inventories	14
Trade receivables	117
Deposits, prepayment and other receivables	958
Amounts due from the fellow subsidiaries	450
Cash and cash equivalents	1,049
Trade and other payables	(1,029)
Amounts due to the fellow subsidiaries	(841)
Net assets disposed of	2,061
Cash consideration	2,100
Less: net assets disposed of	(2,061)
Gain on disposal of a subsidiary	39
Net cash inflow arising on disposal	
Cash consideration received	2,100
Less: cash and cash equivalents disposal of	(1,049)
	1,051

Year ended 31 March 2020

Disposal of Cool Cool Frozen Food Limited ("Cool Cool Frozen")

On 2 April 2019, the Group disposed of 100% equity interest in Cool Cool Frozen, which is engaged in trading of frozen food products, for a cash consideration of HK\$3,000,000. The total net assets disposed of were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	2,318
Other payable	(7)
Net assets disposed of	2,311
Cash consideration	3,000
Less: net assets disposed of	(2,311)
Gain on disposal of a subsidiary	689
Net cash inflow arising on disposal	
Cash consideration received	3,000

30. DEFERRED TAX LIABILITIES

Deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax losses <i>HK\$'000</i>	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2019	(308)	431	123
Deferred tax charged to the profit or loss during the year (note 12)	–	377	377
At 31 March 2020 and 1 April 2020	(308)	808	500
Deferred tax credited to the profit or loss during the year (note 12)	(344)	106	(238)
At 31 March 2021	(652)	914	262

31. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Share capital

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

	Number of shares	<i>HK\$'000</i>
Authorised ordinary shares of HK\$0.01 each:		
At 1 April 2019, 31 March 2020 and 31 March 2021		
Ordinary shares of HK\$0.01 each	30,000,000,000	300,000
Issued and fully paid ordinary shares of HK\$0.01 each:		
At 1 April 2019	218,894,354	2,189
Share option exercise (note 32)	21,465,000	215
At 31 March 2020 and 31 March 2021	240,359,354	2,404

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

31. CAPITAL, RESERVES AND DIVIDENDS *(Continued)***(c) Reserves****(i) Share premium**

The application of share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

(ii) Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits/accumulated losses should the related options expire after the vesting period.

(iii) Capital reserve

Capital reserve represents (i) the difference between the nominal value of the shares of subsidiaries acquired and the nominal value of shares issued by the Company as consideration thereof pursuant to the reorganisation and (ii) the difference between the consideration paid/received to obtain/release non-controlling interests in certain subsidiaries and their respective carrying amount on the date of acquisition or disposal.

(iv) Contributed surplus

Contributed surplus represents the reduction of issued share capital.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if there are reasonable grounds for believing that: (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and the share premium account.

(d) Dividend

No dividend was paid or proposed during the year ended 31 March 2021 nor has any dividend been proposed since the end of the reporting period (2020: Nil).

32. SHARE-BASED COMPENSATION

The 2011 Share Option Scheme was effective on 4 January 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The purpose of the 2011 Share Option Scheme is to enable the Group to grant share options to the participants as incentives or rewards for their contribution to the Group.

Eligible participants of the 2011 Share Option Scheme ("Eligible Participants") include (i) any full-time employees of the Group and Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) of the Company; (ii) any supplier of goods or services to any member of the Group or any entity in which any member of the Group holds an equity interest (the "Invested Entity"); (iii) any customer of any member of the Group or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (vii) any other group or classes of Eligible Participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The maximum number of share options permitted to be granted under the 2011 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the 2011 Share Option Scheme.

The maximum number of share issuable under share options to each eligible participant in the 2011 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, which any 12-month period, are subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a vesting period and ends on a date which is not later than ten years from the date of offer of the share options.

The exercise price of share options is determinable by the directors of the Company, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the share options; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The Group has no legal or constructive obligation to repurchase or settle the options.

32. SHARE-BASED COMPENSATION (Continued)

The movement of outstanding share options granted under the 2011 Share Option Scheme is as follow:

	2011 Share Option Scheme exercise price per share HK\$	Number of options '000
At 1 April 2019	–	–
Granted during the year	0.265	21,850
Exercised during the year	0.265	(21,465)
At 31 March 2020 and 1 April 2020	0.265	385
Lapsed during the year	N/A	(385)
At 31 March 2021	–	–

The fair values of the equity-settled share options granted during the year ended 31 March 2020 were estimated by Valor Appraisal & Advisory Limited, an independent firm of professionally qualified valuer, using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of the equity-settled share options granted during the year ended 31 March 2020 was HK\$1,436,000. The Group recognised a share option expense of HK\$1,436,000 during the year ended 31 March 2020. The following table lists the inputs to the model used.

Share options granted

Date of grant	10 December 2019
Dividend yield (%)	0%
Expected volatility (%)	61.89%
Risk-free interest rate (%)	1.75
Expected life of options (year)	1
Share price at grant date (HK\$ per share)	0.265

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

As at 31 March 2020, the Company had 385,000 share options outstanding under the 2011 Share Option Schemes, which represented approximately 0.17% of the Company's shares in issue as at that date. The exercise in full of the share options would, under the present capital structure of the Company, result in the issue of 385,000 additional ordinary shares of the Company and additional share capital of approximately HK\$3,850 and share premium of approximately HK\$98,000. The share options granted during the year ended 31 March 2020 have no vesting period.

During the year ended 31 March 2021, the 2011 Share Option Scheme expired and the 385,000 outstanding share options were lapsed. Accordingly, the amount included in the share option reserve was transferred to accumulated losses.

33. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(a) Key management compensation

During both years, compensation of key management personnel represents directors' remuneration and those of senior staff as stated in notes 9 and 10, respectively. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

(b) Financing arrangements

	Notes	Amounts owed by the Group to related parties		Related interest expense	
		As at 31 March		For the year ended 31 March	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Loans from close family members of a director	(i)	-	-	-	(531)
Amount due to an associate	(ii)	-	(1,012)	-	-
Amount due to a joint venture	(ii)	-	(86)	-	-

Notes:

- (i) The related party transactions in respect of the financial assistance received from close family members of an executive director constitutes continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules. However, those transactions are exempt from the disclosure requirements in Chapter 20 of the GEM Listing Rules as the transactions are on normal commercial terms and no security over the assets of the Company is granted in respect of such financial assistance.
- (ii) The amounts are unsecured, interest-free and repayable on demand.

(c) Performance guarantee provided

During the years ended 31 March 2021 and 2020, the Company provided performance guarantee for KCL regarding the management, operation and maintenance of a vehicle examination center. The letter of guarantee contains no specific amount and will be repaid on 31 March 2021. A counter-guarantee of 78% of the guarantee liability was provided by one of the ultimate shareholders of TGH. Such arrangement was ceased on 31 March 2021.

33. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**(d) Other related party transactions**

The Group had significant transactions with the following related parties during the year:

Related party relationship	Type of transaction	Notes	Transaction amount	
			2021 HK\$'000	2020 HK\$'000
Directors of the Company	Sales of groceries products	(ii)	–	2
	Sales of cash coupons	(ii)	8	39
Close family members of a director of the Company	Sales of cash coupons	(ii)	–	19
	Sales of a subsidiary		–	20
Associates	Sales of groceries products		6,492	877
	Sales of cash coupons		6	74
Ex-director of the Company and existing substantial shareholder	Promotion fees paid	(ii)	449	–
	Consultant fees paid	(ii)	198	–
Close family members of a ex-director of the Company and existing substantial shareholder	Promotion fees paid	(ii)	353	–
	Handling fees paid	(ii)	286	–

Notes:

- (i) The directors of the Company are of the opinion that the above transactions were entered into at terms agreed by both parties and the terms of the transactions were determined by the directors with reference to the terms of similar transactions with unrelated third parties.
- (ii) The related party transactions in respect of the sales of groceries products and cash coupons, promotion fees paid, consultant fees paid and handling fees paid above constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules. However, those transactions are exempt from the disclosure requirements in Chapter 20 of the Listing Rules as they are below the de minimis threshold under Rule 20.74(1)(c) of the GEM listing Rules.
- (iii) Except as disclosed above and elsewhere in the consolidated financial statements, there were no other significant related/connected party transactions with related parties during the year or significant balances with them at the end of the year.

34. CONTINGENT LIABILITIES**Performance guarantee granted**

As at 31 March 2020, the Group provided performance guarantee to an associate (note 33(c)). The directors of the Company did not consider it probable that a claim will be made against the Group under the guarantee.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	2021 HK\$'000	2020 HK\$'000
Financial assets		
Financial assets at FVTPL	23,631	240
Financial assets at amortised costs		
– Trade receivables	13,664	7,006
– Other receivables	1,993	1,581
– Loans and advances to customers	160,486	274,053
– Pledged bank deposits	1,004	1,003
– Cash and cash equivalents	44,523	47,438
	221,670	331,081
Total	245,301	331,321
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	2,858	4,566
– Amount due to an associate	–	1,012
– Amount due to a joint venture	–	86
Lease liabilities	4,158	4,516
Total	7,016	10,180

(b) Financial risk factors

The Group is exposed itself to variety of financial risks: market risk (including cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the directors of the Company. The overall objective in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate returns with acceptable risk levels.

The Group identifies ways to assess financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the directors of the Company.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk factors** *(Continued)***(a) Market risk***(i) Cash flow and fair value interest rate risk*

The Group's cash flow interest rate risk relates primarily to variable-rate cash at banks and security brokers. The Group's cash flow interest rate results mainly from the fluctuations of market interest rates.

The Group is exposed to fair value interest rate risk in relation to fixed-rate loans and advances to customers and pledged bank deposits. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Interest rates sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate cash at banks and security brokers at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2020: 50 basis points) increase or decrease in HIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Cash flow interest rate risk

If interest rates had been 50 basis points (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's loss after tax for the year ended 31 March 2021 would decrease/increase by HK\$186,000 (2020: decrease/increase by HK\$198,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable rate bank balances is insignificant.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(ii) Price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to price risk arising from listed equity securities and unlisted fund classified as FVTPL (note 18) at 31 March 2021 and 2020.

Price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period. If prices of investments in listed securities and unlisted fund were 10% higher/lower, loss after tax would decrease/increase by HK\$1,973,000 (2020: HK\$20,000) for the Group as a result of the changes in fair value of investments which are classified as FVTPL.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment

Credit risk refers to the risk that the borrowers or counterparties may default on their payment obligations due to the Group. These rights arise from the Group's lending and investment activities and sales of goods. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statement of financial positions which are summarised in note 35(a).

In order to minimise the credit risk, the Group has established policies and systems for the monitoring and control of credit risk. The management has delegated different divisions responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that follow-up action is taken to recover overdue debts and past due trade receivables. In addition, management reviews the carrying amounts of loans and advances to customers and trade receivables individually and collectively at the end of each reporting period to ensure that adequate loss allowance for ECL on financial assets is made. In this regard, management considers that the Group's credit risk is significantly reduced.

Loans and advances to customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Group has certain concentration of credit risk as 15% (2020: 9%) and 29% (2020: 24%) of the total loans and advances to customers was due from the Group's largest customer and the five largest customers within the money lending segment respectively.

The management is responsible for developing and maintaining the processes for measuring the ECL of the Group's loans and advances to customers. The ECL is assessed by the management regularly. The Group applies general approach to measure ECL on loans and advances to customers. In addition, forward-looking information is required in estimating the ECL, with the management considering expectation of certain macroeconomic indicators such as gross domestic product growth rate and unemployment rate.

Under the general approach, loans and advances to customers are classified into three stages to reflect the deterioration in credit quality. Impairment allowance of each stage is calculated based on the product of probability of default, loss given default and exposure at default. Stage 1 covers loans and advances to customers that have not deteriorated significantly in credit quality since initial recognition including those that are considered to be low credit risk investments. Stage 2 covers loans and advances to customers that have deteriorated significantly in credit quality since initial recognition. Stage 3 covers loans and advances to customers for which credit loss events occur and become credit-impaired. 12m ECL is recognised in Stage 1, while lifetime ECL are recognised in Stages 2 and 3.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk factors** *(Continued)***(b) Credit risk and impairment assessment** *(Continued)**Loans and advances to customers (Continued)*

The Group's internal credit risk grading assessment on loans and advances to customers comprises the following categories:

Internal credit rating	Description	Basic for recognition of ECL
Normal	Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay the principal and interest in full on a timely basis.	12m ECL
Special mention	Borrowers are currently able to service their loans and interest, though repayment may be adversely affected by specific factors.	Lifetime ECL – not credit impaired
Sub-standard	Borrowers' ability to service their loans is in question and borrowers cannot rely entirely on normal business revenues to repay the principal and interest. Losses may ensue even when collateral items or guarantees are invoked.	Lifetime ECL – credit impaired
Doubtful	Borrowers cannot repay the principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked.	Lifetime ECL – credit impaired
Loss	Principal and interest of loans cannot be recovered or only a small portion of them can be recovered after taking all possible measures or resorting to all necessary legal procedures.	Amount is written off

The decision rules for stage allocation under general approach are as follows:

Stage	Decision rules (based on internal credit rating)
Stage 1	Loans and advances to customers with internal credit rating of "Normal"
Stage 2	Loans and advances to customers with internal credit rating of "Special mention"
Stage 3	Loans and advances to customers with internal credit ratings of "Sub-standard" and "Doubtful"

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk factors** *(Continued)***(b) Credit risk and impairment assessment** *(Continued)**Loans and advances to customers (Continued)*

The table below shows the past due information based on the Group's credit policy, unless other information is available without undue cost or effort, and year-end staging classification at 31 March 2021 and 2020. The amounts presented are net carrying amounts of financial assets.

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
Loans and advances to customers				
– Not yet past due	78,108	–	–	78,108
– Less than 30 days past due	–	44,964	–	44,964
– More than 30 days past due	–	–	37,414	37,414
At 31 March 2021	78,108	44,964	37,414	160,486
Loans and advances to customers				
– Not yet past due	69,314	–	–	69,314
– Less than 30 days past due	–	183,913	–	183,913
– More than 30 days past due	–	–	20,826	20,826
At 31 March 2020	69,314	183,913	20,826	274,053

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk factors** *(Continued)***(b) Credit risk and impairment assessment** *(Continued)**Trade receivables*

The Group applied simplified approach in HKFRS 9 to measures loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are assessed individually for debtors with significant and/or collectively using a provision matrix with appropriate groupings. As the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 March 2021 and 2020:

	31 March 2021			31 March 2020		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000
Neither past due nor impaired	0%	135	—	3.60%	2,695	97
Within three months past due	9.39%	6,180	580	11.33%	4,835	548
Over three months but within one year past due	13.85%	9,204	1,275	46.93%	228	107
Over one year past due	100%	4,269	4,269	100%	1,629	1,629
		19,788	6,124		9,387	2,381

The estimated loss rates are estimated based on historical observed default rate and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtor is updated.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk factors** *(Continued)***(b) Credit risk and impairment assessment** *(Continued)**Trade receivables (Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivable under simplified approach.

	HK\$'000
As at 1 April 2019	4,099
Impairment losses recognised	5,374
Impairment losses reversed	(459)
Impairment losses recognised, net	4,915
Bad debts written off	(6,633)
As at 31 March 2020 and 1 April 2020	2,381
Impairment losses recognised	4,430
Impairment losses reversed	(119)
Impairment losses recognised, net	4,311
Bad debts written off	(568)
As at 31 March 2021	6,124

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk factors** *(Continued)***(b) Credit risk and impairment assessment** *(Continued)**Other receivables*

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past due status, assessed that the expected loss rates for the other receivables was minimal. Thus, no loss allowance for other receivables was recognised as at 31 March 2021 and 2020.

Pledged bank deposits and bank balances

For the years ended 31 March 2021 and 2020, all the Group's pledged bank deposits, and bank balances are deposited with major banks and security brokers located in Hong Kong. The expected credit losses for bank balances are insignificant because such assets are placed in banks and security brokers with good reputation.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to an associate and a joint venture, lease liabilities and its financing obligations and also in respect of its cash flow management. The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business.

The Group maintains a level of cash and cash equivalents and marketable securities deemed adequate by the management to meet its liquidity requirements for up to 30-day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities at 31 March 2021 and 2020. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk factors** *(Continued)***(c) Liquidity risk** *(Continued)*

The analysis is based on the financial liabilities' contractual undiscounted cash flows (including interest payments calculated using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Weighted average effective interest rate	On demand	Within one year	More than one year but within five years	Total contractual undiscounted cash flows	Carrying amount
At 31 March 2021	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-derivative financial instruments						
Trade and other payables	–	–	2,858	–	2,858	2,858
Lease liabilities	4.4	–	2,881	1,429	4,310	4,158
Total		–	5,739	1,429	7,168	7,016

	Weighted average effective interest rate	On demand	Within one year	More than one year but within five years	Total contractual undiscounted cash flows	Carrying amount
At 31 March 2020	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-derivative financial instruments						
Trade and other payables	–	–	4,566	–	4,566	4,566
Amount due to an associate	–	1,012	–	–	1,012	1,012
Amount due to a joint venture	–	86	–	–	86	86
Lease liabilities	4.1–5.2	–	3,964	667	4,631	4,516
Total		1,098	8,530	667	10,295	10,180

(c) Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The capital structure of the Group consists of borrowings and equity attributable to owners of the Company (comprising issued share capital, share premium, reserves and retained profits/accumulated losses).

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts.

(d) Fair value measurement**(i) Financial assets and liabilities measured at fair value***Fair value hierarchy*

For assets and liabilities that are recognised in the 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.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(d) Fair value measurement** *(Continued)***(i) Financial assets and liabilities measured at fair value** *(Continued)**Fair value hierarchy (Continued)*

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 <i>HK\$'000</i>	Level 1 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>
As at 31 March 2021			
Financial assets at FVTPL			
– Listed equity securities	7,233	7,233	–
– Unlisted fund	16,398	–	16,398

As at 31 March 2020

Financial assets at FVTPL			
– Listed equity securities	240	240	–

During the years ended 31 March 2021 and 2020, 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 2021	2020	Valuation technique and key input	Significant unobservable input
Financial assets at FVTPL (listed equity securities)	7,233	240	Quoted bid prices in an active market	N/A
Financial assets at FVTPL (unlisted fund)	16,398	–	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

	<i>HK\$'000</i>
As at 1 April 2019, 31 March 2020 and 1 April 2020	–
Addition	16,000
Fair value change recognised in profit or loss	398
As at 31 March 2021	16,398

(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 31 March 2021 and 2020.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period is as follows:

	2021 HK\$'000	2020 HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	399	5
Investment in a subsidiary (<i>note (i)</i>)	–	–
Amounts due from subsidiaries	264,932	18,061
	265,331	18,066
Current assets		
Prepayments, deposits and other receivables	241	137
Financial assets at fair value through profit or loss	7,234	240
Amounts due from subsidiaries	9,853	316,962
Tax recoverable	–	146
Cash and cash equivalents	6,838	7,096
	24,166	324,581
LIABILITIES		
Current liabilities		
Other payables	1,844	1,891
Amounts due to subsidiaries	19,959	3,219
	21,803	5,110
Net current assets	2,363	319,471
Net assets	267,694	337,537
EQUITY		
Equity attributable to owners of the Company		
Share capital	2,404	2,404
Reserves	265,290	335,133
Total equity	267,694	337,537

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

- (i) Investment in a subsidiary

	2021 HK\$'000	2020 HK\$'000
Investment in a subsidiary	1,097	1,097
Less: impairment	(1,097)	(1,097)
	–	–

The directors of the Company are of opinion that none of the Group's subsidiary that have non-controlling interests are material to the consolidated financial statements as a whole.

- (ii) Particulars of the principal subsidiaries of the Company at 31 March 2021 and 2020 are set out in note 37.
- (iii) Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital HK\$'000 (note 31(b))	Share premium HK\$'000 (note 31(c)(i))	Share option reserve HK\$'000 (note 31(c)(ii))	Contributed surplus HK\$'000 (note 31(c)(iv))	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2019	2,189	353,125	–	145,926	(84,504)	416,736
Loss for the year	–	–	–	–	(86,323)	(86,323)
Transactions with owners:						
Equity settled share option arrangement	–	–	1,436	–	–	1,436
Shares issued on exercise of share option	215	6,884	(1,411)	–	–	5,688
Transactions with owners	215	6,884	25	–	–	7,124
Balance at 31 March 2020 and 1 April 2020	2,404	360,009	25	145,926	(170,827)	337,537
Loss for the year	–	–	–	–	(69,843)	(69,843)
Transactions with owners:						
Transfer upon lapse of share options	–	–	(25)	–	25	–
Transactions with owners	–	–	(25)	–	(69,818)	(69,843)
Balance at 31 March 2021	2,404	360,009	–	145,926	(240,645)	267,694

37. GENERAL INFORMATION OF SUBSIDIARIES

Details of the principal subsidiaries held by the Company directly and indirectly as at 31 March 2021 and 2020 are as follows:

Name of subsidiaries	Paid up issued/ Registered capital		Group's effective interest		Held by the Company subsidiaries		Principal activities and place of operations
	2021 HK\$	2020 HK\$	2021	2020	2021	2020	
Bright Zone Corporation Limited	1,350,000	1,350,000	100%	100%	100%	100%	Sales of grocery products, Hong Kong
Cool Cool F&B Holding Limited	30,000,000	30,000,000	100%	100%	100%	100%	Wholesale of frozen food, Hong Kong
Cool Cool Trading (International) Limited	1	1	100%	100%	100%	100%	Sales of frozen food, Hong Kong
Smart Diner Limited (previously known as King of Catering (Investment) Limited)	500,000	500,000	100%	60%	100%	60%	Trading of cash coupons, Hong Kong
Local Food Production Limited	100	100	100%	100%	100%	100%	Sales of processed food, Hong Kong
Yvonne Credit Service Co., Limited	388,583,043	388,583,043	100%	100%	100%	100%	Provision of money lending business, Hong Kong
Head Captain	N/A	1	–	100%	–	100%	Operation of a restaurant, Hong Kong

Note:

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

38. EVENT AFTER REPORTING PERIOD

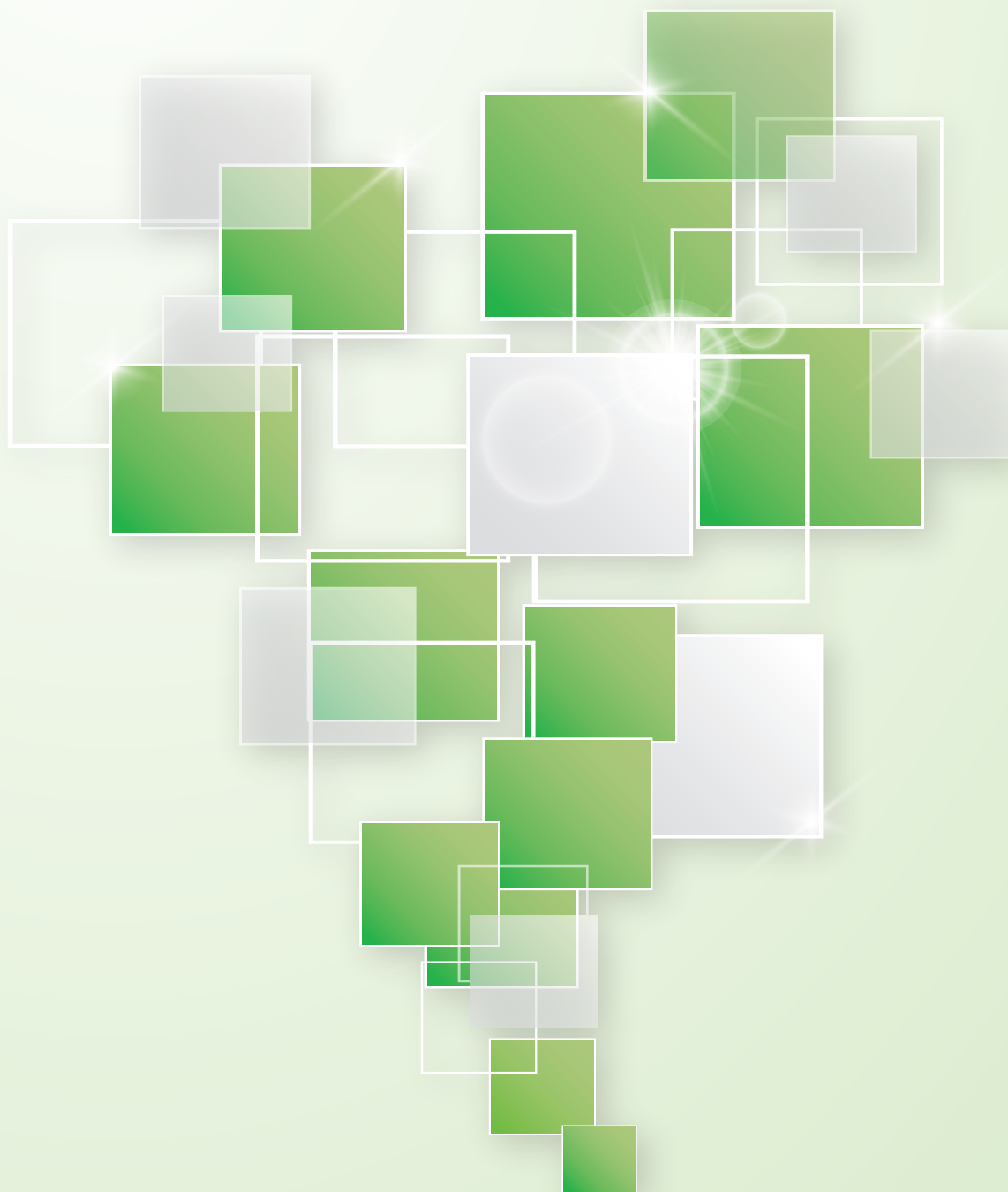
On 15 April 2021, a subsidiary of the Group entered into a sale and purchase agreement with an independent third party to acquire 20% equity interests in a company, which operates a restaurant in Hong Kong, for a consideration of HK\$2,400,000.



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

ANNUAL REPORT

2021/22



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

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Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 (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.

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FINANCIAL SUMMARY

Annual results for the five years from 2018

	Year ended 31 March 2022 HK\$'000	Year ended 31 March 2021 HK\$'000	Year ended 31 March 2020 HK\$'000	Year ended 31 March 2019 HK\$'000	Year ended 31 March 2018 HK\$'000
Revenue	98,271	115,368	116,110	206,268	191,768
Loss for the year	(64,324)	(94,698)	(63,940)	(37,134)	(6,488)
Loss attributable to owners of the Company	(64,324)	(93,952)	(63,441)	(37,108)	(6,756)
	As at 31 March 2022 HK\$'000	As at 31 March 2021 HK\$'000	As at 31 March 2020 HK\$'000	As at 31 March 2019 HK\$'000	As at 31 March 2018 HK\$'000
Total assets	225,133	278,695	378,796	443,488	519,463
Total liabilities	(21,763)	(11,001)	(15,704)	(23,585)	(39,496)
	203,370	267,694	363,092	419,903	479,967

CORPORATE INFORMATION

Directors

Executive Directors

Ms. SIU Yeuk Hung, Clara – Chairman
Mr. LAW Ka Kei

Independent Non-executive Directors

Mr. LEE King Fui
Mr. HO Tak Yin
Mr. LEE Wing Lun

Company Secretary

Mr. TO Chi, *CPA, FCCA*

Compliance Officer

Ms. SIU Yeuk Hung, Clara

Authorised Representatives

Ms. SIU Yeuk Hung, Clara
Mr. LAW Ka Kei

Audit Committee

Mr. LEE King Fui
Mr. HO Tak Yin
Mr. LEE Wing Lun

Remuneration and Nomination Committee

Mr. LEE King Fui
Ms. SIU Yeuk Hung, Clara
Mr. LAW Ka Kei
Mr. HO Tak Yin
Mr. LEE Wing Lun

Legal Adviser on the Bermuda Law

Appleby

Auditor

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors
801–806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head Office and Principal Place of Business in Hong Kong

Unit 02, 11/F, Eastmark,
21 Sheung Yuet Road,
Kowloon Bay, Kowloon,
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
409–415 Hennessy Road, Wanchai
Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Hong Kong

Stock Code

8079

Website

<http://www.ecrepay.com>

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "Board"), I present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2022 to the shareholders.

The money lending business has continued to achieve reasonable result in previous years and will continue to be the core business of the Group and generate stable income to the Group. The revenue of this segment is approximately HK\$27.5 million.

The Company reviewed that 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-owned brand products, namely Master Chef Series, FRESHNESSMART, Dawooyeon Hanwoo, 李朝, 月姐滋養湯, 貞下起元, 老蕭燉湯, Buon Cibo and Ganges Curry and source different types of products from local or overseas suppliers to satisfy the ever-changing needs of our customers.

PROSPECTS

The Group has been implementing certain business strategies in response to the worsened market conditions arising by the novel coronavirus outbreak in Hong Kong. The Group plans to expand its money lending business and retail business, for instance, by hiring more salespersons and delivery staff and upgrading its online platform, taking into account the novel coronavirus outbreak in which consumers tend to do shopping online instead of doing their purchases at physical shops. The money lending business and retail business remain the principal businesses of the Group and the Group will adjust its strategies and focus among its business segments in accordance with the changing market conditions.

In spite of all these expansion plans, the Group has been actively seeking suitable investment opportunities for business diversification. The Group will explore into different industry sectors so as to expand and diversify the scope of the Group's business.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers and staff members for their support in the past years. I would also like to express my personal appreciation to my fellow Board members for their continuous valuable contributions.

Ms. Siu Yeuk Hung, Clara

Chairman

Hong Kong, 24 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The Company reviewed that the E-commerce is a part of the modern urban lifestyle in Hong Kong. The Group has been developing the retails and online sales business since year 2015. The Group will continue to develop self-own brand products, namely Master Chef Series, FRESHNESSMART, Dawooyeon Hanwoo, 李朝, 月姐滋養湯, 貞下起元, 老蕭燉湯, Buno Cibo and Ganges Curry and source different types of products from local or overseas suppliers to satisfy the ever-changing conditions of our customers.

OPERATION REVIEW

Revenue for the financial year ended 31 March 2022 was approximately HK\$98.3 million (2021: HK\$115.4 million). The loss before tax was reduced due to the decrease of the allowance for expected credit losses on loans and advances to customers.

Money Lending Business

After actively participating in money lending business for more than ten years, a solid client base has been built. In the financial year, revenue for this segment under review was approximately HK\$27.5 million (2021: HK\$31.2 million).

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

Retail and Wholesale Business

The Group is operating 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 outbreak of novel coronavirus disease (COVID-19) seriously undermined the economies of Hong Kong and further weakened the catering industry since 2020. 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. The pandemic remains not yet fully under control and the future is uncertain.

On the other hand, in view of the COVID-19, the shift of consumers' behaviour to shop online instead of physical shops as consumers stay at homes and avoid going to crowded areas in the wake of the novel coronavirus, which may in turn stimulate the Group's existing online retail business, mitigating the potential adverse impact on the Group's retail business. Although it is difficult to estimate how long the novel coronavirus will remain, consumers currently have a higher tendency and frequency to shop online than before. It is expected that after experiencing online shopping for several months, certain consumers may change their shopping behaviour from offline to online. This may provide potential opportunities for retailers with an online presence.

Revenue for this segment for the year ended 31 March 2022 was approximately HK\$70.7 million (2021: HK\$84.2 million).

On 15 April 2021, Perfect Catering Group Limited (a subsidiary of the Company) entered into an agreement with an independent third party in relation to an acquisition of a 20% equity interest in Sunshine Team Limited for a consideration of HK\$2,400,000. Sunshine Team Limited is principally engaged in the operation of a HK-style restaurant in Shatin.

On 12 May 2021, Top Euro Limited (a subsidiary of the Company) entered into the Tenancy Agreement in respect of the lease of the Premises located at Unit 1101B and Unit 1102, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong for a term of three years commencing on 17 May 2021 and ending on 16 May 2024 at a monthly rent of HK\$149,971.50 (exclusive of government rent, rates, management fees and other service charges) for office use.

The unaudited value of the right-of-use asset to be recognised by the Company under the terms of the Tenancy Agreement amounts to approximately HK\$4.75 million, which is the present value of total consideration payable at the inception of the lease term of the Tenancy Agreement in accordance with HKFRS 16.

On 17 May 2021, Long Rich Limited (a subsidiary of the Company) entered into the Tenancy Agreement in respect of the lease of the Premises located at Shop C, G/F, Kam Fook Building, Nos. 29-39 Tai Ming Lane, No. 24 Kwong Fuk Square, Tai Po, New Territories, Hong Kong for operation of a retail shop for a term of three years commencing on 16 June 2021 and ending on 15 June 2024 under the trade name of "People's Market" at a monthly rent of HK\$100,000 (inclusive of government rent, rates and management fees).

The unaudited value of the right-of-use asset to be recognised by the Company under the terms of the Tenancy Agreement amounts to approximately HK\$3.3 million, which is the present value of total consideration payable at the inception of the lease terms of the Tenancy Agreement in accordance with HKFRS 16.

On 10 September 2021, Long Rich Limited (a subsidiary of the Company) entered into the Tenancy Agreement in respect of the lease of the Premises located at Shop B, G/F, Thomson Building, Nos. 93-103 Thomson Road, Wanchai, Hong Kong for operation of a retail shop for a term of three years commencing on 15 September 2021 and ending on 14 September 2024 under the trade name of "People's Market" at a monthly rent of HK\$78,000 (exclusive of government rent, rates and management fee).

The unaudited value of the right-of-use asset to be recognised by the Company under the terms of the Tenancy Agreement amounts to approximately HK\$2.55 million, which is the present value of total consideration payable at the inception of the lease terms of the Tenancy Agreement in accordance with HKFRS 16.

Outlook

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

SIGNIFICANT INVESTMENT IN SUBSCRIPTION OF INTEREST IN A FUND

On 17 January 2022, Yvonne Credit Service Co., Limited ("Subscriber"), being a subsidiary of Company, entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe for the Class A Shares in the Albany Creek Bond Series SP ("Segregated Portfolio"), a segregated portfolio of Albany Creek Fund SPC ("Fund"), up to approximately HK\$10,000,000. Up to the year ended 31 March 2022, the aggregate subscription in the Fund was HK\$26,000,000.

The Segregated Portfolio is to aim to generate stable fixed income for Shareholders by investing in bonds, debentures, promissory notes and other similar products of Hong Kong listed companies and/or sizeable corporations.

The Fund was incorporated on 17 November 2017 as an exempted company with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands.

The authorized share capital of the Fund is US\$50,000.00 divided into 100 voting, non-redeemable Management Shares of a nominal or par value US\$0.01 each and 4,999,900 participating, limited-voting, redeemable Participating Shares (which may be issued in different classes and with respect to different Segregated Portfolios from time to time) of a nominal or par value of US\$0.01 each. The historical return of Segregated Portfolio is 26.493% as of 31 December 2021 since inception.

The principal purpose of the Group of the Subscription is to diversify the investment portfolio of the Group with an aim to enhancing its profitability. The Subscription provides an opportunity to the Group to enhance return by utilising the idle cash of the Group.

As at 31 March 2022, the fair value of the Fund was HK\$27,166,000 and such fair value represents 12.1% in the Group's total assets. For the year ended 31 March 2022, the change in fair value arisen from the Fund was HK\$768,000 while the total amount of dividends received from the Fund was nil.

Save and except for the above, none of each individual investment constitutes 5% or above of the total assets of the Group as at 31 March 2022.

Details of the Subscriptions was disclosed in the announcements dated 31 August 2020, 15 September 2020, 17 January 2022, 24 January 2022 and 28 January 2022.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internally generated cash flows. As at 31 March 2022, the Group had cash and cash equivalents of approximately HK\$21.7 million (2021: HK\$44.5 million).

As at 31 March 2022, the Group had borrowings of HK\$3.0 million (2021: Nil) which were used to finance the operation of the Group.

As at 31 March 2022, the Group's gearing ratio, expressed as a percentage of total borrowings (comprising borrowings) less cash and cash equivalents then divided by total equity was nil (2021: Nil).

CHARGES ON GROUP'S ASSETS

As at 31 March 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 (2021: Nil, except for the pledged bank deposits of approximately HK\$1,004,000).

TREASURY POLICIES

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

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

EMPLOYEES

As at 31 March 2022, the Group had 90 (2021: 99) full-time employees. The total employee remuneration, including of the Directors, for the year ended 31 March 2022 amounted to approximately HK\$34.3 million (2021: HK\$32.8 million). The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds. Both the Group and the employees are required to contribute based on a fixed percentage of the employee's relevant income up to a maximum of HK\$1,500 per employee per month.

Contributions to the MPF by the Group for its employees are fully and immediately vested in the employees once the contributions are made. There are no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution. Hence, there is no forfeited contributions which may be used by the Group to reduce the existing level of contributions.

CAPITAL STRUCTURE

During the year ended 31 March 2022, there is no change of the capital structure of the Group. The total issued share capital of the Company as at 31 March 2022 is 240,359,354 shares.

CONTINGENT LIABILITIES

As at 31 March 2022, the Company did not provide any corporate guarantee to third parties.

DIVIDEND

The Directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2022 (2021: Nil).

EVENT AFTER REPORTING PERIOD

Mandatory Conditional Cash Offer

On 29 April 2022, Best Richest Management Company Limited (the “Offeror”), Able Rich Consultants Limited (“Able Rich”), Mr. Chan Yan Tak (“Mr. Chan”) and Mr. Shiu Yeuk Yuen (“Mr. Shiu”) entered into the Sales and Purchase Agreement (“SPA”), pursuant to which the Offeror has conditionally agreed to acquire and Able Rich has conditionally agreed to sell an aggregate of 82,288,613 Shares (“Sale Share(s)”), representing approximately 34.24% of the total issued share capital of the Company. The consideration for Sale Shares is HK\$6,583,089.04, representing HK\$0.08 per Sale Share. Completion of the SPA took place on 4 May 2022.

Pursuant to Rule 26.1 of the Takeovers Code, upon completion of the SPA, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

The offer price of HK\$0.08 per offer share under the offer is equal to the price per Sale Share paid by the Offeror under the SPA (“Offer”).

In addition, Mr. Shiu has irrevocably undertaken to the Offeror that, amongst others, he (a) will accept the Offer in respect of the 1,620,000 Shares beneficially owned by himself and, (b) will not withdraw any such acceptance.

On 21 June 2022 (being the First Closing Date of the Offer), the Offeror has received valid acceptances in respect of an aggregate of 37,565,092 Offer Shares under the Offer (the “Acceptance Shares”), representing approximately 15.63% of the entire issued share capital of the Company as at the date of the joint announcement. Immediately before the commencement of the Offer Period, the Offeror and parties acting in concert with it were interested in 82,288,613 Shares (excluding the 1,620,000 Shares in which, pursuant to the Irrevocable Undertaking, the Offeror has an interest, and in respect of which Mr. Shiu has accepted the Offer), representing approximately 34.24% of the total issued share capital of the Company. Taking into account the Acceptance Shares and the Shares already owned by the Offeror and parties acting in concert with it, as at the date of the joint announcement, the Offeror and parties acting in concert with it were interested in an aggregate of 119,853,705 Shares, representing approximately 49.86% of the entire issued share capital of the Company.

With reference to the Composite Document, the Offer is conditional upon valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares already owned by the Offeror and parties acting in concert with it and acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company (the “Acceptance Condition”).

As the Acceptance Condition has not yet been fulfilled, the Offer has not yet become unconditional. The Offer will become and can be declared unconditional upon the fulfilment of the Acceptance Condition.

The Offeror has decided to extend the First Closing Date to 5 July 2022 (the “Extended Closing Date”) in order to provide additional time for the Independent Shareholders to consider the Offer. Further announcement on the results of the Offer will be made on 5 July 2022.

The joint announcement and the Composite Documents of the Mandatory Conditional Cash Offer was disclosed on 10 May 2022, 31 May 2022 and 21 June 2022 respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

Ms. SIU Yeuk Hung, Clara ("Ms. Siu"), aged 57, joined the Company on 9 August 2017. Ms. Siu has extensive experience in marketing and business development. Prior to joining the Company, Ms. Siu has worked in a company listed on The Stock Exchange of Hong Kong Limited, responsible for the marketing and business development since 2006. Ms. Siu has been appointed as the chairman of the Company with effect from 2 July 2020.

Mr. LAW Ka Kei ("Mr. Law"), aged 45, is a director of several subsidiaries of the Company. Mr. Law joined the Group as the General Manager of People's Market in 2012 and appointed as executive director of the Company with effect from 2 July 2020. Mr. Law has over 18 years' retail chain management experience. Mr. Law obtained a Degree of Business Administration from Lingnan University, Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEE King Fui ("Mr. Lee"), aged 43, joined the Company in July 2019. Mr. Lee is the Chairman of the Audit Committee and Remuneration Committee, the member of Nomination Committee of the Company. Mr. Lee is a director of Visionwide Consultancy Limited since October 2017. Mr. Lee has more than 20 years of experience in accounting, audit and corporate finance and advisory services in Malaysia, Hong Kong and Mainland China. He worked at Enesoon Technology Limited from January 2016 to December 2016, and his last position was vice president of strategic investment. Mr. Lee had been the chief financial officer of different companies in Hong Kong and China namely, Legend Oilfield Services Limited, Aujet Industry Limited, and Wellable Marine Biotech Holding Limited for the period from August 2011 to April 2015. Prior to the above mentioned positions, Mr. Lee worked in KPMG Hong Kong from October 2006 to March 2011 and the last position that he held was senior manager.

Mr. Lee obtained a master's degree in accountancy from The Hong Kong Polytechnic University in October 2012. He was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants since January 2012 and became a fellow member since September 2020. Mr. Lee was admitted as a member of the Association of Chartered Certified Accountants in September 2003 and became a fellow member since September 2008. Mr. Lee was also admitted as a chartered accountant of the Malaysian Institute of Accountants since March 2004.

Mr. Lee is an independent non-executive director of China Creative Digital Entertainment Limited (Stock code 8078), a company listed on the GEM of The Stock Exchange of Hong Kong Limited.

Mr. HO Tak Yin ("Mr. Ho"), aged 50, joined the Company in August 2020. Mr. Ho is the member of Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Ho is a director of a design company since 2002. Mr. Ho has over 18 years of experience in design industry and has sufficient experience in company operational management. The Board believes Mr. Ho as Independent Non-executive Director could bring objective and valuable view to the Group. Mr. Ho obtained a Degree of Arts in Graphic Design from University of Lincolnshire & Humberside, UK.

Mr. LEE Wing Lun ("Mr. Lee"), aged 38, joined the Company in September 2020. Mr. Lee is the member of Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Lee is a technical advisor in technology ventures, start-ups and consulting industry. He holds a Bachelor of Computer Engineering from the University of Hong Kong. Mr. Lee is a partner in an information technology company and responsible to provide IT infrastructure services to corporate clients.

Mr. Lee is an independent non-executive director of China Creative Digital Entertainment Limited (Stock code 8078), a company listed on the GEM of The Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE REPORT

A. CORPORATE GOVERNANCE

Corporate Governance Practices

The Company is committed to achieving high standards of corporate governance to protect the interests of the shareholders of the Company. The Company had complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2022 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.

During the year ended 31 March 2022, the Board was responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Group's compliance with the Code and disclosure requirements in the corporate governance report.

B. SECURITIES TRANSACTIONS BY DIRECTORS

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

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings for the financial year ended 31 March 2022.

C. BOARD OF DIRECTORS

Composition of the Board, Number of Board Meetings and Directors’ Attendance

The Company’s Board is comprised of experienced and highly competent individuals and a balanced composition of Executive and Non-executive Directors. 5 Board meetings were held during the financial year ended 31 March 2022. The composition of the Board and attendance of the Directors are set out below:

Name of Directors	Attendance/ Number of Board meetings held during the year	Attendance/ Number of General meetings held during the year
Executive Directors		
Ms. Siu Yeuk Hung, Clara	5/5	1/1
Mr. Law Ka Kei	5/5	1/1
Independent Non-executive Directors		
Mr. Lee King Fui	5/5	1/1
Mr. Ho Tak Yin	5/5	1/1
Mr. Lee Wing Lun	5/5	1/1

As some of the Board meetings are concerned with the day-to-day management of the Company which often requires prompt decisions, usually only the executive Directors attend. There was no additional Board meetings held for normal course of business during the year.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

The Executive Directors are responsible for the leadership and control of the Company and oversee the Group’s businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Independent Non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing adequate checks and balances in the Board in order to protect shareholders’ interest and overall interest of the Group.

Each Independent Non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the Independent Non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

D. APPOINTMENT AND SUCCESSION PLANNING OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the code provisions A.4 set out in the Code contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2022.

Code A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election and Code A.4.2 stipulates that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

All Independent Non-executive Directors appointed has entered into a letter of appointment with the Company for a term of one year and renewable automatically for successive terms of another year unless terminated by three-month notice in writing served by either party. Pursuant to the Code A.4.2, the Directors, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment. The Company in practice will observe Code A.4.2 and will ensure that any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment.

E. CHAIRMAN AND CHIEF EXECUTIVE

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

Ms. Siu Yeuk Hung Clara is the Chairman and Chief Executive Officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives and department heads, the Board considers that vesting the roles of both Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It is in the best interest of the Group to maintain the current practice for continuous efficient operations and development of the Group.

F. REMUNERATION COMMITTEE

During the year ended 31 March 2022, 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 has adopted written terms of reference in compliance with Code Provision B.1.3. The primary duties of the Remuneration Committee include the following:

- evaluating the performance and making recommendations to the Board on the remuneration packages of the individual executive directors and senior management;
- making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the year ended 31 March 2022, the Remuneration Committee held two meetings with presence of all eligible members and reviewed and made recommendations on the remunerations packages of the Directors of the Group.

None of the Directors participated in the determination of his/her own remuneration. Attendance of the members of the Remuneration Committee is set out below:

Name of Directors	Number of meeting attended/Number of meeting held
Mr. Lee King Fui	2/2
Ms. Siu Yeuk Hung, Clara	2/2
Mr. Law Ka Kei	2/2
Mr. Ho Tak Yin	2/2
Mr. Lee Wing Lun	2/2

G. 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 report 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. During the year ended 31 March 2022, it consists of three Independent Non-executive Directors, Mr. Lee King Fui, chairman of the Audit Committee, Mr. Ho Tak Yin and Mr. Lee Wing Lun. Four meetings were held during the financial year ended 31 March 2022. Attendance of the members of the Audit Committee is set out below:

Name of Directors	Number of meeting attended/Number of meeting held
Mr. Lee King Fui	4/4
Mr. Ho Tak Yin	4/4
Mr. Lee Wing Lun	4/4

The Company's annual results for the year ended 31 March 2022, have been reviewed by the Audit Committee.

H. NOMINATION COMMITTEE

During the year ended 31 March 2022, 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 has adopted written terms of reference, which have been amended by the Board in compliance with Code Provision A.5.3. The primary duties of the Nomination Committee include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the issuer's corporate strategy;
- identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
- reviewing the nomination of Directors and making recommendations to the Board on terms of such appointment;
- assessing the independence of Independent Non-executive Directors.

During the year ended 31 March 2022, the Nomination Committee held one meeting with the presence of all eligible members and (i) reviewed and discussed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills, experience and diversity of perspectives appropriate to the requirements for the business of the Group and (ii) recommendation on the re-election of the retiring Directors.

I. DIVERSITY

The Company has adopted a board diversity policy (the “Board Diversity Policy”), which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, gender and age. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Company considers that the current composition of the Board is characterised by diversity, whether considered in terms of professional background and skills.

J. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 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 year ended 31 March 2022.

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.

K. TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

All Directors should participate in continuing professional development to develop and refresh their skills to ensure that they have appropriate understanding of the business and operations of the Group and that they are sufficiently aware of their responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged where necessary.

The Company has also continually updated Directors on the latest development regarding the GEM Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

L. RESPONSIBILITIES IN RESPECT OF THE FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, interim and quarterly reports, price-sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements.

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 March 2022.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 47 to 51.

M. AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

For the year ended 31 March 2022, the remuneration paid or payable to the Company's auditor, Moore Stephens CPA Limited, is set out as follows:

	Fee HK\$'000
Statutory audit services	780
Non-statutory audit services including review of interim results and disbursement	468
Total	1,248

N. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Board provides direction to senior management by setting the organisation's risk appetite. It also seeks to identify the principal risks facing the organization. Thereafter, the Board assures itself on an ongoing basis that senior management is responding appropriately to these risks. The Group has adopted three lines of defence to identify, assess and manage different types of risks. As the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. The second line of defence, consists of the compliance officer, financial controller, company secretary, IT department and all department heads, monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organization. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defense, the independent consultant assists the Audit Committee to review the first and second lines of defense. The independent consultant will, through a risk-based approach to their work, provide assurance to the Board and Audit Committee.

As the corporate and operation structure of the Group is not complex and a separate internal audit department may divert resources of the Group, the Group currently does not have an internal audit department. However, the Group has engaged an independent third party internal control consultant to, on an annual basis, review and provide recommendations on improving its internal control system in order to manage our business risks and to ensure our smooth operation. The review covered certain operational procedures. No significant control failings or weakness have been identified by the consultant during the review. The Board and the Audit Committee would review the need for an internal audit function on an annual basis.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 March 2022. The Board and the Audit Committee considered the risk management and internal control systems effective and adequate. No significant areas of concern that might affect shareholders were identified.

It should be acknowledged that the Group's risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives at the reasonable level, but not absolute assurance against material misstatement or loss.

Inside Information

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

O. INVESTOR RELATIONS

The Company recognises the importance in engaging in regular, effective and fair communication with its shareholders and is committed to conveying important and relevant information to the shareholders on a timely basis.

The Company strives to ensure that information is made publicly available in a prompt and timely disseminated manner. Disclosure of information is made through announcements to the Stock Exchange, the Company's annual reports, interim reports and quarterly reports, as well as the corporate website (<http://www.ecrepay.com>).

Significant Changes in Constitutional Documents

During the Reporting Period, there had been no significant changes in the constitutional documents of the Company. A copy of the latest consolidated version of memorandum and articles of association of the Company is available on the websites of the Company and the Stock Exchange.

P. SHAREHOLDERS' RIGHTS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-laws. Details of such rights to demand a poll will be included in the circular to shareholders in relation to the holding of 2022 annual general meeting and explained during the proceedings of the meeting.

Save as aforesaid, pursuant to section 62 of the Bye-Laws, special general meetings of the Company (the "SGM") shall be convened on the requisition of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such shareholders shall have the right, by written requisition to the Board or the company secretary of the Company, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and the SGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (annual, interim and quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to the Chairman of the Board of the Company at the Company's principal place of business in Hong Kong by post or by email. Shareholders may also directly raise questions during the shareholders' meetings.

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request.

Q. ENVIRONMENTAL ISSUES

The Company is committed to the sustainable development of the environment and our society. The Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental policies to ensure its projects meet the required standards and ethics in respect of environmental protection.

R. RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that our employees, customers and suppliers and business associates are key stakeholders to the Company's success. We strive to achieve corporate sustainability through engaging our employees, providing quality products and services to our customers, collaborating with suppliers to deliver quality sustainable products and services and supporting our community.

S. COMPANY SECRETARY

Mr. To Chi is the company secretary of the Company. Mr. To has confirmed that he had received no less than 15 hours of relevant professional training for the year ended 31 March 2022, in compliance with Rule 5.15 of the GEM Listing Rules.

REPORT OF THE DIRECTORS

The directors of the Company (the “Directors”) present their annual report together with the audited consolidated financial statements for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

A review of the business of the Group and a discussion on the Group’s future business development during the year ended 31 March 2022 are provided in the Chairman’s Statement on page 5 and Management Discussion and Analysis on pages 6 to 10 of this Annual Report.

An analysis of the Group’s performance during the year ended 31 March 2022 using financial key performance indicators is provided in the Financial Summary on page 3 of this Annual Report.

Discussion on the Group’s environmental issues and compliance with the relevant laws and regulations that have a significant impact on the Company are contained in the Corporate Governance Report and Environmental, Social and Governance Report on pages 11 to 46 of this Annual Report.

The Company’s key relationships with its employees, customers and suppliers and business associates that have a significant impact on the Company and on which the Company’s success depends are shown in the Management Discussion and Analysis under “Employees” section on page 8 and in the Corporate Governance Report on pages 11 to 18 of this Annual Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated statement of comprehensive income on page 52 of the annual report.

The Directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2022 (2021: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 3.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

ISSUED CAPITAL AND SHARE OPTIONS

Details of the movements in issued capital and share-based compensation of the Company for the year ended 31 March 2022 are set out in notes 30 and 31, respectively to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out on page 55 in the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to shareholders as at 31 March 2022, comprising share premium, contributed surplus and (accumulated losses)/retained earnings, amounted to HK\$200,966,000.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest suppliers of the Group accounted for approximately 36.2% of its cost of sale for the year ended 31 March 2022. The largest supplier of the Group accounted for approximately 13.9% of its cost of sale for the year ended 31 March 2022.

Sales to the Group's five largest customers accounted for approximately 20.8% of the Group's turnover for the year ended 31 March 2022. The Group's largest customer accounted for approximately 17.2% of the Group's turnover for the year ended 31 March 2022.

Save as disclosed above, if any, none of the Directors or any of their associates (as defined in the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules")) or any shareholders of the Company (who, to the knowledge of the Directors, own more than 5% of the issued share capital of the Company) had any beneficial interest in any of the five largest suppliers or customers of the Group for year ended 31 March 2022.

DONATION

During the year ended 31 March 2022, no donation was made by the Group (2021: Nil).

DIRECTORS

The Directors who held office during the year are:

Executive Directors

Ms. Siu Yeuk Hung, Clara
Mr. Law Ka Kei

Independent Non-executive Directors

Mr. Lee King Fui
Mr. Ho Tak Yin
Mr. Lee Wing Lun

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A (1) of the GEM Listing Rules, there are changes in the information required to be disclosed pursuant to paragraph (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the course of the directors' term of office. The total remuneration of Ms. Siu Yeuk Hung, Clara and Mr. Law Ka Kei were HK\$821,000 and HK\$700,000 for year ended 31 March 2022 respectively. The remuneration was determined based on their qualifications, experience, level of responsibilities and prevailing market conditions.

Save as disclosed above, there are no other matters that need to be disclosed pursuant to Rule 17.50A (1) of the GEM Listing Rules.

LIABILITY INSURANCE FOR THE DIRECTORS AND OFFICERS

The Company has in force appropriate insurance coverage on Director's and officer's liabilities arising from the Group's business. The Company reviews the extent of insurance coverage on an annual basis.

DIRECTORS' SERVICE CONTRACTS

All of the Directors have entered into a service contract with the Company and the service contracts shall be renewed automatically after a year unless and until terminated by not less than three months' notice in writing served by either party to the other. Pursuant to the Company's Bye-laws, the Directors, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2022.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, senior management and five individuals with highest emoluments are set out in notes 9 and 10 to the consolidated financial statements respectively.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 4 January 2011, the purpose of which is to incentivise or reward eligible participants for the contribution to the Group. The share option scheme lapsed in January 2021.

DIRECTOR'S 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 March 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	Approximate percentage to the issued share capital of the Company as at 31 March 2022	
	Personal Interests	
Mr. Law Ka Kei (<i>note 1</i>)	2,185,000	0.91%

Note:

1. Mr. Law Ka Kei is the Executive Director of the 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 31 March 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 31 March 2022
Ms. Bai Yu	26,093,500	10.86%
Able Rich Consultants Limited (<i>Note</i>)	82,288,613	34.23%

Note:

82,288,613 shares of the Company are held by Able Rich Consultants Limited ("Able Rich"), a wholly-owned subsidiary of Rich Treasure Group Limited ("Rich Treasure"), of which Mr. Shiu Yeuk Yuen ("Mr. Shiu") is the sole director and shareholder of that company.

As confirmed by a supplemental deed dated 29 May 2020 entered into between, among others, Popland Investments Limited as borrower, Able Rich, Rich Treasure and Cheung Siu Fai as lender relating to a HK\$327,000,000 term loan facility agreement dated 18 October 2017 (the "Supplemental Deed"), whereby the parties thereto agreed that the share charge dated 18 October 2017 shall be effective upon satisfaction of all conditions precedent stated in the Supplemental Deed. Details of the Supplemental Deed was disclosed in the circular dated 1 June 2020. On 4 May 2022, a deed of release entered into between Able Rich and Cheung Siu Fai in relation to the share charge is to be fully released and discharged.

On 29 April 2022, Best Richest Management Company Limited (the "Offeror"), Able Rich, Mr. Chan Yan Tak ("Mr. Chan") and Mr. Shiu entered into the Sales and Purchase Agreement ("SPA"), pursuant to which the Offeror has conditionally agreed to acquire and Able Rich has conditionally agreed to sell an aggregate of 82,288,613 Shares ("Sale Share(s)", representing approximately 34.24% of the total issued share capital of the Company. The consideration for Sale Shares is HK\$6,583,089.04, representing HK\$0.08 per Sale Share. Completion of the SPA took place on 4 May 2022.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

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

For the year ended 31 March 2022, 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 33 to the consolidated financial statements.

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

COMPETING INTEREST

None of the Directors or the controlling shareholder (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.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independent pursuant to Rule 5.09 of the GEM Listing Rules and considers all the Independent Non-executive Directors to be independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company maintained the prescribed public float under the GEM Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 March 2022 were audited by Moore Stephens CPA Limited whose term of office will expire upon the annual general meeting. A resolution for the re-appointment of Moore Stephens CPA Limited as the auditor of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Easy Repay Finance & Investment Limited

Siu Yeuk Hung, Clara

Chairman

Hong Kong, 24 June 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

INTRODUCTION

In accordance with Appendix 20-Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), Easy Repay Finance & Investment Limited and its subsidiaries (collectively known as the “Group” or “We”) are pleased to present this Environmental, Social and Governance Report (the “ESG Report”). The purpose of the ESG Report is to provide our stakeholders with a comprehensive view of our environmental, social and governance (“ESG”) performance, initiatives and achievements in four areas: environmental protection, employment and labour policies, operational practices and community involvement.

REPORTING PRINCIPLES

The ESG Report is prepared according to the “Comply or Explain” provisions and the four Reporting Principles as required by the ESG Reporting Guide:

1. **Materiality:** Disclosure is required in this Report if ESG issues have a material impact on our investors and other stakeholders.
2. **Quantitative:** The identified ESG data are measurable, so that the KPIs in this report can be compared with peers, industry standards and our previous years’ performance.
3. **Balance:** The performance information in the Report is presented in an unbiased manner, avoiding selections, omissions or presentation that might inappropriately influence the decisions or judgments of stakeholder.
4. **Consistency:** To ensure comparability, all key performance indicators calculations and assumptions are consistent with previous years. Any changes in relevant assumptions or calculation methods are clearly disclosed to inform stakeholders.

REPORTING BOUNDARY

The scope of the ESG Report mainly focuses on the Group’s principal businesses which includes money lending business, financial instruments and quoted shares investment, retail and wholesale business in Hong Kong. The information stated in this Report covers the period from 1 April 2021 to 31 March 2022 (the “Reporting Period”). The disclosure of systems, policies, and compliance with laws and regulations is made on a Group-wide basis. The Group has compiled ESG Key Performance Indicator (“KPI”), as shown in this ESG Report and supplemented by notes for benchmarking purposes. In addition to achieving our business objectives, we recognize our responsibility to operate in a more responsible and sustainable manner by integrating ESG considerations into our day-to-day operations.

Information regarding to the Group’s corporate governance practices, please refer to the section headed “Corporate Governance Report” in the latest annual report.

ESG GOVERNANCE

OUR SUSTAINABILITY MISSION

In response to the concept of sustainable development and to create long-term value for our shareholders, the Group has incorporated ESG themes into our daily operations in an effort to pursue sustainable business development. We have incorporated “sustainability” as an ESG factor into our business operations, which is an important part of our corporate strategic objectives.

OUR APPROACH TO SUSTAINABILITY

The Board believes that sustainable development is an important aspect for the future development of the Company and therefore attaches great importance to the Group’s sustainable development performance and plans during the Reporting Period. The Board believes that sustainable development should come from internal management and takes the lead in implementing green strategies to contribute to the achievement of carbon neutrality.

The Board is committed to taking overall responsibility for setting and overseeing the Group’s sustainability direction and strategy by conducting at least one corporate risk assessment each year to identify current and potential risks in our complex operating environment, including but not limited to ESG aspects. It will also actively engage with various stakeholders to ensure that the Group’s ESG performance meets their expectations. In addition, the Board, in order to address environmental related risks and social sustainability risks, has taken a series of measures to address the risks identified in the corporate risk assessment to reduce the impact of potential risks on stakeholders and the environment.

STAKEHOLDER ENGAGEMENT

In its activities with stakeholders, the Group is committed to creating positive social value. We define stakeholders according to their relationship with the Group, the extent to which they are affected by our business operations and the extent to which they influence the achievement of our business objectives. The Group believes it is important to consider the interests of all stakeholders in order to strengthen stakeholder relationships with our internal and external stakeholders. The key stakeholders engaged during the Reporting Period included investors, employees, suppliers, media, communities, customers and stock exchanges.

Stakeholder engagement is essential for the Group to understand their concerns and expectations in order to identify the most important aspects of ESG. It is the foundation of our sustainability strategy, supports our long-term sustainability and this ensures that the Group keeps abreast of ESG developments in our industry and the changing operating environment. At the same time the Group will continue to proactively engage with key stakeholder groups in a variety of ways to fully understand their views and expectations. The areas of concern to stakeholders are listed below:

Major Stakeholders		Communication and Response Channels	Major Concerns
Internal	Employees	• Staff training events • Team building activities • Performance appraisal • Meetings and interviews	• Training opportunities and career development • Compensation & benefits • Health and safety of working environment • Employee rights, benefits and compensation
	Shareholders and Investors	• Press release • Corporate Announcements and Circulars • Annual and Interim Reports • Annual General Meetings	• Sound risk management and effective corporate governance • Profitability • Financial stability and responsible investment • Information Disclosure & Transparency
External	Suppliers	• Tender conferences • Site visits • Supplier performance review • Phone calls	• Fair and transparent supplier selection process
	Governments and Supervisory Institutions	• Site visits and conferences • Examinations and inspections • Mandatory local and regional reporting requirements	• Compliance to laws and regulations • Community engagement and social welfare • Corporate governance • Environmental impact and carbon footprint
	Stock Exchanges	• Webinars and reports on regulatory updates • Training events • Online meetings	• Disclosure of materials ESG topics • Compliance with the Listing Rules • Corporate governance • Timely announcements and the publication of external reports
	Media	• Public relation events • Company website	• Financial performance • Corporate governance • Community engagement • Environmental impact
	Community	• Community volunteering events and services • Charitable activities	• Environmental impact • Community development and Charitable Activities
	Customers	• Customer service hotline and e-mails • Meetings and Correspondences • Telephone consultations	• Corporate social responsibility • Integrity of business • Quality of product and services • Privacy protection • Fair and reasonable pricing

During this period, we have learned through multiple communication channels the main points of concern for our key stakeholders, including ESG compliance, environmental impact and anti-corruption measures. At the same time, in order to contribute more in protecting the environment and supporting social contributions, we embarked on a wave of change to lead the business with sustainability as the main driver. We emphasize the importance of sustainability in our operational strategy, as we believe that for the Group to grow in the long term, we must follow a sustainable path.

MATERIALITY ASSESSMENT

During the Reporting Period, in order to help stakeholders understand the Group's ESG performance and enhance their understanding of sustainable development, the Group conducted an annual review to identify the main concerns and key interests of stakeholders on ESG issues through a substantive assessment survey with stakeholder participation. Based on the level of influence and dependence of internal and external stakeholders on the Group, some stakeholders, including employees and suppliers, participated in this substantive assessment.

In addition, some stakeholders were invited to participate in an electronic survey to express their views on the list of ESG questions. The table below briefly shows the results of the assessment. The ESG issues located in the second quadrant (top right) are the most important areas of concern and will be prioritized for resource investment.

Below is the detailed methodology of our materiality assessment method:

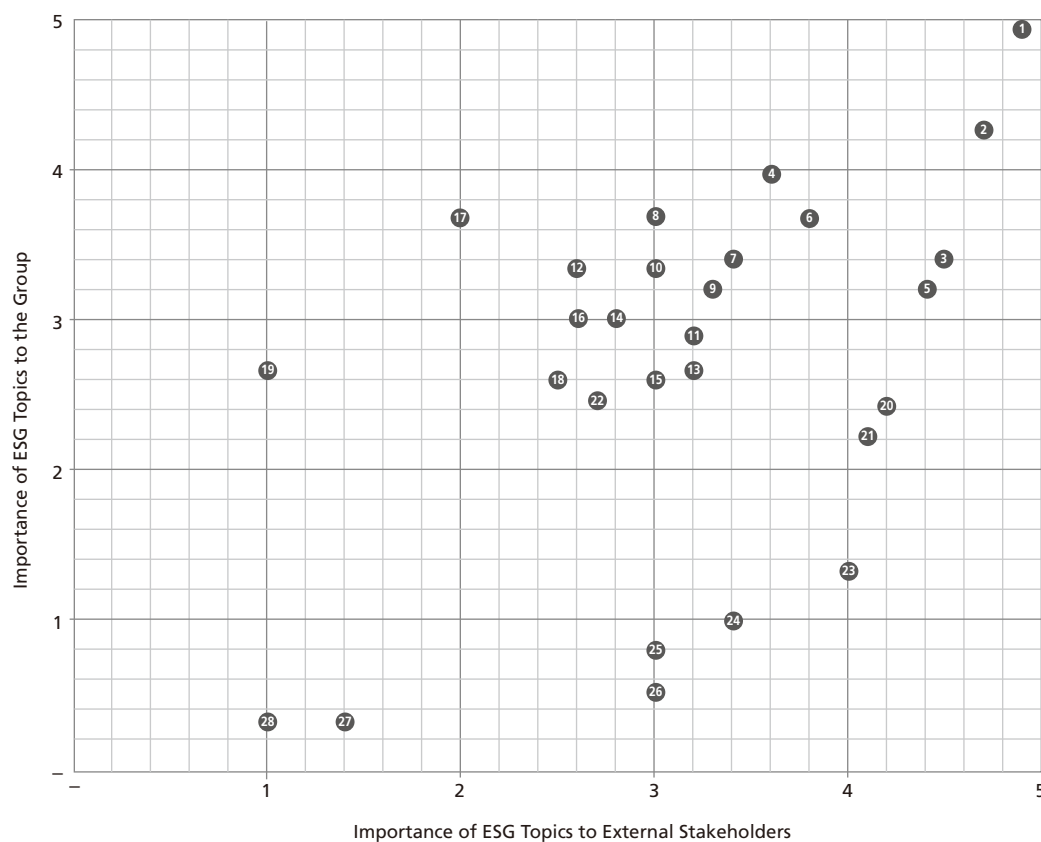
1. Design of the methodology: The materiality analysis was designed around the implementation of ESG initiatives and is in line with the materiality principles outlined in the Reporting Principles section above and the Listing Rules.
2. Identification of material ESG issues: The Group relies on the previous year's material ESG issues and stakeholder feedback and policies and procedures, industry and international trend reports, regulatory updates and external standards to identify ESG issues.
3. Stakeholder validation and engagement: ESG issues are rated with internal and external stakeholders based on a rating range from 0 (no significance) to 6 (high significance). Other ESG issues not covered in the above assessment can also be raised and stakeholders are encouraged to provide feedback on our engagement approach.
4. Prioritization of significant ESG issues: Through statistical analysis of the data, ESG issues are prioritized according to their importance and presented in a chart.

The following table provides an overview of the ranking of materiality of the ESG topics of the Group:

Item	ESG Topic	Item	ESG Topic
1	Employee remuneration, benefits and rights	15	Environmental risks and social risks of the suppliers
2	Product health and safety	16	Marketing communications
3	Selection and monitoring of suppliers	17	Number of concluded legal cases regarding corrupt practices
4	Customer satisfaction	18	Environmentally preferable products and services
5	Employee development and training	19	Community support
6	Customer information and privacy	20	Energy use
7	Anti-corruption policies and whistle-blowing procedure	21	Water use
8	Cultivation of local employment	22	Preventing child and forced labour
9	Observing and protecting intellectual property rights	23	Hazardous waste production
10	Anti-corruption training provided to directors and staff	24	Non-hazardous waste production
11	Occupational health and safety	25	Mitigation measures to protect environment and natural resources
12	Diversity and equal opportunity of employees	26	Climate change
13	Use of materials	27	Air emissions
14	Product and service labelling	28	Greenhouse gas emissions

The following table briefly shows the results of the assessment:

Materiality Assessment Matrix



Through the above analysis, the Group has identified “Employee Compensation, Benefits and Rights”, “Product Health and Safety” and “Supplier Selection and Monitoring” as highly important issues. Given the high level of concern over these significant issues, the Group has carefully evaluated the risks and opportunities behind these issues, which are detailed in the following sections of this ESG report.

INFORMATION AND FEEDBACK

The Group welcomes all feedback from investors and stakeholders in particular the important areas identified in the materiality assessment. Your opinion is highly valued, should you have any suggestions or comments, please contact us through the channels below:

Post: Unit 02, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
 Telephone: +(852) 2898 0567
 E-mail: info@ecrepay.com

A. ENVIRONMENT

A1 EMISSIONS

The Group is committed to sustainable development and environmental management as an important part of our business strategy. Also in order to promote better environmental management, the Group continues to make its best efforts to comply with all laws, regulations and rules relating to air and greenhouse gas emissions in its operations, including but not limited to, the Air Pollution Control Ordinance (Cap 311), and the Protection of Odour Layer Ordinance (Cap 403). During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations relating to emissions and the environment.

In general, the Group's energy consumption and raw material use are relatively low within the scope of its operations. The Group's main business is the provision of high quality financial services with minimal direct impact on the environment and, in addition, we do not generate hazardous waste.

Air Emissions

Due to the nature of its business, the Group does not generate significant emissions. In view of the daily business activities of the Group, direct emissions are mainly from the combustion of fuel in the operational vehicles. The Group endeavours to use alternative channels to replace the use of daily business vehicles, such as arranging online calls or video conferences. If in-person meetings are required for business purposes, the Group encourages the use of public transportation for long distances and bicycles or walking for short distances.

Regarding the approximate amounts of sulphur oxides ("SO_x"), nitrogen oxides ("NO_x") and respiratory suspended particulate matter ("RSP") generated during the Group's operations, the figures are shown in the table below:

Emissions from Vehicles	Units	2021/22	2020/21	Percentage Comparison
Units of fuel consumed by vehicles	Liters	11,904.92	7,293.71	63.22%
Sulphur oxides (SO _x)	Kilograms	0.18	0.11	63.64%
Nitrogen oxides (NO _x)	Kilograms	6.04	5.44	11.03%
Respiratory suspended particles (RSP)	Kilograms	0.44	0.39	12.82%

During the Reporting Period, the total emission of SO_x, NO_x and RSP are 0.18 kg, 6.04 kg, and 0.44 kg, respectively. Comparing to the emissions data in the last Reporting Period, the air emissions of SO_x, NO_x and RSP have increased 63.64%, 11.03% and 12.82% respectively. The Group will keep monitoring on the emissions data in order to reduce the usage of vehicles in the future. The Group is aware of the air pollutants generated from vehicles usage and will consider to use a more environment-friendly fuel type, such as electricity or other biomass sources, in the upcoming Reporting Period to reduce carbon footprint.

Greenhouse Gas (GHG) Emissions

The Group has been closely monitoring the level of greenhouse gas emissions and exploring different ways to reduce our carbon footprint. The Group's main contribution to its carbon footprint comes from indirect GHG emissions from air travel for business purposes and electricity consumption, mainly due to the use of office equipment in the workplace, including but not limited to lighting systems, air conditioning and office machines. The Group's greenhouse gas emissions can be broadly categorized into direct emissions (Scope 1), indirect emissions from energy (Scope 2) and other indirect emissions (Scope 3). During the Reporting Period, the greenhouse gas emissions are as follows:

Aspects ¹	Units ²	Emission		Percentage Comparison
		2021/22	2020/21	
Scope 1 – Direct GHG Emissions ³	tCO ₂ e	31.62	19.75	60.10%
Scope 2 – Indirect GHG Emissions ⁴	tCO ₂ e	483.42	532.69	(9.25%)
Scope 3 – Other Indirect GHG Emissions ⁵	tCO ₂ e	15.19	14.40	5.49%
Total GHG Emissions	tCO₂e	530.23	566.84	(6.46%)
GHG emission intensity⁶	tCO₂e/number of employees	5.89	5.73	2.79%

Notes:

1. The above GHG emission data have been compiled with reference to "How to prepare an ESG Report–Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
2. tCO₂e refers to tonnes of carbon dioxide equivalent.
3. Direct emissions of the Group were from fuel combustion in vehicle.
4. Energy indirect emissions of the Group were from purchased electricity.
5. Other indirect emissions of the Group included air travel for business, paper used and recycled and electricity used for fresh water and sewage processing by government department.
6. The intensity is calculated by dividing the GHG emissions by the Group's total number of employees during the Reporting Period.

During the year, the total carbon emissions are approximately 530.23 tonnes, representing a decrease of 36.6 tonnes, or 6.46%, compared with the figure in the last fiscal year. The Group endeavours to reduce the GHG emissions by reducing the energy consumption level and will continue to assess and record its greenhouse gas emissions and other environmental data annually and compare it with last year's data to assist the Group in further developing emission reduction targets in the future.

Waste Management

Due to the nature of our business activities, we did not generate significant amounts of hazardous waste from our operations during the Reporting Period. Our waste mainly comes from food waste and general office waste, which are non-hazardous. During the Reporting Period, the Group generated 3.88 tonnes of food waste and 1.49 tonnes of general office waste. As part of our environmental protection strategy, our non-hazardous waste is handed over to qualified waste disposal companies in each of our business areas for disposal in an appropriate manner.

Non-hazardous waste	Units	Percentage Comparison	
		2021/22	2020/21
Food waste	Tonnes	3.88	4.01 ¹
General office waste	Tonnes	1.49	1.49
Total non-hazardous waste	Tonnes	5.37	5.50
Intensity of non-hazardous waste	Tonnes/number of employees	0.060	0.056

Note:

1. Restate 8846 pounds to 4.01 tonnes.

During the Reporting Period, the Group adhered with all relevant laws and regulations on the generation of hazardous waste and non-hazardous waste including but not limited to the Waste Disposal Ordinance (Cap 354 of the Laws of Hong Kong). The Group adopts a range of environmental measures to reduce hazardous and non-hazardous waste. The Company also advocates for its employees to minimize any unnecessary waste of raw materials at the start of their work.

A2 USE OF RESOURCES

The Group is not a manufacturing company and, as such, the use of resources in our business activities is minimal. The Group understands that the proper use of resources is an integral part of sustainable development. The Group continues to uphold the highest environmental standards in our business operations as the Group believes that environmental protection is a key factor in the sustainable development of our business.

The Group's energy use mainly includes electricity and water as well as paper use. To meet regulatory requirements, the Group has developed and implemented a series of measures to regulate the use of resources, and our strategies for the effective use of electricity, water and paper are further elaborated in the "Electricity and Water Management" and "Paper" sections of this ESG report.

Electricity and Water Management

The Group is acutely aware that water plays an important role in many sustainable development trends. Water is not only an important resource for our society, but also vital to the natural environment; at the same time, managing the use of electricity wisely can help us further reduce energy consumption and ultimately reduce greenhouse gas emissions, and therefore the wise use of resources is an integral part of sustainable development. The resources used by the Group mainly refer to the electricity and water consumed by the office. The approximate electricity consumption of the Group during the Reporting Period is shown in the table below:

Types of Energy Sources	Units	2021/22	2020/21	Percentage Comparison
Direct energy consumption	kWh	118,227.83	72,529.55	63.01%
– Petrol	kWh	88,051.00	70,661.40	24.61%
– Diesel	kWh	30,176.83	27.19	110,885.03%
– Gas	kWh	–	1,840.96	(100.00%)
Indirect energy consumption	kWh	1,205,513.50	991,315.50	21.61%
– Electricity purchase	kWh	1,205,513.50	991,315.50	21.61%
Total energy consumption	kWh	1,323,741.33	1,063,845.05	24.43%
Energy consumption intensity	kWh/number of employees	14,708.24	10,745.91	36.87%

For the year ended 31 March 2022, the Group's energy consumption was 1,323,741.33 kWh, representing an increase of 259,896.28 kWh, or 24.43%, compared to the figure for the previous financial year. During the Reporting Period, the increase in electricity consumption was due to the leasing of new offices. The large variance in diesel energy consumption is due to two more diesel vehicles to be used in this fiscal year.

As our greenhouse gas emissions are largely based on our level of energy consumption, the Group has adopted a number of energy saving measures so as to optimize the use of electricity, reduce greenhouse gas emissions and demonstrate our commitment to protect the environment by complying with relevant laws and regulations, including but not limited to the Energy Efficiency (Labelling of Products) Ordinance (Cap. 598).

The Group actively promotes measures including, but not limited to, the following:

- Choose energy-saving appliances, such as using LED energy-saving lamps instead of traditional lamps;
- Turn off air conditioning and lighting systems during non-office hours;
- Reduce unnecessary energy use by setting the air conditioning to 25 degrees Celsius when it is running and keeping all doors and windows closed;
- Encourage employees to turn off equipment and appliances when not in use to conserve power in the workplace; and
- Post written notices such as "Energy Conservation" in the workplace to remind employees to conserve energy.

The details of the water consumption generated by the Group are as follows:

Indicators	Units	2021/22	2020/21	Percentage Comparison
Water consumption	cubic meters	5,816.01	9,323.00	(37.62%)
Water consumption intensity	cubic meters/number of employees	64.62	94.17	(31.38%)

The Group's water is used mainly for drinking water and for the daily activities of its employees. During the Reporting Period, the Group's water consumption was 5,816.01 cubic meters, a decrease of 3,506.99 cubic meters, or 37.62%. The Group is committed to raising awareness of water conservation among its employees and other stakeholders by implementing various measures and initiatives to reduce water consumption. These measures and initiatives include but are not limited to:

- Encouraging employees to develop good habits of water conservation by turning off water taps with their hands;
- Posting water conservation signs to raise employees' awareness of water conservation; and
- Strengthening the management of water-using equipment to prevent water leakage.

Paper

Conserving paper is one of the best measures to protect forests and the environment. In order to save energy and protect resources, the Group uses office paper scientifically and reasonably; for this reason, the Group also advocates its employees to: start from the side, save every piece of paper, cherish and protect our ecological environment. About the general situation of the Group's office paper use, see the following table:

Paper Usage	Units	2021/22	2020/21	Percentage Comparison
Paper consumption	Kilograms	2,413.16	1,794.41	34.48%
Total paper consumption intensity	Kilograms/number of employees	26.81	18.13	47.88%

During the Reporting Period, the Group consumed a total of 2,413.16 kilograms of paper, representing an increase of 34.48% over the previous year. The Group has also adopted a number of practical conservation measures to contribute to the saving of resources and to enable employees to consciously develop green and low-carbon working habits, including but not limited to the following:

- Encouraging employees to reduce unnecessary printing by sharing documents among colleagues via network transfer, thereby reducing paper usage;
- Encouraging double-sided printing and the use of waste paper in printing;
- Use recycled paper for informal documents and draft documents within the Group; and
- Set up waste paper recycling bins in the office, and put fully utilized paper and waste newspapers into the bins, and collect a certain amount for recycling and disposal.

Use of Packaging Materials

Packaging materials are used in the Group's business, mainly including compression bags, cartons and labels. Due to the nature of the business, the weight information of packaging materials is not important to the Group, so the disclosure here is based on the number of pieces. During the Reporting Period, the Group used 521,585.00, 122,886.00, 170,050.00 and 59,004.00 pieces of compression bags, cartons, labels and metal, respectively, in its daily operations. We continuously follow up on the use of materials to ensure that they are utilized to the maximum extent possible so as to avoid excessive storage and waste of materials.

Packaging Materials	Units	2021/22	2020/21	Percentage Comparison
Total consumption	Pieces	873,525	1,164,046	(24.96%)
– Compression bags	Pieces	521,585	761,518	(31.51%)
– Cartons	Pieces	122,886	187,627	(34.51%)
– Labels	Pieces	170,050	214,901	(20.87%)
– Metal	Pieces	59,004	–	–
Total consumption intensity	Pieces/number of employees	9,705.83	11,758.04	(17.45%)

The Group operates to the highest environmental standards in reducing resource use and non-hazardous waste generation, and strives to create a more efficient, environmentally friendly and paper-free workplace in the future, thereby continuing to reduce paper use and further protect the environment.

Investment Practices

The Group follows the principle of incorporating ESG issues into the investment analysis and decision-making process when acting as placement agent or underwriter for fundraising activities, actively seeking to work with companies that have good practices in addressing environmental, humanitarian and governance issues.

Companies that perform well in ESG, both in the immediate and long term, help generate better profits and returns for investors. Companies that perform well in ESG will have a long-term competitive advantage, be more resistant to falls and have a better reputation. Companies that focus on ESG factors significantly outperform the market average in resisting risk in the face of unpredictable and significant risks, and these factors can give investors great confidence. When the Group looks for investment targets, the Group reads the prospectuses and annual reports of these companies carefully and takes into account their transparency and accountability. The Group is concerned about who is managing these companies or who is serving on their boards and is concerned about the environmental, social and workers' rights conduct of these companies.

The Group seeks to create a resilient and sustainable future for our shareholders by partnering with environmentally conscious companies that (i) strive to reduce energy use, waste and pollution; (ii) make best efforts to conserve resources, such as using recyclable materials and minimizing paper communications; and (iii) develop natural resources in a responsible manner.

The Group looks for socially responsible companies that (i) work with high quality suppliers with high ethical standards; (ii) have high levels of customer satisfaction; (iii) interact with government and regulatory agencies with integrity; (iv) consider maximizing positive impacts and minimizing negative impacts on society when making decisions; and (v) provide charitable contributions and support to the community.

The Group wants to work with companies that respect workers' rights and human rights. These companies ensure the health and safety of the work environment and surrounding communities, and provide fair and equitable wages and benefits.

Companies with which the Group works should also have a robust governance mechanism that properly manages a variety of corporate governance issues, including but not limited to financial reporting and other disclosures, investor relations, executive compensation, conflicts of interest, and regulatory compliance.

The Group shares this set of principles and best practices with our key clients and encourages them to adopt the same principles when selecting companies in which to invest.

A3 THE ENVIRONMENT AND NATURAL RESOURCES

Because we are a non-production business, we do not cause any other significant pollution or damage to the environment or natural resources. The main environmental impact of the business is the indirect impact of carbon dioxide from the use of electricity and paper in the daily activities of the business. The Group has taken measures to reduce to reduce our carbon footprint and prevent any damage to the environment by adopting energy saving measures as mentioned in the “Emissions” and “Use of Resources” sections of the report. The Group complies with relevant laws and regulations and has not found any violations of regulations related to emissions and the environment during the Reporting Period.

We understand that the government, businesses and the public will be increasingly concerned about carbon emissions. The Group will continue to assess the climate and environmental risks in our business operations, formulate countermeasures and regularly review and update our environmental policies.

A4 CLIMATE CHANGE

According to the United Nations, climate change is occurring faster and more severely than expected, and for businesses, the effects of climate change are changing and even reshaping the current business ecosystem. With this new business challenge, the Group recognizes that addressing the risks of climate change scientifically and setting carbon reduction targets scientifically will become essential skills for the Group to turn risks into opportunities.

The money lending business is the core business of the Group and generates stable income for the Group, and in this business the weather is not expected to have a significant impact on our business. It is mainly a physical risk, which is caused by extreme weather related events such as thunderstorms, typhoons and hurricanes, resulting in employees being unable to provide services to customers. The Group will consider physically designing a set of interventions to address the impact and risk that climate change may have on the Group's business, for example, by issuing official weather warning reports at all times and reminding employees to prioritize the completion of projects in the office during extreme weather.

However, since 2015, the Group has been developing its retail and wholesale business, which represent only a small part of the Group's business. In this type of business, weather may pose a market risk to us in addition to physical risk, i.e., disruption by extreme weather that affects our retail and wholesale business operations, thus creating resilience risk, such as our suppliers not being able to supply normally. After assessing the relevant potential impact that may lead to the interruption of the Group's supply network, the Group maintains suppliers in different geographical locations in the list of qualified suppliers to prevent the interruption of the supply network. Therefore, the Group has not been affected by extreme weather such as flood and storm since its establishment, and the risk of being affected by flood and storm weather is relatively low.

The board of directors will also continuously monitor climate related matters and the dynamics of the government's actions to address climate change, and take actions to minimize the impact on business operations.

B. SOCIAL

B1 EMPLOYMENT

The Group insists in believing that employees are the company's most valuable asset and an indispensable part of the company's sustainable development. The Group is committed to the Group's endeavour to create a safe and healthy working environment, to provide a workplace free from any form of discrimination and harassment for its employees and to build a diverse workforce.

To this end the Group also establishes appropriate policies and procedures, including but not limited to recruitment, transfer and promotion, termination, salary, capital calculation and compensation, and other benefits. The Group focuses on a transparent recruitment and employment mechanism and also establishes a transparent platform to receive feedback from employees, measure employee satisfaction, focus on their personal growth, and protect and respect their legal rights.

During the Reporting Period, the Group adhered with the relevant laws and regulations regarding with labour, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), and the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong). The Group did not find any incompliance with the relevant rules and regulations that had a significant impact on us.

At the end of the Reporting Period, the Group decreased the size of workforce by 9.09% compared with the previous year to 90 employees. The distribution of our workforce by gender, age, employment type and geographical region are as follows:

Number of Employee of the Group	As at 31 March 2022	As at 31 March 2021	Movement	Percentage Comparison
By Gender				
Male	36	45	(9)	(20.00%)
Female	54	54	–	–
By Age				
Below 30 years old	5	9	(4)	(44.44%)
Between 31 to 50 years old	49	56	(7)	(12.5%)
Over 50 years old	36	34	2	5.88%
By Employment Type				
Full-time	90	99	(9)	(9.09%)
Part-time	–	–	–	–
By Geographic Location				
Mainland China	–	–	–	–
Hong Kong	90	99	(9)	(9.09%)

The Group actively takes various measures to retain talents and thus reduce the turnover rate of employees, such as:

- Optimize the recruitment process so that candidates can fully understand the working environment and welfare level of the Group.
- Emphasis on training employees on corporate culture to improve their sense of cultural identity with the Group.
- Pay attention to the work pressure of employees and promote dialogue between management and employees to relieve the psychological pressure of employees.
- Expand the development channels for employees within the Group and provide employees with a competitive career platform so that the Group can fully meet the career development requirements of employees.

The employee turnover rate by (i) gender, (ii) age and (iii) geographical region are presented in the table below:

Percentage of Employee left the Group	Units	As at 31 March 2022	As at 31 March 2021	Percentage Point Change
Total	Percentage	56.08%	35.35%	20.73%
By Gender				
Male	Percentage	50.00%	28.89%	21.11%
Female	Percentage	64.81%	40.74%	24.07%
By Age				
Below 30 years old	Percentage	180.00%	77.78%	102.22%
Between 31 to 50 years old	Percentage	55.10%	37.50%	17.60%
Over 50 years old	Percentage	47.22%	20.59%	26.63%
By Geographic Location				
Mainland China	Percentage	—	—	—
Hong Kong	Percentage	58.89%	35.35%	23.54%

Note:

The formula to calculate total percentage of employees left the Group is the total number of employees left divided by the average number of employees during that reporting period. The percentage of employees left the Group by geographic location is calculated by employees in the specified category leaving employment divided by the number of employees in the specified category.

Compared with the previous year, the Group's turnover rate increased from 35.35% to 56.08% this year, which is in line with the Group's people-oriented philosophy. The Group will make further efforts to continue to give more attention to its employees and integrate them into the Group as a family so as to further reduce the turnover rate of employees.

Compensation Package

In all labour relations within the Group, whether it is recruitment, promotion or dismissal, the Group only places importance on the candidate's or employee's ability, qualifications, experience and performance to match the job. We arrange a fair and reasonable remuneration package for all employees, and the top salary of employees is not only related to the market salary but also to their job duties, annual performance, professional designation, etc. In addition, the compensation package set by the Group includes additional compensation benefits and bonuses, which are adjusted according to the performance of employees' compensation targets. These goals are designed to align employee performance with the Group's strategic objectives. Employees are also entitled to benefits under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

All our employees are basically entitled to fair wages, fixed working hours, and all statutory holidays, leave and benefits in accordance with laws and regulations, including but not limited to sick leave, maternity leave, marriage leave, paternity leave and jury leave. In addition, the Group organizes various leisure activities for its employees, including but not limited to annual dinners, birthday or Christmas parties, to enhance employee cohesion.

Recruitment, Promotion and Dismissal

Our set is committed to developing diversified talent recruitment channels to meet our recruitment needs. In the recruitment process, we strictly abide by the Recruitment System and use objective criteria such as the principle of "openness, transparency, fairness and impartiality" to make the selection. We also prohibit any discriminatory behaviour against any applicant or current employee.

The Group has established an "Employee Manual", which includes terms and conditions of employment, employee working hours, rest periods, employee benefits (entitled holidays, insurance and training), and Office rules and policies, etc. In addition, the Group provides various forms of incentives to employees, including but not limited to competitive salaries and benefits. These incentives are evaluated based on employees' personal qualifications and work performance, and refer to the situation of companies in the same industry that year.

The Group provides open and equal promotion opportunities for each employee by having them complete a self-assessment through qualitative and quantitative indicators and an assessment with their supervisors to determine whether they have sufficient knowledge and expertise in the field to be promoted based on their performance. Encourage employees to go above and beyond by providing a healthy competitive environment.

When employees resign, the Group will provide them with reasonable compensation for their resignation based on their reasons and policies. We will also understand employees' thoughts and feelings and suggestions during their employment with the Group. The feedback from employees will be used to further develop the Group's working conditions and thus increase employee satisfaction.

During the Reporting Period, the Group has complied with employment-related laws and regulations.

Diversity and Inclusion

The Group values a diverse workforce that can bring more of the best talent to the Group. Gaining more talent and building a more cohesive team creates impactful results for our stakeholders. This is consistent with our "people first" philosophy and underpins our commitment and initiatives.

Our leadership team is committed to upholding the principles of diversity and inclusion and strictly prohibits any form of discrimination against employees and applicants for employment based on gender, race, colour, national origin, religion, sexual orientation, disability, military service or marital status and other status protected by local law. The Group believes that with a diverse team, it will stimulate creativity and bring new ideas to our business.

During the Reporting Period, the Group will continue to focus on the principles of diversity and inclusion with innovative solutions, products and services to meet the needs of our stakeholders and changing markets, and to create a professional and positive workplace for our employees.

B2 HEALTH AND SAFETY

The health and safety of our employees is the foundation of our stable operation. Therefore, we have been creating a safe and healthy working environment to promote the physical and mental health of our employees.

The total indicators regarding to health and safety are as follows:

Indicators	2021/22	2020/21
Number of work-related fatalities	–	–
Rate of work-related fatalities ¹	–	–
Number of reportable injuries ²	–	1
Number of reportable occupational diseases	–	–
Number of lost days due to work injury ³	–	296

Notes:

1. The rate of work-related fatalities is calculated based on the number of injuries per 200,000 hours worked (employees working 40 hours per week for 50 weeks).
2. Reportable injuries refer to work-related accidents to employees resulting in incapacity for a period exceeding three days in Hong Kong.
3. Lost days refer to the days that could not be worked as a consequence of a worker being unable to perform their usual work because an occupational accident or disease.

The Group is concerned about the safety and health of all employees and has medical allowance for all full-time employees and medical insurance and employees' compensation insurance. When an accident or injury occurs on our premises, the management team will be notified immediately and an investigation will be initiated to analyse the cause of the accident.

The Group has established policies and procedures for primary hazard prevention and all aspects of workplace health and safety. The main objectives of this policy are (1) to maintain and improve the physical health and working conditions of employees; (2) to further reduce the risk of occupational hazards; and (3) to develop a work culture in a direction that supports health and safety in the workplace. All employees must comply with all policies and procedures related to fire safety, suspicious mail alerts, storm warnings, typhoon arrangements and office tidiness policies in order to avoid employee injuries from the above.

The Group complied with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). In addition, the Group is not aware of any violation of laws and regulations relating to the health and safety of employees.

Novel coronavirus pneumonia pandemic ("COVID-19")

As the COVID-19 pandemic continues to spread around the world, the Group is also prioritizing the pandemic situation and implementing long-term pandemic response and recovery mechanisms to help minimize disruption and achieve business continuity. In the face of the serious epidemic, we have responded positively to the government's call to encourage our staff to work from home in order to minimize the number of situations where they are at risk.

In terms of work environment, the Board of Directors has established an office in Hong Kong and has taken proactive measures to provide a safe, clean and healthy work environment to protect employees from occupational hazards, including but not limited to: conducting temperature screening, disinfecting frequently touched surfaces on a regular basis and requiring the wearing of surgical masks. The Group has also implemented a no smoking policy which prohibits employees from smoking in any area of the office to provide a healthy, safe and free breathing work environment.

During the year under review, no cases of non-compliance with Hong Kong's health and safety laws and regulations were found.

B3 DEVELOPMENT AND TRAINING

The Group cares about the career planning and development of its employees and believes that the provision of good training can help enhance their quality of work and their speedy integration into the business, thereby strengthening the overall development and overall competitiveness of the Group. This not only strives to help employees acquire the expertise to perform their duties, but also helps them develop a lifelong career. Training includes internal, external, induction, on-the-job, competency and corporate culture training, covering management systems and regulations, market trends and industry-related expertise.

Training programs are designed to meet the different needs of employee types, particularly new hires, front-line employees, supervisory staff and employees with compliance functions. Upon joining the firm, all new employees are given a briefing on AML/CTF as part of their induction. To ensure that these sessions provide value to our employees and our business, employees are invited to provide feedback on their preferred training topics.

Our mission is to equip our employees with important skills to remain relevant in an ever-changing world. All directors of the Group receive comprehensive, formal and targeted induction training to ensure that they understand the Group's business operations, the responsibilities of directors and their obligations under the Listing Rules and other regulatory requirements. They also receive regular training on the latest relevant statutory requirements and market changes to ensure that they have a high level of awareness of industry trends.

In order to develop our talented workforce, we encourage our employees to set career goals each year and are supported in this process by our HR and culture departments. Employee training schedules are all planned by the directors and updated regularly for the relevant employees. Records of training participation will be kept by the directors.

As of 31 March 2022, all employees have participated in training for a total of 201 hours. The training information by gender and employee category compared to last year are as follows:

Number of employees trained by the Group	As at 31 March 2022	As at 31 March 2021¹	Percentage Comparison
Total employees trained	90	99	(9.09%)
Percentage of employees trained²	100%	100%	–
By Gender			
Male	36	45	(20.00%)
Percentage of male trained²	40%	45%	(5.00%)
Female	54	54	–
Percentage of female trained²	60%	55%	5.00%
By Employee Category			
Management	32	38	(15.79%)
Percentage of Management trained²	36%	38%	(2.00%)
Frontline and other employees	58	61	(4.92%)
Percentage of frontline and other employees trained²	64%	62%	2.00%

Notes:

1. Restate training information for FY2021.
2. Percentage change = the percentage of training in FY2022 – the percentage of training in FY2021.

Average training hours of the Group	As at 31 March 2022	As at 31 March 2021	Percentage Comparison
Total hours	201	207	(2.90%)
Average training hours per employee	2.23	2.09	6.70%
By Gender			
Male	3.08	1.84	67.39%
Female	1.67	2.05	(18.54%)
By Employee Category			
Management	2.22	1.74	27.59%
Frontline and other employees	2.24	2.01	11.44%

Employees received on average of 2.23 training hours, representing an increase of 6.70%, compared to the figure for the previous financial year. The decreasing amount of training is due to COVID-19. The Group will pay more attention to the development of employees and provide more training opportunities in the future.

B4 LABOUR STANDARDS

The Group strictly complies with all laws and regulations relating to the prohibition of child labour or forced labour, including but not limited to the Prohibition of Child Labour Regulations, and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The Group strictly prohibits the employment of child labour and forced labour, discrimination and harassment. We strive to fulfil our responsibilities to our employees, respect their legitimate rights and interests, promote their career development, improve the working environment and pay attention to their physical and mental health in order to achieve the mutual development of the Group and our employees. In the event of suspected violations or infringement of employees' personal rights, employees can report to the management through different communication channels which are available for employees to report to the management. The Group will first enquire the employee concerned and conduct an in-depth investigation into the case. The Group will review and improve the relevant systems to plug the loopholes.

To maintain a clean working environment, the Group has established a transparent recruitment and hiring mechanism. Applicants will be screened by collecting their original identity documents and graduation certificates. The Human Resources Department first verifies the legitimacy and authenticity of the relevant documents, as well as that they are 16 years old or older. In all hiring decisions, including recruitment, promotion and dismissal, the Group only considers the qualifications, experience and performance of candidates or employees relevant to the job function. The terms and conditions of employment are set out in the "Employee Handbook", which all new employees are required to sign to confirm their acceptance.

During the Reporting Period, the Group was not aware of any violations of laws and regulations concerning the prohibition of child labour that significantly affected us, nor were there any cases of forced or child labour.

B5 SUPPLY CHAIN MANAGEMENT

The Group is principally engaged in the wholesale and retail of groceries, cash coupons and frozen foods. The Group is registered as a food importer/food distributor under the Food Safety Ordinance. The Group values the environmental and social impacts of its business activities and takes measures to minimize the adverse environmental and social impacts of the Group and its suppliers and service vendors. All suppliers must become qualified before providing materials and services to the Group. In the process of assessing, selecting and evaluating suppliers and service vendors, we are more keen to select those who respect the environment and respect sustainable development. In addition, we focus on indicators such as product and service quality, cost, delivery time and stability, safety management and relevant qualifications. We also conduct on-site reviews and meeting discussions to gain insight into our suppliers' environmental, social and governance performance, business operations and their risk management approach to mitigate environmental and social risks.

During the Reporting Period, the number of suppliers is listed below.

Number of Suppliers by Region	2021/22	2020/21	Percentage Comparison
Hong Kong	104	102	1.96%
Korea	1	1	–
Taiwan	12	7	71.43%
Malaysia	1	1	–
Japan	4	–	–

The Group is committed to the environmental and social governance aspects and continues to integrate the principles of sustainability into its supply chain management. The Group recognizes that supply chain management plays an important role in its business development and attaches great importance to the environmental and social performance of its suppliers. The Group requires its supply chain partners to comply with reasonable principles of ethical business conduct recognized by the Group and to monitor their business practices in order to reduce their impact on society.

The Group has established procedures to select and evaluate suppliers in accordance with the requirements and criteria established by the Group to ensure that the goods procured comply with the relevant standards and guidelines. In selecting and evaluating suppliers, the Group also considers their environmental compliance records and commitment to social responsibility. In the selection process, preference is given to suppliers who are environmentally and socially responsible.

B6 PRODUCT RESPONSIBILITY

The Group believes that high quality products are directly related to a good reputation and sustainable business development. Through strict internal controls, the Group strives to ensure that our operations are in compliance with the regulations of the regions in which we operate. In particular, in the food distribution business, the Group has established an internal food safety management system in accordance with the requirements of ISO 22000:2005 to ensure that food products are subject to extensive evaluation during processing and delivery. The Product Quality and Product Recall Policy defines the procedures for sample receipt and inspection, sample return and product detail preparation. The quality assurance department inspects products before they are put into storage to ensure that the quality of the products is free from defects. We adopt a customer-first mentality and listen to them, which allows us to enhance their experience with our products and services.

In addition, the Group provides financial services such as loans to individuals and businesses in Hong Kong. The Group's lending business is operated as a licensed money lender under the Money Lenders Ordinance ("MLRO").

During the Reporting Period, the Group has not identified any products and services that do not comply with the relevant legal and regulatory requirements in respect of health and safety, advertising and labelling.

Complaints Handling Procedures

Providing a memorable and positive customer experience is a collective effort of our staff and as such, the Group takes complaint resolution seriously and is committed to responding to any complaints in an efficient, timely and courteous manner. The Group has established policies and procedures for handling complaints. The Customer Service Department is responsible for reviewing all customer complaints, collecting evidence, and providing feedback and recommendations on general complaints.

The Group has established several communication platforms, such as customer service hotline and email, for our customers to lodge complaints. In addition to general suggestions, specific or complex complaints will be forwarded to the relevant department heads for special handling. Upon receipt of all complaints, the Group will provide an initial response and take appropriate follow-up action. Complaints involving any unethical or illegal issues may be escalated to management for further appropriate action.

In order to facilitate effective communication with customers, the Group has been implementing the following measures:

- 1) Provide multiple communication channels, such as service hotline, email, etc., to facilitate communication between customers and us;
- 2) providing timely acknowledgement of receipt of customer feedback, including providing a copy of the communication, the date and time of registration and the communication reference code; and
- 3) respond to customer needs in a timely manner in an appropriate and meaningful manner.

During the Reporting Period, no cases of non-compliance were identified around product or service liability in accordance with relevant laws and regulations.

Intellectual Property Rights

Although intellectual property rights are considered to be immaterial to our business, the Group still abides to the Patents Ordinance (Cap. 514 of the Laws of Hong Kong), and the Copyright Ordinance (Cap. 528 of the Laws of Hong Kong). The Group will continue to evaluate whether intellectual property rights is significant to the business and will develop methods to safeguard the intellectual property rights where necessary.

Product Recall

The safety of our customers remains our utmost priority. If the Group identifies that the maintenance materials and products may have safety hazards or quality problems, the Group will trace back all affected products as soon as possible in accordance with regulations. The Group will further conduct an investigation to gain a better understanding of the situation to determine whether a recall is necessary. Once the recall is confirmed, the Customer Service Department will be responsible for initiating the recall procedure, supervising the entire recall process, and providing compensation to the affected customers with value-added services and feedback on the extent of the impact. During the Reporting Period, there were no recall of sold or shipped products due to safety and health reasons.

Confidentiality

The Company is committed to protecting the personal information of its customers. The Company strictly complies with laws and regulations on privacy issues, such as the Personal Data (Privacy) Ordinance of Hong Kong. The Company collects and uses customers' personal information in a responsible and non-discriminatory manner, limiting the use of information to consistent purposes as defined by the Personal Data (Privacy) Ordinance of Hong Kong. As cyber security threats continue to evolve, the Group will also continue to enhance our privacy action plans and improve cyber security resilience to prevent any leakage of confidential data. We have further developed our IT internal control systems and continue to invest in our cyber security initiatives.

Our Group has a contractual obligation to our customers to maintain confidentiality, i.e. all transaction details, contracts and other related information are considered confidential. Collected data is retained only as long as it is compatible with the purpose and will be destroyed when the purpose has expired. Unauthorized personnel are not allowed to access and review any confidential data.

During the Reporting Period, no violations of data protection and privacy as required by relevant laws and regulations were identified.

B7 ANTI-CORRUPTION

The Group does not tolerate any corruption, fraud or other violations of professional ethics. The Group values and upholds the principles of integrity, honesty and fairness in the conduct of our business, which are essential to maintaining our reputation and the confidence of our business partners. An ethical culture, including zero tolerance for corruption and bribery, is also an important factor in the health and sustainability of our business. In order to make this firm commitment in our business, the Group has developed an Anti-Money Laundering and Counter-Terrorist Financing Policy and Procedures (the "AML and Counter-Terrorist Financing Policy") and Anti-Bribery and Corruption Statement with reference to the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405), the Organized and Serious Crimes Ordinance (Cap. 455), the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615). The AML and Counter-Terrorist Financing Policy sets out clear responsibilities and obligations for the Group's directors and employees and defines a range of terms relating to anti-corruption, explaining how these terms apply in a variety of situations to ensure compliance.

The Company is committed to the highest ethical standards and in order to promote anti-fraud principles and consistent organizational behaviour, the Group is required to:

- Conduct regular AML and CTF risk assessments in order to identify, assess and take effective action to mitigate its ML/TF risks;
- Encourage employees to speak up against unethical behaviour, criminal activity, fraud, misconduct, management overreach, and non-compliance with regulations;
- Obtain necessary information from customers prior to conducting business with them and potentially take all reasonable steps and customer due diligence procedures; and
- Arrange for personnel to conduct the necessary ongoing monitoring of transactions to identify suspicious transactions.

For customers with higher risk levels, additional measures will be taken, i.e. enhanced customer due diligence procedures. The Group has put in place appropriate controls and monitoring procedures to monitor accounts consisting of frequent cash transactions, suspicious transaction patterns and large third-party transactions. In the area of combating terrorist financing, the Group applies the principle of customer due diligence, Know Your Customer ("KYC") to monitor any unusual transactions and identify the beneficiaries.

The Group is committed to creating a culture of integrity and fairness by accepting internal complaints and whistleblowing. The whistleblowing channels set out in the Anti-Money Laundering and Anti-Terrorist Financing Policy and Procedures are in place and employees at all levels can raise any concerns without fear of retaliation. Reporting of any suspected business irregularities is encouraged within the Group and each reporting channel has a procedure in place to ensure that reports of unethical behaviour are confidential and anonymous. Also, the discovery of a violation is a matter that all employees can respond to the Anti-Money Laundering Compliance Manager or Compliance Officer or, in extremely serious cases, by filing a complaint or report directly to the Chairman of the Audit Committee of the Board of Directors.

The Group did not identify any non-compliance with laws or regulations that have a material impact on bribery, extortion, fraud or money laundering during the Reporting Period. During the period under review, the Group complied with all applicable anti-money laundering laws and regulations in Hong Kong and conducted regular internal assessments to evaluate the different risk factors of the Group's money laundering activities.

The Group holds regular training sessions on employee behaviour, ethics and integrity literacy, aimed at challenging employees to assess their ethical beliefs, promoting ways to make their work environment more ethical, and improving their ability to prevent and identify different anti-corruption and anti-bribery cases. However, affected by the COVID-19, the Company failed to provide anti-corruption training during the reporting period.

B8 COMMUNITY INVESTMENT

Recognizing our responsibility to the community, the Group is committed to providing available resources to support the community. Despite the impact of COVID-19, the Group continues to help the community by engaging in various community activities to encourage employees to participate in various charitable and voluntary activities.

We actively advocate our employees to seek opportunities to work with charitable organizations and participate in various charitable activities to draw the attention of the community and drive our employees to further participate in community services. The Group believes that through active participation in community service activities, employees can develop a sense of social responsibility and further enhance our reputation as an active community builder.

Looking ahead, the Group will continue to adhere to the principle of responsibility to our shareholders, investors, suppliers, customers and the public, seek further development opportunities and maintain a harmonious relationship with our stakeholders.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/Explanation
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions—Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions—GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions—Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions—Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions—Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources—Electricity and Water Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources—Electricity and Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources—Electricity and Water Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources—Electricity and Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources—Use of Packaging Materials

**Aspects, General
Disclosures and KPIs**
Description
Relevant Chapter/Explanation
Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

Aspect A4: Climate Change

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

B. Social
Aspect B1: Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Aspect B2: Health and Safety

General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Aspects, General**Disclosures and KPIs****Description****Relevant Chapter/Explanation****Aspect B4: Labour Standard**

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility—Complaints Handling Procedures
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility—Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility—Product Recall
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility—Confidentiality

**Aspects, General
Disclosures and KPIs**
Description
Relevant Chapter/Explanation
Aspect B7: Anti-Corruption

General Disclosure

Information on:

Anti-corruption

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.

KPI B7.1

Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.

Anti-corruption

KPI B7.2

Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.

Anti-corruption

KPI B7.3

Description of anti-corruption training provided to directors and staff.

Anti-corruption

Aspect B8: Community Investment

General Disclosure

Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.

Community Investment

KPI B8.1

Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).

Community Investment

KPI B8.2

Resources contributed (e.g. money or time) to the focused area.

Community Investment

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EASY REPAY FINANCE & INVESTMENT LIMITED

(Continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Easy Repay Finance & Investment Limited and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 120, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment losses on loans and advances to customers	
We identified the impairment losses of loans and advances to customers as a key audit matter due to significant management judgements and estimates involved in identification and measurement of expected credit losses ("ECL").	Our procedures in relation to the impairment losses on loans and advances to customers included:
As disclosed in note 21 to the consolidated financial statements, the carrying amount of loans and advances to customers is HK\$121,212,000, after recognising an impairment allowance of HK\$114,804,000 as at 31 March 2022.	• Understanding key controls and how the management estimates the provision for impairment of loans and advances to customers, and the methodology used by the management in the measurement of ECL; • Testing the inputs used by the management in the measurement of ECL, by comparing individual items in the analysis with the relevant loan agreements and other supporting documents on a sample basis; • Assessing the reasonableness of the inputs and assumptions applied to the ECL model for loans and advances to customers, including criteria on determination of internal credit ratings of loans and advances to customers, probability of default, loss given default, value of collateral and forward-looking information on macroeconomic factors; • Reviewing the Group's historical loss experience; • Testing the mathematical accuracy of the calculation in the ECL model; • Examining underlying documentation supporting the value of collateral, if any, on a sample basis; and • Evaluating the appropriateness of disclosures regarding the impairment assessment of loans and advances to customers in the consolidated financial statements.
The management estimates the provision for impairment of loans and advances to customers based on the measurement of ECL under a "three-stage" model. In measuring ECL of loans and advances to customers, the management uses judgements in applying the inputs and assumptions regarding probability of default and loss given default with reference to the historical delinquency ratio of loan portfolio, value of collateral and forward-looking information on macroeconomic factors. We focused on this area because the carrying amount of loans and advances to customers is significant to the consolidated financial statements and the management's impairment assessment of loans and advances to customers requires the use of significant judgements and estimates.	

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment losses on interests in associates	
We identified the impairment losses of interests in associates as a key audit matter due to significant management judgements and estimates involved in the estimation of the recoverable amounts of interests in associates.	Our procedures in relation to the impairment losses on interests in associates included:
As disclosed in note 16 to the consolidated financial statements, the carrying amount of interests in associates is HK\$6,254,000, after recognising an impairment allowance of HK\$14,700,000 as at 31 March 2022.	• Understanding key controls on how the management identifies the existence of impairment indicators and estimates the provision for impairment of interests in associates, and the methodology used by the management in the value in use calculation for interests in associates; • Assessing the reasonableness of the inputs and assumptions applied to the value in use calculation of interests in associates, including discount rate, terminal growth rate and expected change in turnover and direct costs; • Comparing current year's actual results with prior year's forecast to consider whether any inputs or assumptions applied to prior year's forecast, with hindsight, had been aggressive; • Testing the mathematical accuracy of the value in use calculation; • Reconciling inputs and assumptions to supporting evidence, such as current year's actual results, inflation rate and market data; and • Evaluating the appropriateness of disclosures regarding the impairment assessment of interests in associates in the consolidated financial statements.
The management estimates the recoverable amounts of interests in associates based on value in use calculation. In measuring the value in use of interests in associates, the management uses judgements in applying the inputs and assumptions regarding discount rate, terminal growth rate and expected change in turnover and direct costs. We focused on this area because the carrying amount of the interests in associates is significant to the consolidated financial statements and the management's impairment assessment of interests in associates requires the use of significant judgements and estimates.	

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the financial summary, corporate information, chairman's statement, management discussion and analysis, biographical details of directors and senior executives, corporate governance report, environmental, social and governance report and report of the directors but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Chan King Keung
Practising Certificate Number: P06057

Hong Kong, 24 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue from money lending	5(a)	27,544	31,189
Revenue from sale of goods	5(a)	70,727	84,179
Cost of goods sold		(60,514)	(62,253)
Gross profit from sale of goods		10,213	21,926
Investment and other income	6	1,394	7,646
Other gains and losses, net	7	(8,123)	(7,304)
Servicing, selling and distribution costs		(9,855)	(8,788)
Administrative expenses		(57,930)	(55,835)
Allowance for expected credit losses on trade receivables, net	34(b)	(1,921)	(4,311)
Allowance for expected credit losses on loans and advances to customers, net	21(b)	(25,762)	(80,504)
Finance costs	11	(640)	(231)
Share of results of associates		291	1,770
Share of result of a joint venture		–	(299)
Loss before tax	8	(64,789)	(94,741)
Income tax credit	12	465	43
Loss for the year and total comprehensive loss for the year		(64,324)	(94,698)
Loss for the year and total comprehensive loss for the year attributable to:			
Owners of the Company		(64,324)	(93,952)
Non-controlling interests		–	(746)
		(64,324)	(94,698)
Loss per share	13		
Basic and diluted		HK\$(0.27)	HK\$(0.39)

The notes on pages 58 to 120 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	12,248	13,781
Right-of-use assets	15	11,712	4,079
Interests in associates	16	6,254	6,457
Deposits, prepayments and other receivables	20	1,666	91
Loans and advances to customers	21	55,947	59,921
		87,827	84,329
Current assets			
Inventories	18	4,384	8,124
Trade receivables	19	13,234	13,664
Deposits, prepayments and other receivables	20	2,272	2,855
Loans and advances to customers	21	65,265	100,565
Financial assets at fair value through profit or loss	17	30,467	23,631
Pledged bank deposits	22	–	1,004
Cash and cash equivalents	23(a)	21,684	44,523
		137,306	194,366
LIABILITIES			
Current liabilities			
Trade and other payables	24	4,987	5,143
Contract liabilities	25	1,571	1,149
Lease liabilities	26	6,051	2,768
Borrowings	27	3,000	–
Income tax payable		–	289
		15,609	9,349
Net current assets		121,697	185,017
Total assets less current liabilities		209,524	269,346

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**31 March 2022*

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Non-current liabilities			
Lease liabilities	26	6,154	1,390
Deferred tax liabilities	29	–	262
		6,154	1,652
Net assets		203,370	267,694
EQUITY			
Equity attributable to owners of the Company			
Share capital	30(b)	2,404	2,404
Reserves	30(c)	200,966	265,290
Total equity		203,370	267,694

The notes on pages 58 to 120 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 52 to 120 were approved and authorised for issue by the board of directors on 24 June 2022 and are signed on its behalf by:

Siu Yeuk Hung, Clara
Director

Law Ka Kei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company						Non-		Total equity HK\$'000
	Share capital	Share Premium	Share Option reserve	Capital reserve	Contributed surplus	Accumulated losses	Total	Controlling Interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(note 30(b))	(note 30(c)(i))	(note 30(c)(ii))	(note 30(c)(iii))	(note 30(c)(iv))				
Balance at 1 April 2020	2,404	360,009	25	28,392	145,926	(176,038)	360,718	2,374	363,092
Loss for the year	-	-	-	-	-	(93,952)	(93,952)	(746)	(94,698)
Transactions with owners:									
Acquisition of non-controlling interests (note)	-	-	-	928	-	-	928	(1,628)	(700)
Transfer upon lapse of share options (note 31)	-	-	(25)	-	-	25	-	-	-
Total transactions with owners	-	-	(25)	928	-	(93,927)	(93,024)	(2,374)	(95,398)
Balance at 31 March 2021 and 1 April 2021	2,404	360,009	-	29,320	145,926	(269,965)	267,694	-	267,694
Loss for the year	-	-	-	-	-	(64,324)	(64,324)	-	(64,324)
Balance at 31 March 2022	2,404	360,009	-	29,320	145,926	(334,289)	203,370	-	203,370

Note : On 20 August 2020, the Group entered into a sale and purchase agreement with a non-controlling shareholder, pursuant to which the Group agreed to acquire 40% of equity interests in a subsidiary at a consideration of HK\$100,000. The excess of HK\$36,000 between the consideration paid to obtain non-controlling interests in a subsidiary and its carrying amount on the date of acquisition was recognised in capital reserve.

On 9 September 2020, the Group entered into a sale and purchase agreement with a non-controlling shareholder, pursuant to which the Group agreed to acquire 25% of equity interests in a subsidiary at a consideration of HK\$600,000. The deficit of HK\$964,000 between the consideration paid to obtain non-controlling interests in a subsidiary and its carrying amount on the date of acquisition was recognised in capital reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Operating activities			
Loss before tax		(64,789)	(94,741)
Adjustments for:			
Depreciation on property, plant and equipment	14	6,745	5,518
Depreciation of right-of-use assets	15	6,431	5,471
Fair value loss/(gain) on financial assets at fair value through profit or loss, net	7	3,914	(1,503)
Gain on disposal of subsidiaries	28	–	(39)
Loss on disposal of an associate	7	–	2,817
Gain on disposal of a joint venture	7	–	(10)
Finance costs	11	640	231
Interest income from bank balances	6	(2)	(72)
Interest income from rental deposits	6	(74)	(49)
Loss on disposal of property, plant and equipment, net	7	1,809	2,137
Provision for impairment/write-down of inventories	8	1,178	454
Dividend income from financial assets at fair value through profit or loss	6	–	(22)
Allowance for expected credit losses on trade receivables, net	34(b)	1,921	4,311
Allowance for expected credit losses on loans and advances to customers, net	21(b)	25,762	80,504
Impairment of interests in associates	7	2,894	4,598
Share of results of associates		(291)	(1,770)
Share of result of a joint venture		–	299
		(13,862)	8,134
Decrease/(increase) in inventories		2,562	(4,960)
Increase in trade receivables		(1,491)	(11,086)
Increase in deposits, prepayments and other receivables		(1,098)	(162)
Decrease in loans and advances to customers		13,512	33,063
Decrease in trade and other payables		(156)	(2,269)
Increase in contract liabilities		422	95
Cash (used in)/generated from operations		(111)	22,815
Dividend received from financial assets at fair value through profit or loss		–	22
Interest received		2	71
Hong Kong Profits Tax (paid)/refunded		(86)	240
Net cash (used in)/generated from operating activities		(195)	23,148

CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)**For the year ended 31 March 2022*

	Notes	2022 HK\$'000	2021 HK\$'000
Investing activities			
Decrease in pledged bank deposits		1,004	–
Purchase of financial assets at fair value through profit or loss		(20,463)	(32,258)
Proceeds from disposal of financial assets at fair value through profit or loss		9,713	10,370
Purchase of property, plant and equipment	14	(7,052)	(9,336)
Acquisition of interests in associates	16	(2,400)	–
Proceeds from disposal of subsidiaries	28	–	1,051
Proceeds from disposal of property, plant and equipment		31	3,192
Proceeds from disposal of an associate	16	–	7,180
Proceeds from disposal of a joint venture		–	56
Net cash used in investing activities		(19,167)	(19,745)
Financing activities			
Proceeds from borrowings	23(b)	6,000	–
Repayment of borrowings	23(b)	(3,000)	–
Interest paid	23(b)	(109)	–
Repayment to a joint venture	23(b)	–	(76)
Repayment of lease liabilities	23(b)	(6,368)	(5,542)
Acquisition of non-controlling interests		–	(700)
Net cash used in financing activities		(3,477)	(6,318)
Net decrease in cash and cash equivalents		(22,839)	(2,915)
Cash and cash equivalents at the beginning of year		44,523	47,438
Cash and cash equivalents at the end of year		21,684	44,523

The notes on pages 58 to 120 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

Easy Repay Finance & Investment Limited (the “Company”) was an exempted company continued into Bermuda with limited liability with effect from 30 April 2008. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The principal places of business of the Company and its subsidiaries (collectively referred to as the “Group”) are in Hong Kong. The Company’s principal place of business in Hong Kong is Unit 02, 11/F., Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. The Company’s shares are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

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

These consolidated financial statements were approved and authorised for issue by the board of directors on 24 June 2022.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to AG 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised) ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation and consolidation

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation and consolidation *(Continued)*

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

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

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

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

Business combinations

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in change in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in associates *(Continued)*

An interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interest in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements	20% or over the lease terms, whichever is shorter
Equipment	20% to 33%
Furniture and fixtures	20% to 50%
Motor vehicles	20%
Ship	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amounts of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rate basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, bank overdrafts and three-month time deposits.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

In the consolidated statement of financial position, bank overdrafts are shown in current liabilities.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income as measured at financial assets at fair value through profit or loss ("FVTPL") if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets designated at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Credit losses and impairment of financial assets

The Group recognises a credit loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and loans and advances to customers), and on loan commitments issued which are not measured at FVTPL. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has applied loss rates which are reference to the default rates, adjusted for forward-looking factors and the economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit losses and impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("12m ECLs"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

At the end of each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For financial assets, the Group considers that there has been a significant increase in credit risk when contractual payments are past due. The Group considers these financial assets are in default when contractual payments are 30 days past due.

Loan and advances to customers are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12m ECLs.
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.
- Stage 3 – Financial assets that are credit-impaired at the end of the reporting period (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonably supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in (1) regulatory, economic or technological environments; (2) business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- financial reorganisation/restructuring entered by the debtors.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit losses and impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonably supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider;
- (d) probable bankruptcy or other financial reorganisation entered by the debtor;
- (e) probable shortfall that expected cash inflows from the realisation of collateral is below the carrying amount of financial assets; or
- (f) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off the gross carrying amount of a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

A write-off constitutes a derecognition event. Any subsequent recoveries will result in an impairment gain and is included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit losses and impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or caters for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the below basis:

- Nature of financial instruments (i.e. the Group's trade receivables, loans and advances to customers are each assessed as a separate group. Other receivables are collective assessed;
- Past-due status;
- External credit ratings where available; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics in accordance with the internal credit risk categories as disclosed in note 34(b).

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables and borrowings) are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

Leases

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.

For contracts entered into or modified or arising from business combinations on or 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, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of clinics that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

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 are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 are 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 consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures 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/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidate statement of financial position.

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.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessor *(Continued)*

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, joint ventures, and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “investment and other income”.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share option reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Revenue recognition

Revenue from contracts with customers

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract liability relating to a contract are accounted for a presented on a net basis.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts.

Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these consolidated financial statements requires the directors of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Impairment allowances on loans and advances to customers

The Group estimates the provision for impairment of loans and advances to customers based on the measurement of ECL under a “three-stage” model. The allowance for ECL on the loans and advances to customers are calculated based on loss rates which are reference to the default rates from international credit rating agencies and historical data, adjusted for forward-looking information specific to the debtors and the economic environment. Specifically, a credit loss is the present value of the difference between (i) the contractual cash flows that are due to an entity under the contract and (ii) the cash flows that the entity expects to receive. Such assessment involves a high degree of estimation and uncertainty. When the actual future cash flows are less or more than expected, a material provision for ECL or material reversal of provision for ECL may arise, accordingly. As at 31 March 2022, the carrying amount of loans and advances to customers is HK\$121,212,000 (2021: HK\$160,486,000), after recognising an impairment allowance of HK\$114,804,000 (2021: HK\$155,225,000).

(b) ECL allowances for trade receivables

Management regularly assesses the allowance for ECL on trade receivables and recognises lifetime ECL for trade receivables. Allowances for ECL on trade receivables are made based on evaluation of ECL for trade receivables and involve exercise of management’s judgments, which are made by reference to the estimation of the future cash flows discounted to the present value. A considerable amount of judgment is required in assessing the ultimate realisation of these debtors, including their current creditworthiness and the risk of default occurring on debtors with significant balances and/or collectively using a provision matrix with appropriate groupings. The assessment on the probability of default and loss given default is based on historical data adjusted by forward-looking information. As at 31 March 2022, the carrying amount of trade receivables is HK\$13,234,000 (2021: HK\$13,664,000), after recognising an impairment allowance of HK\$6,288,000 (2021: HK\$6,124,000).

(c) Impairment assessment on property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used. Based on the assessment prepared by the management, the recoverable amount of the relevant CGUs are larger than their carrying amounts and therefore no impairment was recognised in profit or loss for the year ended 31 March 2022.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(d) Impairment assessment on interests in associates

The Group estimates the recoverable amounts of these interests in associates based on value in use calculation. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the associates with assumptions of terminal growth rates and discount rates in order to calculate the present values. As at 31 March 2022, the carrying amounts of the Group's interests in Big Max Limited ("Big Max"), Diamond Brave Limited ("Diamond Brave"), Wing Way Limited ("Wing Way") and Sunshine Team Limited ("Sunshine Team") are HK\$1,865,000, HK\$2,773,000, HK\$113,000 and HK\$1,503,000 (2021: Big Max, Diamond Brave and Wing Way are HK\$1,944,000, HK\$3,115,000 and HK\$1,398,000), after recognising impairment allowances of HK\$2,681,000, HK\$2,000,000, HK\$4,169,000 and HK\$1,050,000 (2021: Big Max, Diamond Brave and Wing Way are HK\$2,509,000, HK\$1,487,000 and HK\$3,010,000), respectively.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. 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 follows:

	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Contracts with customers		
Retail sales of grocery products and coupons and restaurant operation	32,206	50,042
Wholesale of frozen food and processed food	38,521	34,137
	70,727	84,179
Revenue from contracts with customers not within the scope of HKFRS 15		
Revenue from money lending	27,544	31,189
	98,271	115,368
Timing of revenue recognition within the scope of HKFRS 15		
At point in time	70,727	84,179

Revenue from contracts with customers are recognised at a point in time.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information

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

Management assesses the performance based on the nature of the Group's businesses which are principally located in Hong Kong, and comprises (i) money lending; and (ii) groceries retail and wholesale.

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

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

(c) Segment results, assets and liabilities

	Money lending		Groceries retail and wholesale		Total	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from external customers	27,544	31,189	70,727	84,179	98,271	115,368
Reportable segment loss before tax	(27,611)	(79,934)	(22,006)	(5,102)	(49,617)	(85,036)
Depreciation of property, plant and equipment	2,246	2,090	3,111	2,380	5,357	4,470
Depreciation of right-of-use assets	565	—	3,824	2,853	4,389	2,853
Allowance for expected credit losses on trade receivables, net	—	—	1,921	4,311	1,921	4,311
Allowance for expected credit losses on loans and advances to customers, net	25,762	80,504	—	—	25,762	80,504
Reportable segment assets	170,202	199,514	33,563	51,016	203,765	250,530
Additions to property, plant and equipment	578	4,687	1,847	4,210	2,425	8,897
Reportable segment liabilities	2,762	1,157	10,453	4,929	13,215	6,086

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	2022 HK\$'000	2021 HK\$'000
Revenue		
Reportable segment revenue and consolidated revenue	98,271	115,368
	2022 HK\$'000	2021 HK\$'000
Loss before tax		
Reportable segment loss before tax	(49,617)	(85,036)
Unallocated head office corporate expenses	(8,094)	(11,287)
Investment and other income	1,394	7,646
Other gains and losses, net	(8,123)	(7,304)
Finance costs	(640)	(231)
Share of results of associates	291	1,770
Share of result of a joint venture	–	(299)
Consolidated loss before tax	(64,789)	(94,741)
	2022 HK\$'000	2021 HK\$'000
Assets		
Reportable segment assets	203,765	250,530
Unallocated corporate assets	21,368	28,165
Consolidated total assets	225,133	278,695
	2022 HK\$'000	2021 HK\$'000
Liabilities		
Reportable segment liabilities	13,215	6,086
Unallocated corporate liabilities	8,548	4,915
Consolidated total liabilities	21,763	11,001

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(e) Information about major customers

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2022 HK\$'000	2021 HK\$'000
Customer A	16,899	N/A ¹

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

(f) Geographical information

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

6. INVESTMENT AND OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Dividend income from financial assets at FVTPL	–	22
Government grants <i>(note)</i>	–	5,642
Interest income from		
– bank balances	2	72
– rental deposits	74	49
Rental income from sub-letting of		
– office premises	22	142
Sponsorship income	–	422
Others	1,296	1,297
	1,394	7,646

Note: During the year ended 31 March 2021, the Group recognised government grants of HK\$5,642,000 in respect of Covid-19-related subsidies, including Employment Support Scheme and Retail Sector Subsidy Scheme provided by the Hong Kong government. There was no unfulfilled condition or contingency in respect of the government grants.

7. OTHER GAINS AND LOSSES, NET

	2022 HK\$'000	2021 HK\$'000
Fair value (loss)/gains on financial assets at FVTPL, net	(3,914)	1,503
Gain on disposal of subsidiaries <i>(note 28)</i>	–	39
Loss on disposal of an associate <i>(note 16)</i>	–	(2,817)
Gain on disposal of a joint venture	–	10
Impairment loss of interests in associates <i>(note 16)</i>	(2,894)	(4,598)
Loss on disposal of property, plant and equipment, net	(1,809)	(2,137)
Others	494	696
	(8,123)	(7,304)

8. LOSS BEFORE TAX

	2022 HK\$'000	2021 HK\$'000
Loss before tax is arrived at after charging:		
Auditors' remuneration	780	710
Commission expense		
– Money lending business	3,863	1,524
– Retail and wholesale business	427	77
Minimum lease payments in respect of short-term leases of land and buildings	530	76
Employee benefit expenses		
– Basic salaries, allowances and other benefits in kind	32,130	30,803
– Retirement benefit scheme contributions	2,203	2,007
	34,333	32,810
Depreciation of property, plant and equipment (<i>note 14</i>)		
– Owned assets (included in administrative expenses)	5,487	4,698
– Owned assets (included in cost of sales)	1,258	820
	6,745	5,518
Depreciation of right-of-use assets (<i>note 15</i>)		
– Included in administrative expenses	5,846	4,883
– Included in cost of sales	585	588
	6,431	5,471
Carrying amount of inventories sold	44,241	47,820
Provision for impairment on/write-down of inventories (included in cost of sales)	1,178	454
Cost of inventories recognised as expenses	45,419	48,274

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefit of Directors) Regulation (Cap. 622G) and the GEM Listing Rules, the remuneration paid or payable to each of the five (2021: eight) directors of the Company is set out below:

	For the year ended 31 March 2022				
	Fees	Salaries, allowances and benefits	Bonus	Retirement benefit scheme contributions	Total
	HK\$'000	in kind HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Executive Directors</i>					
Ms. SIU Yeuk Hung, Clara, the Chairman (Appointed as the Chairman on 2 July 2020)	–	741	62	18	821
Mr. LAW Ka Kei (Appointed on 2 July 2020)	–	622	60	18	700
	–	1,363	122	36	1,521
<i>Independent Non-Executive Directors</i>					
Mr. LEE King Fui	100	–	–	–	100
Mr. HO Tak Yin (Appointed on 21 August 2020)	100	–	–	–	100
Mr. LEE Wing Lun (Appointed on 16 September 2020)	100	–	–	–	100
	300	–	–	–	300
Total emoluments	300	1,363	122	36	1,821

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	For the year ended 31 March 2021				
	Fees	Salaries, allowances and benefits	Bonus	Retirement benefit scheme	Total
	HK\$'000	in kind HK\$'000	HK\$'000	contributions HK\$'000	HK\$'000
<i>Executive Directors</i>					
Mr. SHIU Yeuk Yuen, the Chairman (Resigned from Executive Director and the Chairman on 2 July 2020)	66	–	–	–	66
Ms. SIU Yeuk Hung, Clara, the Chairman (Appointed as the Chairman on 2 July 2020)	–	741	100	18	859
Mr. LAW Ka Kei (Appointed on 2 July 2020)	–	387	108	13	508
	66	1,128	208	31	1,433
<i>Independent Non-Executive Directors</i>					
Mr. LEE King Fui	100	–	–	–	100
Mr. HO Siu King, Stanley (Resigned on 7 June 2020)	19	–	–	–	19
Mr. SIU Chi Yiu Kenny (Resigned on 18 June 2020)	22	–	–	–	22
Mr. HO Tak Yin (Appointed on 21 August 2020)	61	–	–	–	61
Mr. LEE Wing Lun (Appointed on 16 September 2020)	54	–	–	–	54
	256	–	–	–	256
Total emoluments	322	1,128	208	31	1,689

Except as disclosed above, there was no remuneration paid to other directors of the Company for the years ended 31 March 2022 and 2021.

During the years ended 31 March 2022 and 2021, no emolument was paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office and none of the directors of the Company has waived any emoluments during the year.

"Salaries, allowances and benefits in kind" paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

10. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, two (2021: two) were directors of the Company whose emoluments are included in the disclosures in note 9 above. The emoluments payable to the remaining three (2021: three) individuals in which all of them (2021: all of them) were senior management during the year are as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries, allowances and benefits in kind	1,904	2,023
Retirement benefit scheme contributions	54	54
	1,958	2,077

The emoluments of the highest paid three (2021: three) individuals for the year fell within the following bands:

	Number of individuals 2022	2021
Emolument bands		
Nil – HK\$1,000,000	3	3

11. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest expenses on:		
Borrowings	109	–
Lease liabilities	531	231
	640	231

12. INCOME TAX CREDIT

	2022 HK\$'000	2021 HK\$'000
Current tax: Hong Kong		
– Current year tax expense	–	290
– Over-provision in prior years	(203)	(95)
	(203)	195
Deferred tax (note 29)	(262)	(238)
Income tax credit	(465)	(43)

For the year ended 31 March 2022, Hong Kong Profits Tax was calculated at 16.5% (2021: Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%).

12. INCOME TAX CREDIT (Continued)

The tax credit for the year can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2022 HK\$'000	2021 HK\$'000
Loss before tax	(64,789)	(94,741)
Tax at the domestic income tax rate at 16.5% (2021: 16.5%)	(10,690)	(15,632)
Tax effect of non-taxable income	(160)	(1,183)
Tax effect of non-deductible expenses	865	2,027
Tax effect of unused tax losses not recognised	8,888	15,241
Tax effect of utilisation of tax losses previously not recognised	–	(439)
Tax effect of deductible temporary differences not recognised	883	281
Tax effect of share of results of associates	(48)	(292)
Tax effect of share of result of a joint venture	–	49
Over-provision in prior years	(203)	(95)
Income tax credit	(465)	(43)

At the end of the reporting period, the Group has unused tax losses of HK\$159,596,000 (2021: HK\$105,728,000) for offset against future profits. A deferred tax asset has been recognised in respect of HK\$3,276,000 (2021: HK\$3,952,000) of such losses. The tax losses do not expire under current legislation. No deferred tax asset has been recognised in respect of the tax losses of HK\$156,320,000 (2021: HK\$101,776,000) due to the unpredictability of future profit streams.

As 31 March 2022, the Group has deductible temporary differences of HK\$6,806,000 (2021: HK\$223,000) of which deferred tax asset has not been recognised. Tax effect of such deductible temporary differences as at 31 March 2022 was HK\$1,123,000 (2021: HK\$37,000).

13. LOSS PER SHARE

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

	2022 HK\$'000	2021 HK\$'000
Loss		
Loss for the year attributable to owners of the Company	(64,324)	(93,952)
	2022	2021
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	240,359,354	240,359,354

The computation of diluted loss per share for the year ended 31 March 2022 and 2021 is the same as the computation of basic loss per share as there were no potential ordinary shares in issue.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles and ship <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 April 2020	9,719	8,513	4,382	14,328	36,942
Additions	2,421	5,938	977	–	9,336
Disposals	–	(1,150)	–	(13,110)	(14,260)
Disposal of a subsidiary	(1,970)	(277)	(50)	–	(2,297)
At 31 March 2021 and 1 April 2021	10,170	13,024	5,309	1,218	29,721
Additions	6,310	681	61	–	7,052
Disposals	(5,449)	(1,079)	(1,437)	(602)	(8,567)
At 31 March 2022	11,031	12,626	3,933	616	28,206
Accumulated depreciation					
At 1 April 2020	3,973	4,739	3,622	8,193	20,527
Charge for the year	2,289	1,863	598	768	5,518
Written back on disposals	–	(1,042)	–	(7,889)	(8,931)
Disposal of a subsidiary	(991)	(161)	(22)	–	(1,174)
At 31 March 2021 and 1 April 2021	5,271	5,399	4,198	1,072	15,940
Charge for the year	3,644	2,357	621	123	6,745
Written back on disposals	(3,635)	(1,069)	(1,421)	(602)	(6,727)
At 31 March 2022	5,280	6,687	3,398	593	15,958
Carrying amounts					
At 31 March 2022	5,751	5,939	535	23	12,248
At 31 March 2021	4,899	7,625	1,111	146	13,781

15. RIGHT-OF-USE ASSETS

	Land and buildings <i>HK\$'000</i>
Cost	
At 1 April 2020	9,004
Additions	1,838
Lease modification	(573)
Disposal of a subsidiary	(1,322)
At 31 March 2021 and 1 April 2021	8,947
Additions	14,064
Termination of lease	(5,693)
At 31 March 2022	17,318
Accumulated depreciation	
At 1 April 2020	3,725
Charge for the year	5,471
Lease modification	(3,226)
Disposal of a subsidiary	(1,102)
At 31 March 2021 and 1 April 2021	4,868
Charge for the year	6,431
Written back on termination of lease	(5,693)
At 31 March 2022	5,606
Carrying amounts	
At 31 March 2022	11,712
At 31 March 2021	4,079

For both years, the Group leases office buildings for its operations. Lease contracts which effective interest rates of 4.4% (2021: 4.4%) are entered into for fixed terms of 12 months to 3 years (2021: 12 months to 3 years), but may have extension and termination options included. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is beyond its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

16. INTERESTS IN ASSOCIATES

	2022 HK\$'000	2021 HK\$'000
Unlisted shares, at cost	19,250	16,850
Share of post-acquisition profit	1,704	1,413
Less: allowance for impairment	(14,700)	(11,806)
	6,254	6,457

Notes:

- (i) On 15 September 2020, the Group entered into a sale and purchase agreement with Topwise Global Holdings Limited ("TGHL"), pursuant to which the Group agreed to dispose of its 22% equity interests in TGHL and TGHL agreed to repurchase its own shares, at a consideration of HK\$8,192,000. The consideration was partly settled by cash amounted to HK\$7,180,000 during the year ended 31 March 2021 and the remaining HK\$1,012,000 was settled by a waiver of amount due to TGHL. A net loss of disposal of the associate of HK\$2,817,000 was recognised in profit or loss during the year ended 31 March 2021.
- (ii) On 15 April 2021, the Group entered into sale and purchase agreements with an independent third party to acquire 20% equity interests in Sunshine Team at considerations of HK\$2,400,000. The considerations were settled by cash during the year ended 31 March 2022.
- (iii) Particulars of the Group's interests in the Group's material associates at 31 March 2022 and 2021 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			
			2022 %	2021 %	2022 %	2021 %		
Big Max	Ordinary	HK\$100 (2021: HK\$100)	20	20	N/A	N/A	Operation of a restaurant	Hong Kong
Diamond Brave	Ordinary	HK\$100 (2021: HK\$100)	20	20	N/A	N/A	Operation of a restaurant	Hong Kong
Wing Way	Ordinary	HK\$100 (2021: HK\$100)	20	20	N/A	N/A	Operation of a restaurant	Hong Kong
Sunshine Team	Ordinary	HK\$100	20	–	N/A	N/A	Operation of a restaurant	Hong Kong

All of the above associates are unlisted and accounted for using the equity method in the consolidated financial statements.

16. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(iv) Impairment assessment of the interests in associates

As at 31 March 2022, due to the unfavorable market condition and the government policy of prohibition on group gathering, the management performed an impairment assessment on interests in Big Max, Diamond Brave, Wing Way and Sunshine Team with gross carrying amounts of HK\$4,546,000, HK\$4,773,000, HK\$4,282,000 and HK\$2,553,000 (2021: Big Max, Diamond Brave and Wing Way of HK\$4,453,000, HK\$4,602,000 and HK\$4,408,000), respectively. The recoverable amounts of the associates have been estimated based on value in use calculation, which uses cash flow projections covering a five-year period based on current year's actual results adjusted by expected changes in turnover and direct costs, and a discount rate of 14.11% (2021: 14.09%). Cash flows beyond the five-year period have been extrapolated using a terminal growth rate of 2.5% (2021: 2.5%) which do not exceed the historical average growth rate of the relevant market. Other key assumptions for the value in use calculation include the expected changes in turnover and direct costs for the projection of future cash flows. These assumptions are made based on the associates' past performance and management's expectation on the relevant market.

Based on the result of the impairment assessment, the recoverable amounts of the associates are lower than their carrying amounts. Accordingly, the Group has recognised provision for impairment on its interests in Big Max, Diamond Brave, Wing Way and Sunshine Team of HK\$172,000, HK\$513,000, HK\$1,159,000 and HK\$1,050,000 (2021: Big Max, Diamond Brave and Wing Way of HK\$2,151,000, HK\$550,000 and HK\$1,897,000), respectively, during the year ended 31 March 2022. The carrying amounts of goodwill included interests in associates have been reduced accordingly.

(v) Summarised financial information of the material associates, reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2022 HK\$'000	2021 HK\$'000
Big Max		
<i>Gross amounts of the associate</i>		
Non-current assets	1,919	4,552
Current assets	3,330	4,809
Current liabilities	(2,370)	(5,949)
Non-current liabilities	–	(999)
Equity	2,879	2,413
Revenue	21,626	23,651
Profit and total comprehensive income	466	2,818
<i>Reconciled to the Group's interest in the associate</i>		
Gross amount of net assets of the associate	2,879	2,413
Group's effective interest	20%	20%
Group's share of net assets of the associate	576	483
Goodwill	3,970	3,970
Accumulated impairment	(2,681)	(2,509)
Carrying amount in the consolidated financial statements	1,865	1,944

16. INTERESTS IN ASSOCIATES *(Continued)**Notes: (Continued)*

- (v) Summarised financial information of the material associates, reconciled to the carrying amounts in the consolidated financial statements, is disclosed below: *(Continued)*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Diamond Brave		
<i>Gross amounts of the associate</i>		
Non-current assets	4,683	6,096
Current assets	6,552	6,843
Current liabilities	(2,637)	(3,646)
Non-current liabilities	(4,851)	(6,403)
Equity	3,747	2,890
Revenue	16,411	18,960
Profit and total comprehensive income	857	2,442
<i>Reconciled to the Group's interest in the associate</i>		
Gross amount of net assets of the associate	3,747	2,890
Group's effective interest	20%	20%
Group's share of net assets of the associate	749	578
Goodwill	4,024	4,024
Accumulated impairment	(2,000)	(1,487)
Carrying amount in the consolidated financial statements	2,773	3,115
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Wing Way		
<i>Gross amounts of the associate</i>		
Non-current assets	–	4,258
Current assets	926	3,612
Current liabilities	(360)	(5,044)
Non-current liabilities	–	(1,630)
Equity	566	1,196
Revenue	10,001	18,306
(Loss)/profit and total comprehensive (loss)/income	(630)	1,428
<i>Reconciled to the Group's interest in the associate</i>		
Gross amount of net assets of the associate	566	1,196
Group's effective interest	20%	20%
Group's share of net assets of the associate	113	239
Goodwill	4,169	4,169
Accumulated impairment	(4,169)	(3,010)
Carrying amount in the consolidated financial statements	113	1,398

16. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

- (v) Summarised financial information of the material associates, reconciled to the carrying amounts in the consolidated financial statements, is disclosed below: (Continued)

	2022 HK\$'000
Sunshine Team	
<i>Gross amounts of the associate</i>	
Non-current assets	5,366
Current assets	2,593
Current liabilities	(1,976)
Non-current liabilities	(3,629)
Equity	2,354
Revenue	14,552
Profit and total comprehensive income for the period from the acquisition	762
<i>Reconciled to the Group's interest in the associate</i>	
Gross amount of net assets of the associate	2,354
Group's effective interest	20%
Group's share of net assets of the associate	471
Goodwill	2,082
Accumulated impairment	(1,050)
Carrying amount in the consolidated financial statements	1,503

- (vi) The Group has discontinued recognition of its share of losses of certain associates.

The amounts of unrecognised share of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2022 HK\$'000	2021 HK\$'000
Unrecognised share of losses of associates for the year	–	–
Accumulated unrecognised share of losses of associates	3,456	3,456

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK\$'000	2021 HK\$'000
Listed equity securities		
– Hong Kong (notes (i))	3,301	7,233
Unlisted fund (notes (ii))	27,166	16,398
	30,467	23,631

Notes:

- (i) The fair values of listed equity securities are determined by reference to their quoted market prices at the end of the reporting period and are categorised as level 1 under fair value measurement hierarchy.
- (ii) The fair value of the Group's interests in the fund is determined by reference to its net asset value per share at the end of the reporting period, 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. The fair value of the Group's interests in the fund is categorised as level 3 under fair value measurement hierarchy.

18. INVENTORIES

	2022 HK\$'000	2021 HK\$'000
Merchandise, at cost	4,384	8,124

19. TRADE RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables	19,522	19,788
Allowance for credit losses	(6,288)	(6,124)
	13,234	13,664

The Group maintains payment terms of cash on delivery for retail sales for both years ended 31 March 2022 and 2021. The credit term for certain wholesale customers is 0 to 30 days from the date of billing for the years ended 31 March 2022 and 2021. The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

Included in the trade receivables are amounts due from associates amounting to HK\$nil (2021: HK\$5,322,000), after recognising an allowance for credit losses of HK\$nil (2021: HK\$1,171,000).

Details of allowance for credit losses refer to note 34(b).

The following is an aged analysis of trade receivables, net of impairment, presented based on the invoice dates:

	2022 HK\$'000	2021 HK\$'000
Within three months	4,465	5,735
Over three months and within one year	8,769	7,929
	13,234	13,664

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Deposits (<i>note (iii)</i>)	2,360	1,883
Prepayments	1,172	953
Other receivables	406	110
	3,938	2,946
Analysed for reporting purpose as:		
Current portion (<i>note (i)</i>)	2,272	2,855
Non-current portion (<i>note (iii)</i>)	1,666	91
	3,938	2,946

Notes:

- (i) As at 31 March 2022 and 2021, the balances of deposits, prepayments and other receivables were expected to be utilised within one year from the end of the reporting period and hence were classified as current assets except for the long term rental deposit.
- (ii) In the opinion of the directors of the Company, deposits, prepayments and other receivables are neither past due nor impaired.
- (iii) Included in deposits was rental deposits of HK\$1,754,000 (2021: HK\$1,201,000) of which HK\$1,386,000 (2021: HK\$91,000) is expected to be utilised over one year.

21. LOANS AND ADVANCES TO CUSTOMERS

	2022 HK\$'000	2021 HK\$'000
Loans and advances to customers	236,016	315,711
Allowance for credit losses	(114,804)	(155,225)
	121,212	160,486
Analysed for reporting purpose as:		
Current portion	65,265	100,565
Non-current portion	55,947	59,921
	121,212	160,486

As at 31 March 2022, loans and advances to customers of HK\$17,400,000 (2021: HK\$16,206,000) and HK\$10,909,000 (2021: HK\$17,486,000), respectively, are secured by the customers' pledged first charge and second charge properties located in Hong Kong of which the fair value of the property is higher of the respective loan. The remaining balances are unsecured which include unsecured personal loans and third mortgage loans.

All loans and advances to customers are denominated in HK\$. The Group's loans and advances to customers related to a large number of diversified customers with principal amounts ranged from HK\$6,000 to HK\$15,000,000 (2021: HK\$5,000 to HK\$32,680,000). The loans and advances to customers carry fixed effective interest rate as follows with credit terms mutually agreed with the customers:

Types of loan	Effective interest rate per annum	
	2022	2021
Secured loan with properties (first charge and second charge)	10% – 38%	12% – 24%
Unsecured loan	4% – 55%	2% – 56%

21. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(a) Analysis of changes in the gross carrying amount is as follows:

	12m ECL <i>HK\$'000</i>	Lifetime ECL (not credit- impaired) <i>HK\$'000</i>	Lifetime ECL (credit- impaired) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020	71,685	210,114	73,668	355,467
Additions	93,254	–	–	93,254
Interest income recognised	10,963	18,260	1,966	31,189
Transfer from/to 12m ECL, net	(12,591)	(49,923)	62,514	–
Transfer from/to lifetime ECL (credit-impaired), net	–	(61,130)	61,130	–
Repayments	(83,295)	(62,269)	(11,942)	(157,506)
Amounts written off	–	–	(6,693)	(6,693)
At 31 March 2021 and 1 April 2021	80,016	55,052	180,643	315,711
Additions	103,221	–	–	103,221
Interest income recognised	19,815	3,396	4,333	27,544
Transfer from/to 12m ECL, net	(32,478)	6,957	25,521	–
Transfer from/to lifetime ECL (credit-impaired), net	–	(9,897)	9,897	–
Repayments	(102,107)	(19,524)	(22,646)	(144,277)
Amounts written off	(541)	(5,345)	(60,297)	(66,183)
At 31 March 2022	67,926	30,639	137,451	236,016

21. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(b) Analysis of changes in the corresponding allowance for credit losses is as follows:

	12m ECL <i>HK\$'000</i>	Lifetime ECL (not credit- impaired) <i>HK\$'000</i>	Lifetime ECL (credit- impaired) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020	2,371	26,201	52,842	81,414
Transfer from/to 12m ECL, net	(1,125)	(9,079)	10,204	–
Transfer from/to lifetime ECL, net	–	(7,376)	7,376	–
Recognition of allowance for ECL, net	662	342	79,500	80,504
Amounts written off	–	–	(6,693)	(6,693)
At 31 March 2021 and 1 April 2021	1,908	10,088	143,229	155,225
Transfer from/to 12m ECL, net	(805)	94	711	–
Transfer from/to lifetime ECL, net	–	(8,106)	8,106	–
Recognition of allowance for ECL, net	1,229	12,764	11,769	25,762
Amounts written off	(541)	(5,345)	(60,297)	(66,183)
At 31 March 2022	1,791	9,495	103,518	114,804

22. PLEDGED BANK DEPOSITS

As at 31 March 2021, the pledged bank deposits of HK\$1,004,000 carried interest at the rate of 0.1% per annum with maturity period of three months. The above bank deposits have been pledged to banks to secure general banking facilities granted to the Group.

23. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise of cash at banks and security brokers and on hand.

(b) **Reconciliation of liabilities arising from financing activities**

The table below details the changes in the Group's major liabilities arising from financing activities, including both cash and non-cash changes:

	Lease liabilities HK\$'000	Borrowings HK\$'000	Total HK\$'000
At 1 April 2021	4,158	–	4,158
Financing cash flows			
Repayment of lease liabilities	(6,368)	–	(6,368)
Proceeds from borrowings	–	6,000	6,000
Repayment of borrowings	–	(3,000)	(3,000)
Interest paid	–	(109)	(109)
	(6,368)	2,891	(3,477)
Other changes			
Additions to lease liabilities	13,884	–	13,884
Interest expenses on lease liabilities	531	–	531
Interest expenses on borrowings	–	109	109
	14,415	109	14,524
At 31 March 2022	12,205	3,000	15,205

23. CASH AND CASH EQUIVALENTS *(Continued)***(b) Reconciliation of liabilities arising from financing activities** *(Continued)*

	Amount due to an associate <i>HK\$'000</i>	Amount due to a joint venture <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020	1,012	86	4,516	5,614
Financing cash flows				
Repayment of lease liabilities	–	–	(5,542)	(5,542)
Repayment to a joint venture	–	(76)	–	(76)
	–	(76)	(5,542)	(5,618)
Other changes				
Additions to lease liabilities	–	–	1,809	1,809
Modification of lease liabilities	–	–	3,144	3,144
Interest expenses on lease liabilities	–	–	231	231
Waiver of debt upon disposal of an associate	(1,012)	–	–	(1,012)
Waiver of debt upon disposal of a joint venture	–	(10)	–	(10)
	(1,012)	(10)	5,184	4,162
At 31 March 2021	–	–	4,158	4,158

24. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	2,134	1,873
Other payables and accruals	2,853	3,270
	4,987	5,143

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

Included in other payables was promotion fees payable to a substantial shareholder, who ceased to be substantial shareholder on 4 May 2022, ("Former Substantial Shareholder") amounted to HK\$100,000 (2021: HK\$449,000).

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	2,106	1,179
31–90 days	28	440
91–365 days	–	21
Over 365 days	–	233
	2,134	1,873

25. CONTRACT LIABILITIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Receipt in advance of retail and wholesale products	1,571	1,149

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

Movements in contract liabilities are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of year	1,149	1,054
Receipt in advance during the year	9,618	5,055
Revenue recognised during the year	(9,196)	(4,960)
At the end of year	1,571	1,149

26. LEASE LIABILITIES

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2022 HK\$'000	2021 HK\$'000
At the beginning of year	4,158	4,516
Additions	13,884	1,809
Lease modification and reassessment	–	3,144
Interest expense	531	231
Payments during the year	(6,368)	(5,542)
At the end of year	12,205	4,158
Lease liabilities payable		
Within one year	6,051	2,768
More than one year but less than two years	5,271	1,390
More than two years but less than five years	883	–
	12,205	4,158
Less: Amounts for settlement within 12 months shown under current liabilities	(6,051)	(2,768)
Amounts due for settlement after 12 months shown under non-current liabilities	6,154	1,390

27. BORROWINGS

	2022 HK\$'000	2021 HK\$'000
Other loans (Unsecured)	3,000	–

The carrying amounts of above borrowings are repayable on demand.

The exposure of the Group's borrowings are as follows:

	2022 HK\$'000	2021 HK\$'000
Fixed-rate borrowings	3,000	–

The effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2022	2021
Effective interest rate:		
Fixed-rate borrowings	10%	–

28. DISPOSAL OF SUBSIDIARIES

Year ended 31 March 2021

Disposal of Head Captain

On 24 March 2021, the Group disposed of 100% equity interest in Head Captain, which is engaged in operating a restaurant in Hong Kong, for a cash consideration of HK\$2,100,000. The total net assets disposed of were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	1,123
Right-of-use assets	220
Inventories	14
Trade receivables	117
Deposits, prepayment and other receivables	958
Amounts due from the fellow subsidiaries	450
Cash and cash equivalents	1,049
Trade and other payables	(1,029)
Amounts due to the fellow subsidiaries	(841)
Net assets disposed of	2,061
 Cash consideration	 2,100
Less: net assets disposed of	(2,061)
 Gain on disposal of a subsidiary	 39
 Net cash inflow arising on disposal	
Cash consideration received	2,100
Less: cash and cash equivalents disposal of	(1,049)
	1,051

29. DEFERRED TAX LIABILITIES

Deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax losses <i>HK\$'000</i>	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020	(308)	808	500
Deferred tax credited to the profit or loss during the year (note 12)	(344)	106	(238)
At 31 March 2021 and 1 April 2021	(652)	914	262
Deferred tax credited to the profit or loss during the year (note 12)	112	(374)	(262)
At 31 March 2022	(540)	540	–

30. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Share capital

	Number of shares	<i>HK\$'000</i>
Authorised ordinary shares of HK\$0.01 each:		
At 1 April 2020, 31 March 2021 and 31 March 2022	30,000,000,000	300,000
Issued and fully paid ordinary shares of HK\$0.01 each:		
At 1 April 2020, 31 March 2021 and 31 March 2022	240,359,354	2,404

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

30. CAPITAL, RESERVES AND DIVIDENDS *(Continued)***(c) Reserves****(i) Share premium**

The application of share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

(ii) Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 3 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits/accumulated losses should the related options expire after the vesting period.

(iii) Capital reserve

Capital reserve represents (i) the difference between the nominal value of the shares of subsidiaries acquired and the nominal value of shares issued by the Company as consideration thereof pursuant to the reorganisation and (ii) the difference between the consideration paid/received to obtain/release non-controlling interests in certain subsidiaries and their respective carrying amount on the date of acquisition or disposal.

(iv) Contributed surplus

Contributed surplus represents the reduction of issued share capital.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if there are reasonable grounds for believing that: (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and the share premium account.

(d) Dividend

No dividend was paid or proposed during the year ended 31 March 2022 nor has any dividend been proposed since the end of the reporting period (2021: Nil).

31. SHARE-BASED COMPENSATION

The 2011 Share Option Scheme was effective on 4 January 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The purpose of the 2011 Share Option Scheme is to enable the Group to grant share options to the participants as incentives or rewards for their contribution to the Group.

Eligible participants of the 2011 Share Option Scheme (“Eligible Participants”) include (i) any full-time employees of the Group and Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) of the Company; (ii) any supplier of goods or services to any member of the Group or any entity in which any member of the Group holds an equity interest (the “Invested Entity”); (iii) any customer of any member of the Group or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (vii) any other group or classes of Eligible Participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The maximum number of share options permitted to be granted under the 2011 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the 2011 Share Option Scheme.

The maximum number of share issuable under share options to each eligible participant in the 2011 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

As approved at the annual general meeting held on 7 January 2019, the mandate limit was refreshed. The total number of shares which may be issued upon the exercise of all options to be granted under the 2011 Share Option Scheme, shall not exceed 21,889,435 shares, being 10% of the number of shares in issue as at the date of approval of the refreshment of the mandate limit. After 21,850,000 options were granted on 10 December 2019, the total number of shares available for issue under the 2011 Share Option Scheme is 39,435 shares, representing approximately 0.016% of the Company’s issued share capital as at the date of this Annual Report.

Share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million, which any 12-month period, are subject to shareholders’ approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a vesting period and ends on a date which is not later than ten years from the date of offer of the share options.

The exercise price of share options is determinable by the directors of the Company, but shall not be less than the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant of the share options; (ii) the average closing price of the Company’s share as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share. Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

The Group has no legal or constructive obligation to repurchase or settle the options.

31. SHARE-BASED COMPENSATION *(Continued)*

The movement of outstanding share options granted under the 2011 Share Option Scheme is as follows:

	2011 Share Option Scheme exercise price per share HK\$	Number of options '000
At 1 April 2020	0.265	385
Lapsed during the year	N/A	(385)
At 31 March 2021, 1 April 2021 and 31 March 2022	–	–

During the year ended 31 March 2021, the 2011 Share Option Scheme expired and the 385,000 outstanding share options were lapsed. Accordingly, the amount included in the share option reserve was transferred to accumulated losses.

32. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds. Both the Group and the employees are required to contribute based on a fixed percentage of the employee's relevant income up to a maximum of HK\$1,500 per employee per month.

Contributions to the MPF by the Group for its employees are fully and immediately vested in the employees once the contributions are made. There are no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution. Hence, there is no forfeited contributions which may be used by the Group to reduce the existing level of contributions.

33. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(a) Key management compensation

During both years, compensation of key management personnel represents directors' remuneration and those of senior staff as stated in notes 9 and 10, respectively. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

(b) Performance guarantee provided

During the year ended 31 March 2021, the Company provided performance guarantee for an associate, Keep Choice Limited ("KCL"), regarding the management, operation and maintenance of a vehicle examination center. The letter of guarantee contains no specific amount and would be repaid on 31 March 2021. A counter-guarantee of 78% of the guarantee liability was provided by one of the ultimate shareholders of TGHL. Such arrangement was ceased on 31 March 2021.

33. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**(c) Other related party transactions**

The Group had significant transactions with the following related parties during the year:

Related party relationship	Type of transaction	Notes	Transaction amount	
			2022 HK\$'000	2021 HK\$'000
Directors of the Company	Sales of groceries products	(ii)	16	–
	Sales of cash coupons	(ii)	–	8
Associates	Sales of groceries products		–	6,492
	Sales of cash coupons		–	6
Former Substantial Shareholder	Promotion fees paid	(ii)	1,200	449
	Consultant fees paid	(ii)	–	198
Close family members of Former Substantial Shareholder	Promotion fees paid	(ii)	609	353
	Handling fees paid	(ii)	254	286

Notes:

- (i) The directors of the Company are of the opinion that the above transactions were entered into at terms agreed by both parties and the terms of the transactions were determined by the directors with reference to the terms of similar transactions with unrelated third parties.
- (ii) The related party transactions in respect of the sales of groceries products and cash coupons, promotion fees paid, consultant fees paid and handling fees paid above constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules. However, those transactions are exempt from the disclosure requirements in Chapter 20 of the Listing Rules as they are below the de minimis threshold under Rule 20.74(1)(c) of the GEM listing Rules.
- (iii) Except as disclosed above and elsewhere in the consolidated financial statements, there were no other significant related/connected party transactions with related parties during the year or significant balances with them at the end of the year.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	2022 HK\$'000	2021 HK\$'000
Financial assets		
Financial assets at FVTPL	30,467	23,631
Financial assets at amortised costs		
– Trade receivables	13,234	13,664
– Deposits and other receivables	2,766	1,993
– Loans and advances to customers	121,212	160,486
– Pledged bank deposits	–	1,004
– Cash and cash equivalents	21,684	44,523
	158,896	221,670
Total	189,363	245,301
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	2,887	2,858
– Borrowings	3,000	–
– Lease liabilities	12,205	4,158
Total	18,092	7,016

(b) Financial risk factors

The Group is exposed itself to variety of financial risks: market risk (including cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the directors of the Company. The overall objective in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate returns with acceptable risk levels.

The Group identifies ways to assess financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the directors of the Company.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate cash at banks and security brokers. The Group's cash flow interest rate results mainly from the fluctuations of market interest rates.

The Group is exposed to fair value interest rate risk in relation to fixed-rate loans and advances to customers and pledged bank deposits. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Interest rates sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate cash at banks and security brokers at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2021: 50 basis points) increase or decrease in HIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Cash flow interest rate risk

If interest rates had been 50 basis points (2021: 50 basis points) higher/lower and all other variables were held constant, the Group's loss after tax for the year ended 31 March 2022 would decrease/increase by HK\$91,000 (2021: decrease/increase by HK\$186,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable rate bank balances is insignificant.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(ii) Price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to price risk arising from listed equity securities and unlisted fund classified as FVTPL (note 17) at 31 March 2022 and 2021.

Price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period. If prices of investments in listed securities and unlisted fund were 10% higher/lower, loss after tax would decrease/increase by HK\$2,544,000 (2021: HK\$1,973,000) for the Group as a result of the changes in fair value of investments which are classified as FVTPL.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment

Credit risk refers to the risk that the borrowers or counterparties may default on their payment obligations due to the Group. These rights arise from the Group's lending and investment activities and sales of goods. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statement of financial positions which are summarised in note 34(a).

In order to minimise the credit risk, the Group has established policies and systems for the monitoring and control of credit risk. The management has delegated different divisions responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that follow-up action is taken to recover overdue debts and past due trade receivables. In addition, management reviews the carrying amounts of loans and advances to customers and trade receivables individually and collectively at the end of each reporting period to ensure that adequate loss allowance for ECL on financial assets is made. In this regard, management considers that the Group's credit risk is significantly reduced.

Loans and advances to customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Group has certain concentration of credit risk as 4% (2021: 15%) and 18% (2021: 29%) of the total loans and advances to customers was due from the Group's largest customer and the five largest customers within the money lending segment respectively.

The management is responsible for developing and maintaining the processes for measuring the ECL of the Group's loans and advances to customers. The ECL is assessed by the management regularly. The Group applies general approach to measure ECL on loans and advances to customers. In addition, forward-looking information is required in estimating the ECL, with the management considering expectation of certain macroeconomic indicators such as gross domestic product growth rate and unemployment rate.

Under the general approach, loans and advances to customers are classified into three stages to reflect the deterioration in credit quality. Impairment allowance of each stage is calculated based on the product of probability of default, loss given default and exposure at default. Stage 1 covers loans and advances to customers that have not deteriorated significantly in credit quality since initial recognition including those that are considered to be low credit risk investments. Stage 2 covers loans and advances to customers that have deteriorated significantly in credit quality since initial recognition. Stage 3 covers loans and advances to customers for which credit loss events occur and become credit-impaired. 12m ECL is recognised in Stage 1, while lifetime ECL are recognised in Stages 2 and 3.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk factors** *(Continued)***(b) Credit risk and impairment assessment** *(Continued)**Loans and advances to customers (Continued)*

The Group's internal credit risk grading assessment on loans and advances to customers comprises the following categories:

Internal credit rating	Description	Basic for recognition of ECL
Normal	Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay the principal and interest in full on a timely basis.	12m ECL
Special mention	Borrowers are currently able to service their loans and interest, though repayment may be adversely affected by specific factors.	Lifetime ECL – not credit impaired
Sub-standard	Borrowers' ability to service their loans is in question and borrowers cannot rely entirely on normal business revenues to repay the principal and interest. Losses may ensue even when collateral items or guarantees are invoked.	Lifetime ECL – credit impaired
Doubtful	Borrowers cannot repay the principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked.	Lifetime ECL – credit impaired
Loss	Principal and interest of loans cannot be recovered or only a small portion of them can be recovered after taking all possible measures or resorting to all necessary legal procedures.	Amount is written off

The decision rules for stage allocation under general approach are as follows:

Stage	Decision rules (based on internal credit rating)
Stage 1	Loans and advances to customers with internal credit rating of "Normal"
Stage 2	Loans and advances to customers with internal credit rating of "Special mention"
Stage 3	Loans and advances to customers with internal credit ratings of "Sub-standard" and "Doubtful"

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Loans and advances to customers (Continued)

The table below shows the past due information based on the Group's credit policy, unless other information is available without undue cost or effort, and year-end staging classification at 31 March 2022 and 2021. The amounts presented are net carrying amounts of financial assets.

	12m ECL <i>HK\$'000</i>	Lifetime ECL (not credit- impaired) <i>HK\$'000</i>	Lifetime ECL (credit- impaired) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Loans and advances to customers				
– Not yet past due	66,135	–	–	66,135
– Less than 30 days past due	–	21,144	–	21,144
– More than 30 days past due	–	–	33,933	33,933
At 31 March 2022	66,135	21,144	33,933	121,212
Loans and advances to customers				
– Not yet past due	78,108	–	–	78,108
– Less than 30 days past due	–	44,964	–	44,964
– More than 30 days past due	–	–	37,414	37,414
At 31 March 2021	78,108	44,964	37,414	160,486

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk factors** (Continued)**(b) Credit risk and impairment assessment** (Continued)*Trade receivables*

The Group applied simplified approach in HKFRS 9 to measures loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are assessed individually for debtors with significant and/or collectively using a provision matrix with appropriate groupings. As the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 March 2022 and 2021:

	31 March 2022			31 March 2021		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000
Neither past due nor impaired	0%	1,219	–	0%	135	–
Within three months past due	13%	3,720	474	9%	6,180	580
Over three months but within one year past due	14%	10,236	1,467	14%	9,204	1,275
Over one year past due	100%	4,347	4,347	100%	4,269	4,269
		19,522	6,288		19,788	6,124

The estimated loss rates are estimated based on historical observed default rate and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtor is updated.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk factors** *(Continued)***(b) Credit risk and impairment assessment** *(Continued)**Trade receivables (Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivable under simplified approach.

	HK\$'000
As at 1 April 2020	2,381
Impairment losses recognised, net	4,311
Bad debts written off	(568)
As at 31 March 2021 and 1 April 2021	6,124
Impairment losses recognised, net	1,921
Bad debts written off	(1,757)
As at 31 March 2022	6,288

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk factors** *(Continued)***(b) Credit risk and impairment assessment** *(Continued)**Other receivables*

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past due status, assessed that the expected loss rates for the other receivables was minimal. Thus, no loss allowance for other receivables was recognised as at 31 March 2022 and 2021.

Pledged bank deposits and bank balances

For the year ended 31 March 2022, all the Group's bank balances (2021: pledged bank deposits and bank balances) are deposited with major banks and security brokers located in Hong Kong. The expected credit losses for bank balances are insignificant because such assets are placed in banks and security brokers with good reputation.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to an associate and a joint venture, lease liabilities and its financing obligations and also in respect of its cash flow management. The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business.

The Group maintains a level of cash and cash equivalents and marketable securities deemed adequate by the management to meet its liquidity requirements for up to 30-day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities at 31 March 2022 and 2021. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

The analysis is based on the financial liabilities' contractual undiscounted cash flows (including interest payments calculated using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Weighted average effective interest rate	On demand	Within one year	More than one year but within five years	Total contractual undiscounted cash flows	Carrying amount
At 31 March 2022	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-derivative financial instruments						
Trade and other payables	–	–	2,887	–	2,887	2,887
Borrowings	10	3,025	–	–	3,025	3,000
Lease liabilities	4.4	–	6,514	6,328	12,842	12,205
Total		3,025	9,401	6,328	18,754	18,092

	Weighted average effective interest rate	On demand	Within one year	More than one year but within five years	Total contractual undiscounted cash flows	Carrying amount
At 31 March 2021	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-derivative financial instruments						
Trade and other payables	–	–	2,858	–	2,858	2,858
Lease liabilities	4.4	–	2,881	1,429	4,310	4,158
Total		–	5,739	1,429	7,168	7,016

(c) Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The capital structure of the Group consists of borrowings and equity attributable to owners of the Company (comprising issued share capital, share premium, reserves and retained profits/accumulated losses).

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

For assets and liabilities that are recognised in the 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.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**(d) Fair value measurement** (Continued)**(i) Financial assets and liabilities measured at fair value** (Continued)*Fair value hierarchy* (Continued)

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 HK\$'000	Level 1 HK\$'000	Level 3 HK\$'000
As at 31 March 2022			
Financial assets at FVTPL			
– Listed equity securities	3,301	3,301	–
– Unlisted fund	27,166	–	27,166
As at 31 March 2021			
Financial assets at FVTPL			
– Listed equity securities	7,233	7,233	–
– Unlisted fund	16,398	–	16,398

During the years ended 31 March 2022 and 2021, 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 2022	2021	Valuation technique and key input	Significant unobservable input
Financial assets at FVTPL (listed equity securities)	3,301	7,233	Quoted bid prices in an active market	N/A
Financial assets at FVTPL (unlisted fund)	27,166	16,398	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

	HK\$'000
As at 1 April 2020	–
Addition	16,000
Fair value change recognised in profit or loss	398
As at 31 March 2021 and 1 April 2021	16,398
Addition	10,000
Fair value change recognised in profit or loss	768
As at 31 March 2022	27,166

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)***(d) Fair value measurement** *(Continued)***(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 31 March 2022 and 2021.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK\$'000	2021 HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	309	399
Investment in a subsidiary <i>(note (i))</i>	–	–
Amounts due from subsidiaries	208,548	264,932
	208,857	265,331
Current assets		
Prepayments, deposits and other receivables	136	241
Financial assets at fair value through profit or loss	3,301	7,234
Amounts due from subsidiaries	10	9,853
Cash and cash equivalents	676	6,838
	4,123	24,166
LIABILITIES		
Current liabilities		
Other payables	1,410	1,844
Amounts due to subsidiaries	8,200	19,959
	9,610	21,803
Net current (liabilities)/assets	(5,487)	2,363
Net assets	203,370	267,694
EQUITY		
Equity attributable to owners of the Company		
Share capital	2,404	2,404
Reserves	200,966	265,290
Total equity	203,370	267,694

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

- (i) Investment in a subsidiary

	2022 HK\$'000	2021 HK\$'000
Investment in a subsidiary	1,097	1,097
Less: impairment	(1,097)	(1,097)
	—	—

The directors of the Company are of opinion that none of the Group's subsidiary that have non-controlling interests are material to the consolidated financial statements as a whole.

- (ii) Particulars of the principal subsidiaries of the Company at 31 March 2022 and 2021 are set out in note 36.
- (iii) Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital HK\$'000 (note 30(b))	Share premium HK\$'000 (note 30(c)(i))	Share option reserve HK\$'000 (note 30(c)(ii))	Contributed surplus HK\$'000 (note 30(c)(iv))	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2020	2,404	360,009	25	145,926	(170,827)	337,537
Loss for the year	—	—	—	—	(69,843)	(69,843)
Transactions with owners:						
Transfer upon lapse of share options	—	—	(25)	—	25	—
Transactions with owners	—	—	(25)	—	(69,818)	(69,843)
Balance at 31 March 2021 and 1 April 2021	2,404	360,009	—	145,926	(240,645)	267,694
Loss for the year	—	—	—	—	(64,324)	(64,324)
Balance at 31 March 2022	2,404	360,009	—	145,926	(304,969)	203,370

36. GENERAL INFORMATION OF SUBSIDIARIES

Details of the principal subsidiaries held by the Company directly and indirectly as at 31 March 2022 and 2021 are as follows:

Name of subsidiaries	Paid up issued/ Registered capital		Group's effective interest		Held by the Company		Principal activities and place of operations/ incorporations
	2022 HK\$	2021 HK\$	2022	2021	2022	2021	
Bright Zone Corporation Limited	1,350,000	1,350,000	100%	100%	100%	100%	Sales of grocery products, Hong Kong
Cool Cool F&B Holding Limited	30,000,000	30,000,000	100%	100%	100%	100%	Wholesale of frozen food, Hong Kong
Cool Cool Trading (International) Limited	1	1	100%	100%	100%	100%	Sales of frozen food, Hong Kong
Smart Diner Limited	500,000	500,000	100%	100%	100%	100%	Trading of cash coupons, Hong Kong
Local Food Production Limited	100	100	100%	100%	100%	100%	Sales of processed food, Hong Kong
Yvonne Credit Service Co., Limited	388,583,043	388,583,043	100%	100%	100%	100%	Provision of money lending business, Hong Kong
Rainbow Cosmetic (BVI) Limited	US\$50,000	US\$50,000	100%	100%	100%	100%	Investment holding, British Virgin Islands
Harvest Perfect Limited	US\$1	US\$1	100%	100%	100%	100%	Investment holding, British Virgin Islands

Note:

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.



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 FIRST QUARTERLY 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 that 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 (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.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the three months ended 30 June 2022 amounted to approximately HK\$22.0 million, representing a decrease of approximately 17.0% as compared with the corresponding period in 2021 (three months ended 30 June 2021: HK\$26.5 million).
- Loss attributable to owners of the Company for the three months ended 30 June 2022 amounted to approximately HK\$4.0 million (three months ended 30 June 2021: loss of HK\$1.3 million).
- The Board of Directors (the “Board”) does not recommend the payment of a dividend for the three months ended 30 June 2022 (three months ended 30 June 2021: Nil).

FIRST 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 ended 30 June 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

For the three months ended 30 June 2022

		Three months ended 30 June	
	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	3	21,988	26,509
Cost of sales		<u>(8,796)</u>	<u>(12,550)</u>
Gross profit		13,192	13,959
Other gains, net	4	342	86
Servicing, selling and distribution costs		(1,873)	(1,922)
Administrative expenses		<u>(15,427)</u>	<u>(13,437)</u>
Operating loss		(3,766)	(1,314)
Finance costs		(202)	(76)
Share of results of associates		<u>(8)</u>	<u>124</u>
Loss before income tax		(3,976)	(1,266)
Income tax	5	<u>—</u>	<u>—</u>
Loss for the period and total comprehensive loss for the period		<u><u>(3,976)</u></u>	<u><u>(1,266)</u></u>
Loss for the period and total comprehensive loss for the period attributable to:			
Owners of the Company		(3,976)	(1,266)
Non-controlling interests		<u>—</u>	<u>—</u>
		<u><u>(3,976)</u></u>	<u><u>(1,266)</u></u>
Loss per share	7		
Basic and diluted (<i>HK cents</i>)		<u><u>(1.65)</u></u>	<u><u>(0.53)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2022

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	
Balance at 1 April 2021	2,404	360,009	(269,965)	29,320	145,926	267,694
Comprehensive loss						
Loss for the period	—	—	(1,266)	—	—	(1,266)
Total comprehensive loss	—	—	(1,266)	—	—	(1,266)
Balance at 30 June 2021	<u>2,404</u>	<u>360,009</u>	<u>(271,231)</u>	<u>29,320</u>	<u>145,926</u>	<u>266,428</u>
Balance at 1 April 2022	2,404	360,009	(334,289)	29,320	145,926	203,370
Comprehensive loss						
Loss for the period	—	—	(3,976)	—	—	(3,976)
Total comprehensive loss	—	—	(3,976)	—	—	(3,976)
Balance at 30 June 2022	<u>2,404</u>	<u>360,009</u>	<u>(338,265)</u>	<u>29,320</u>	<u>145,926</u>	<u>199,394</u>

NOTES TO THE CONDENSED 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 HM 10, Bermuda.

The principal places of business of the Company and its subsidiaries (collectively referred to as the “Group”) are in Hong Kong. The Company’s principal place of business in Hong Kong is Unit 1102, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. The Company’s shares are listed on the GEM (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group is principally engaged in the money lending business, financial instruments and quoted shares investment and 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 2022.

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 2022, 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 first quarterly results are unaudited but have been reviewed by the Company’s audit committee.

3. Revenue

Revenue represents the aggregate of the net amounts received and receivable from third parties for the period. 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:

	(Unaudited)	
	Three months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers not within the scope of HKFRS 15		
Revenue from money lending	9,620	9,307
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of grocery products, coupons and frozen food – retail and wholesale	12,368	17,202
	<u>21,988</u>	<u>26,509</u>

(a) Turnover by business segment

	(Unaudited)	
	Three months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Money lending	9,620	9,307
Sales of grocery products, coupons and frozen food – retail and wholesale	12,368	17,202
	<u>21,988</u>	<u>26,509</u>

3. Revenue (Continued)

(b) Turnover by geographical market

	(Unaudited)	
	Three months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	21,988	26,509

4. Other gains, net

	(Unaudited)	
	Three months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Net exchange gains	1	–
Fair value losses on financial assets at fair value through profit or loss	(1,098)	(230)
Net (losses)/gains on disposal of financial assets at fair value through profit or loss	(27)	40
Government grants	808	–
Others	658	276
	342	86

5. Income tax

	(Unaudited)	
	Three months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Current tax: Hong Kong		
– Charge for the period	–	–

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

6. **Dividend**

The Board does not recommend payment of a dividend for the three months ended 30 June 2022 (three months ended 30 June 2021: Nil).

7. **Loss per share**

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

	(Unaudited)	
	Three months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	3,976	1,266
<i>Number of ordinary shares</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	240,359	240,359

The computation of diluted loss per share for the three months ended 30 June 2022 and 2021 does not assume the conversion of the Company's outstanding the exercise of share options since their assumed exercise would result in a decrease in loss per share.

8. **Share Option Schemes**

The Company adopted a share option scheme on 4 January 2011, the purpose of which is to incentivise or reward eligible participants for the contribution of the Group. The share option scheme lapsed in January 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

The Company reviewed that the E-commerce is a part of the modern urban lifestyle in Hong Kong. The Group has been developing the retails and online sales business since year 2015. The Group will continue to develop self-own brand products, namely Master Chef Series and FRESHNESSMART, Dawooyeon Hanwoo, 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 conditions of our customers.

Operation Review

Turnover for the three months ended 30 June 2022 was approximately HK\$22.0 million, representing a decrease of approximately 17.0% when compared with the same period last year. Loss attributable to owners of the Company for the three months ended 30 June 2022 was approximately HK\$4.0 million and the corresponding period in 2021 was a loss of HK\$1.3 million. Such result is mainly due to revenue from sale of goods decrease of approximately HK\$4.8 million and increase in legal and professional fee in relation to Mandatory Conditional Cash Offer of approximately HK\$1.2 million.

Money Lending Business

The Group has been engaging actively in money lending business for more than ten years and a solid client base was built. For the three months ended 30 June 2022, turnover for this segment under review was approximately HK\$9.6 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. The Company is going to expand its money lending business and set up more branches in Hong Kong.

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.

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 relax 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 competitors with similar business forms in the market, entering the stage of oversupply.

Turnover for this segment for the three months ended 30 June 2022 under review was approximately HK\$12.4 million when compared with the corresponding period in 2021 was of HK\$17.2 million.

Outlook

The Group will proceed to seek investment opportunities for further improving the business and explore new investments to boarder the business scope of the Group with the ultimate goal to maximise the return to shareholders.

Dividend

The Board does not recommend the payment of a dividend for the three months ended 30 June 2022 (three months ended 30 June 2021: Nil).

EVENT AFTER REPORTING PERIOD

Mandatory Conditional Cash Offer

On 29 April 2022, Best Richest Management Company Limited (the "Offeror"), Able Rich Consultants Limited ("Able Rich"), Mr. Chan Yan Tak ("Mr. Chan") and Mr. Shiu Yeuk Yuen ("Mr. Shiu") entered into the Sales and Purchase Agreement ("SPA"), pursuant to which the Offeror has conditionally agreed to acquire and Able Rich has conditionally agreed to sell an aggregate of 82,288,613 Shares ("Sale Share(s)"), representing approximately 34.24% of the total issued share capital of the Company. The consideration for Sale Shares is HK\$6,583,089.04, representing HK\$0.08 per Sale Share. Completion of the SPA took place on 4 May 2022.

Pursuant to Rule 26.1 of the Takeovers Code, upon completion of the SPA, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

The offer price of HK\$0.08 per offer share under the offer is equal to the price per Sale Share paid by the Offeror under the SPA (“Offer”).

In addition, Mr. Shiu has irrevocably undertaken to the Offeror that, amongst others, he (a) will accept the Offer in respect of the 1,620,000 Shares beneficially owned by himself and, (b) will not withdraw any such acceptance.

The Offer was closed on 19 July 2022 and has not been revised or extended. Immediately after the close of the Offer, the Offeror and parties acting in concert with it are interested in an aggregate of 120,797,911 Shares, representing approximately 50.26% of all the issued Shares of the Company.

Details of the Offer was disclosed on 10 May 2022, 31 May 2022, 21 June 2022, 5 July 2022 and 19 July 2022 respectively.

Proposed Rights Issue

The Board proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.12 per Rights Share to raise up to approximately HK\$14.42 million before expenses by issuing up to 120,179,677 Rights Shares to the Qualifying Shareholders. The Rights Issue is not underwritten.

The gross proceeds from the Rights Issue, if fully subscribed, will be approximately HK\$14.42 million (assuming no Shares have been issued or repurchased by the Company before the Record Date). The Net Proceeds are estimated to be approximately HK\$12.62 million, representing a net subscription price of approximately HK\$0.11 per Rights Share.

Details of the Proposed Rights Issue was disclosed on 10 August 2022.

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 June 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 Securities and Futures Ordinance ("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	Approximate percentage to the issued share capital of the Company as at 30 June 2022
Mr. Law Ka Kei (<i>Note 1</i>)	2,185,000	0.91%

Note:

1. Mr. Law Ka Kei is the Executive Director of the Company. Mr. Law Ka Kei has accepted the Offer and disposed its shares to the Offeror in July 2022.

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 June 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 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	Capacity	No. of Shares	Approximate percentage to the issued share capital of the Company as at 30 June 2022
Ms. Bai Yu (<i>Note 1</i>)		26,093,500	10.86%
Best Richest Management Company Limited (<i>Note 2</i>)	Beneficiary Owner	83,908,613	34.91%
Mr. Chan Yan Tak	Interest of a controlled corporation	83,908,613	34.91%

Notes:

1. As disclosed in the notice filed by Ms. Bai Yu on 19 July 2022, Ms. Bai Yu disposed its shares on 19 July 2022.
2. On 29 April 2022, Best Richest Management Company Limited (the “Offeror”), Able Rich Consultants Limited (“Able Rich”), Mr. Chan Yan Tak (“Mr. Chan”) and Mr. Shiu Yeuk Yuen (“Mr. Shiu”) entered into the Sales and Purchase Agreement (“SPA”), pursuant to which the Offeror has conditionally agreed to acquire and Able Rich has conditionally agreed to sell 82,288,613 Shares of the Company. Mr. Shiu also disposed its beneficially owned 1,620,000 Shares to the Offeror. Completion of the SPA took place on 4 May 2022.

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

None of the members of the Group purchased, sold or redeemed any of the Group's listed securities during the period from 1 April 2022 to 30 June 2022.

COMPETING INTEREST

None of the Directors or the controlling 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 three months ended 30 June 2022.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to protect the interests of the shareholders of the Company. The Company had complied with most of the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the three months ended 30 June 2022, except for the following deviations 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.

REVIEW OF QUARTERLY RESULTS

The unaudited consolidated results of the Group for the three months ended 30 June 2022 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 of the Company has four Independent Non-executive Directors, namely Mr. Lee King Fui, chairman of the Audit Committee, Mr. Ho Tak Yin, Mr. Lee Wing Lun and Mr. Joseph Rodrick Law.

AUDIT COMMITTEE

The Company established an audit committee (the "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-year reports and quarterly reports and to provide advice and comments 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.

The Audit Committee has four independent Non-executive Directors, Mr. Lee King Fui, the Chairman of the Audit Committee, Mr. Ho Tak Yin, Mr. Lee Wing Lun and Mr. Joseph Rodrick Law. The Group's unaudited results for the three months ended 30 June 2022 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results had complied with the applicable accounting standards and requirements and that adequate disclosures had been made.

REMUNERATION COMMITTEE

A remuneration committee (the "Remuneration Committee"), 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") 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. Chan Yan Tak	–	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. Ho Tak Yin	–	Independent Non-executive Director
Mr. Lee Wing Lun	–	Independent Non-executive Director
Mr. Joseph Rodrick Law	–	Independent Non-executive Director

By order of the Board
Easy Repay Finance & Investment Limited
Chan Yan Tak
Chairman

Hong Kong, 12 August 2022

Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information

To the directors of Easy Repay Finance & Investment Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Easy Repay Finance & Investment Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022, and related notes as set out on pages II-1 to II-3 of the prospectus dated 29 August 2022 (the "**Prospectus**") issued by the Company (the "**Unaudited Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-7 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 120,179,677 rights shares (the "**Rights Shares**") at the subscription price of HK\$0.12 per Rights Shares on the basis of one Rights Share for every two existing shares in issue held on the record date on a non-underwritten basis (the "**Rights Issue**") on the Group's financial position as at 31 March 2022 as if the Rights Issue had taken place at 31 March 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 March 2022, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the GEM operated by The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline ("AG") 7 Preparation of "Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information (Continued)

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information (Continued)

Reporting Accountants' Responsibilities

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

Moore Stephens CPA Limited

Moore Stephens CPA Limited
Certified Public Accountants

Pak Chi Yan
Practising Certificate Number: P06923

Hong Kong, 29 August 2022



Albany Creek Investment Services Limited
澳本利 投資服務有限公司

Subscription Form

申購表格

To : Albany Creek Investment Services Limited (Albany)

Date 17/Jan/2022
日期 (DD-MM-YYYY)

Account Number
帳戶號碼

Account Name
帳戶名稱

Yvonne Credit Service Co. Limited

I/We hereby request and authorize Albany to effect the following instruction(s):
本人/吾等茲要求並授權 Albany 辦理下列指示：

Subscription Details 申購詳情

Name / Code of Investment Product 投資產品名稱 / 編號	Albany Creek Bond Series SP, a segregated portfolio of Albany Creek Fund SPC
Currency 貨幣	USD
Subscription Amount 申購金額	Eq to HKD 10,000,000
Subscription Fee 申購費	0
Total Subscription Amount 總申購金額	Eq to HKD 10,000,000

Declaration 聲明

By signing this Subscription Form, I/we 在簽署本申購表格時，本人/吾等：

agree to the terms and conditions set out in this Subscription Form, the Memorandum, the Articles and the explanatory memorandum or other offering documents of the investment product you are intended to subscribe.
確認本人/吾等同意本申購表格、欲申購產品之章程大綱、章程細則及有關投資的說明書或銷售文件所列明之條款及條件。

declare that to the best of my/our knowledge and belief, the information provided in this Subscription Form and any related documents are true, complete and accurate and that I/we have not concealed any material fact.
謹此聲明，就本人/吾等所知及所信，本申購表格及任何有關文件內之資料提供均屬真實、完整、準確，本人/吾等並無隱瞞任何重大事實。

agree that ACISL has the right to reject this application to subscribe for the relevant investment product in whole or in part.
同意貴公司有權撤回全數或部份此投資產品之申請。

acknowledge that it is my/our responsibility to notify ACISL in writing if there is any change to the information provided herein.
確認本人/吾等有責任於上述資料有任何更改時以書面通知貴公司。

agree that this Subscription Form contains the entire agreement between the parties with respect to the subject matter of this Subscription Form, and there are no representations, covenants or other agreements except as stated herein.
同意本申購表格包含各訂約方就本申購表之標的事項之整體協議，而於本表格所載外並無陳述、契約或其他協議。

Signature of Principal Account Holder
主要帳戶持有人簽署

Signature of Secondary Account Holder
第二帳戶持有人簽署

For and on behalf of
YVONNE CREDIT SERVICE COMPANY LIMITED
易還財務有限公司

.....
Authorized Signature(s)

股份買賣合約

買方：

Widely Investment Development Limited，公司成立號碼 2053874，註冊地址 **Sea Meadow House, Blackburne Highway (P.O. Box 116), Road Town, Tortola, British Virgin Islands**（以下簡稱“甲方”）；

賣方：

Perfect Catering Group Limited，公司成立號碼 669483，註冊地址香港九龍長沙灣長順街 15 號 **D2 Place** 二期 8 樓 A 室（以下簡稱“乙方”）；

出售公司：

Head Captain Limited (三本有限公司)，公司成立號碼 2683923，註冊地址香港九龍長沙灣長順街 15 號 **D2 Place** 二期 8 樓 A 室(以下簡稱“三本”)

合約條款：

於 2021 年 3 月 24 日，甲、乙雙方友好協商，乙方出售三本全部股權予甲方，並同意簽署此股份買賣合約(「合約」)以資信守，條款如下：

第 1 條 - 出售股權

1.1 乙方於 2021 年 3 月 31 日或之前，完成出售三本全部股權(即 1 股)予甲方。

第 2 條 - 出售內容

2.1 甲乙雙方同意，乙方出售三本之 100%股權(即 1 股)以作價港幣貳佰壹拾萬元(HKD2,100,000) 出售予甲方。

2.2 甲乙雙方同意，三本於 2021 年 2 月 28 日起之所有銀行存款、現金、應收款及全部負債，全歸乙方所有。由 2021 年 3 月 1 日起所有資產及負債全為甲方所有。

第 3 條 - 先決條件

完成須待下列條件獲達成或豁免（視情況而定）後，方可作實：

3.1 乙方董事會及股東批准該協議及實施本合約擬進行之交易；

3.2 甲方完成盡職審查以及乙方以甲方滿意的方式合理解決盡職審查發現的問題；及

該等條件僅照顧甲方的利益，而甲方方可全權酌情隨時以書面通知乙方之方式豁免任何該等條件。乙方須盡力促使於本合約日期後在可行情況下盡快達成該等條件。

第 4 條 - 保密

- 4.1 除本合約另有約定外，任何一方應對本合約以及與本合約有關的一切信息保密，並確保其各自接觸保密信息的職員及委託代理人對該等信息保密，且不得向任何第三方披露。但依據法律、法規、監管部門要求披露的；依有關規定須向其上級機構披露的；僅向與合作事項有關的、確需接觸保密信息和負責處理保密信息的分支機構或外部服務機構提供的除外。

第 5 條 - 不可抗力

- 5.1 由於發生地震、颱風、水災、火災等不能預見、不能避免、不能克服的不可抗力事件，致使合約無法履行或不能按約定履行，遭遇不可抗力的一方應於不可抗力發生之日起 3 個工作天內以書面形式通知合約其他方，並及時出具有關部門的證明檔。因不可抗力造成損失，協議方互不承擔任，各方應在合理時限內協商是否繼續履行協定。
- 5.2 因法律、法規、甲、乙雙方資質調整及變更等因素，造成本項目無法繼續開展，各方均無須因此業務無法開展而承擔任何責任。

第 6 條 - 違約責任與終止/解除協議

- 6.1 除本合約另有約定外，如本合約任何一方違反本合約約定，經守約方向違約方書面通知後 30 日內仍未糾正的，守約方有權解除本合約。
- 6.2 本合約期間內，除有違約情事外，任何一方不得單方面提出解約；雙方並應秉誠信互利原則確實履行本合約所訂各項約定，違約之一方應負責賠償對方因此所產生之一切損失。

第 7 條 - 其他條款

- 7.1 本合約自甲、乙雙方法定代表人(負責人)或委託代理人簽章加蓋公章之日起生效。
- 7.2 本合約內容皆受中華人民共和國香港特別行政區法律所保障。

7.3 因本合約引起的與本合約有關的任何爭議，甲、乙雙方應首先通過友好協商解決。如協商不成，各方合意以香港特別行政區法院為管轄法院，並適用香港特別行政區的法律、法例解決。

7.4 本合約正本一式兩份，協議方各保留一份，均具有同等法律效力。

甲方及乙方同意本合約列出的所有條款及規定，並即時簽署生效。

甲方：

For and on behalf of
WIDELY INVESTMENT DEVELOPMENT LIMITED
兆宏投資發展有限公司

.....
Authorized Signature(s)

Widely Investment Development Limited

乙方：

For and on behalf of
Perfect Catering Group Limited
元膳集團有限公司

.....
Authorized Signature(s)

Perfect Catering Group Limited

股份買賣合同

買方：

Topwise Global Holdings Limited (領智環球控股有限公司)，一家根據英屬處女群島法律註冊成立之有限責任公司，公司成立編號 1929664，其註冊地址為 P.O. Box 957, Offshore Incorporations Centre, Road Town, British Virgin Islands] (以下簡稱“領智”)；及

賣方：

Century Forever Limited，健中有限公司，一家根據香港法律註冊成立之有限責任公司，公司成立號碼 2049229，註冊地址香港九龍長沙灣長順街 15 號 D2 Place 二期 8 樓 A 室 (以下簡稱“乙方”)；

擔保方：

黃熙仁先生(Wong Hei Yan)，香港身份証號碼 C462113(A)，住址 No. 23 Sam Mun Tsai Road, Beverly Hills, Boulevard Du Lac, House 175, Tai Po (以下簡稱“擔保人”)

合約條款：

乙方持有 2,200 股領智之股權，佔約領智總發行股份 22%。

茲就領智欲購回乙方上述 22%之股權，領智與乙方就購回股權事宜，於 2020 年 9 月 15 日，領智及乙方一致協商，並同意簽署此股份買賣合同(「買賣合同」)，條款如下，以資信守。

第 1 條 - 出售股權

出售股權 (以下簡稱“股權”)：

- 1.1 乙方持有領智 22%之股權，領智同意向乙方全數購回；乙方同意出售領智之 22%股權給領智。

第 2 條 - 出售作價

- 2.1 領智及乙方雙方同意，乙方於領智之股權，乙方以港幣 7,180,000 出售予領智。
- 2.2 領智同意就前述 2.1 條之作價，而出售作價款項於簽署此正式買賣合同時發出三張期票，支付予乙方，發出支票日期如下：

- 於簽署此買賣合同之日支付第一期港幣 2,393,333；
- 第二張期票日期為 2020 年 12 月 31 日，以支付第二期港幣 2,393,333；及
- 第三張期票日期為 2021 年 3 月 31 日，以支付第三期港幣 2,393,334。

如果領智或其附屬公司與香港運輸署簽署的合約延期至 2021 年 5 月 31 日，乙方同意第三期款項，領智可於 2021 年 3 月 31 日先支付 50% (即港幣 1,196,667) 予乙方，餘下款項 50% (即港幣 1,196,667) 可於 2021 年 5 月 31 日或之前支付。

- 2.3 乙方同意於 2020 年 9 月 30 日或之前將其股份轉讓給領智，但由於領智尚未支付全部出售作價，擔保人同意特此向乙方作出無條件及不可撤銷地擔保領智適當地及按時地履行和遵守所有本協議項下的義務、許諾、承諾、保證、彌償和契諾，並同意因領智違反該等義務、許諾、承諾、保證、彌償或契諾而對乙方所蒙受或引致的一切損失、損害、費用及開支(包括法律收費及支出)，由領智承擔的彌償責任。如領智無論因任何原因未能履行本協議項下承諾或表達承諾的任何義務或責任，擔保人需立即按乙方要求無條件地執行(或促使他人執行)並完成(或促使完成)該未能履行的義務或責任並按本協定訂明的方式履行及賦予買方或該集團如適當的履行該未能履行義務或責任的情況下可獲得的利益。
- 2.4 乙方欠領智或其附屬公司之款項港幣 3,091,000，領智同意全數免收，所有欠款與乙方無關。
- 2.5 雙方重申，此股份買賣合同簽署生效後，領智與乙方並再沒有任何款項華洋膠轕。(除了股份買賣合同作價外，包括條款第 6.2 條。)

第 3 條 - 保密

- 3.1 除本買賣合同另有約定外，任何一方應對本買賣合同以及與本買賣合同有關的一切信息保密，並確保其各自接觸保密信息的職員及委託代理人對該等信息保密，且不得向任何第三方披露。但依據法律、法規、監管部門要求披露的；依有關規定須向其上級機構披露的；僅向與合作事項有關的、確需接觸保密信息和負責處理保密信息的分支機構或外部服務機構提供的除外。

第 4 條 - 不可抗力

- 4.1 由於發生地震、颱風、水災、火災等人力不能預見、不能避免、不能

克服的不可抗力事件，致使意向書無法履行或不能按約定履行，遭遇不可抗力的一方應於不可抗力發生之日起 3 個工作天內以書面形式通知意向書其他方，並及時出具有關部門的證明檔。因不可抗力造成損失，協議方互不承擔任，各方應在合理時限內協商是否繼續履行協定。

- 4.2 因法律、法規、領智、乙方資質調整及變更等因素，造成本項目無法繼續開展，各方均無須因此業務無法開展而承擔任何責任。

第 5 條 - 違約責任與終止/解除協議

- 5.1 除本買賣合同另有約定外，如本合約任何一方違反本買賣合同約定，經守約方向違約方書面通知後 30 日內仍未糾正的，守約方有權解除本買賣合同。
- 5.2 本買賣合同期間內，除有違約事情外，任何一方不得單方面提出解約；雙方並應秉誠信互利原則確實履行本合約所訂各項約定，違約之一方應負責賠償對方因此所產生之一切損失。

第 6 條 - 其他條款

- 6.1 乙方之母公司「易還財務投資有限公司」(以下簡稱“易還”)，現時為領智或其附屬公司向香港運輸署提供擔保(以下簡稱“運輸署擔保”)直至 2021 年 3 月 31 日止或延期至 2021 年 5 月 31 日止，由於乙方出售股權予領智，故擔保人在此不可撤回地及無條件地承諾向乙方彌償在本協議簽訂後所發生的、乙方或易還因提供運輸署擔保的原因而要支付的任何金額(包括應繳納的稅費及一切印花稅，及所有合理費用及開支)，及因而招致的、由乙方承擔的責任、損害、合理費用及支出以及任何由乙方或易還所支付的與該等申索(而擔保人在本協議下對該等申索是須承擔責任的)有關的罰款及/或利息。擔保人應在收到乙方的書面要求以及與該要求相關的合理書面證明或憑證的情況下立即向乙方或易還作出全額的賠償。
- 6.2 於 2021 年 3 月 31 日釐清領智集團或其附屬公司內的長期服務金計算，如撥備多於實際支出，領智同意將多出之撥備按 22% 支付給乙方。
- 6.3 本買賣合同由領智及乙方法定代表人(負責人)或委託代理人簽買加蓋公章之日起生效。
- 6.4 倘若買賣合同中任何條款或條件被法律禁止或不可按法律執行，則只是該被禁止或不可按法律強制執行的部分失效。所有其他條款仍然有



效。

- 6.5 如有未盡事宜或對本買賣合同有任何修改，必須由領智及乙方協商一致後簽訂補充協議或特別條款予以明確。補充協議或在有特別條款之協議經領智及乙方授權人簽署、印鑒後生效，該等補充協議與本買賣合同具有同等法律效力，有分歧時以該等補充協議或特別條款為準。
- 6.6 本買賣合同並具有法律效力，一切條款皆受中華人民共和國香港特別行政區法律所保障。
- 6.7 因本買賣合同引起的任何爭議，領智及乙方應首先通過友好協商解決。如協商不成，各方合意以香港特別行政區法院為管轄法院，並適用香港特別行政區的法律、法例解決。
- 6.8 本買賣合同正本一式三份，協議方各保留一份，均具有同等法律效力。

領智及乙方同意本買賣合同列出的所有條款及規定，並即時簽署生效。

領智：

For and on behalf of
Topwise Global Holdings Limited

Topwise Global Holdings Limited

見證人

15/9/2020
陳斯達

For and on behalf of
CENTURY FOREVER LIMITED
健中有限公司

Authorized Signature(s)

Century Forever Limited

見證人

杜志

擔保人：

黃熙仁

見證人

15/9/2020
陳斯達

Topware Global Holdings Limited
for and on behalf of

(Authorized Signatory)

ALBANY CREEK BOND SERIES SP

**(a segregated portfolio of
ALBANY CREEK FUND SPC)**

SUBSCRIPTION BOOKLET

For

Non-U.S. Investors

This subscription booklet (the "Subscription Booklet") may only be used for the subscription of limited-voting, redeemable, participating shares (the "Participating Shares") attributable to Albany Creek Bond Series SP (the "Segregated Portfolio"), a segregated portfolio of Albany Creek Fund SPC (the "Fund") by investors who are Non-U.S. Investors.

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**ALBANY CREEK BOND SERIES SP (the "Segregated Portfolio"), a segregated portfolio of
ALBANY CREEK FUND SPC**

DIRECTIONS FOR THE COMPLETION OF THE SUBSCRIPTION AGREEMENT

Prospective investors must complete and execute the entire subscription agreement (the "**Subscription Agreement**") and all relevant appendices in the manner described below. For purposes hereof, the "**Investor**" is the person for whose account the redeemable, limited-voting, participating shares in the Fund attributable to the Segregated Portfolio (the "**Participating Shares**") are being purchased. Another person with investment authority may execute the Subscription Agreement on behalf of the Investor, but should indicate the capacity in which it is doing so and the name of the Investor.

1. Subscription Agreement.

- (a) ☒ Read the entire Subscription Agreement and complete and execute the enclosed Payment Origination Certification Form and Investor Questionnaire.
- (b) ☒ Enter the class of Participating Shares and the amount of the subscription for Participating Shares on the signature page.
- (c) ☒ Date, print the name of the Investor and sign (print name, capacity and title, if applicable), and have two witnesses sign, the signature page of the Subscription Agreement.
- (d) ☒ By signing this Subscription Agreement, the Investor will have acknowledged having received and considered the confidential Private Placement Memorandum for the Fund (the "**PPM**") and the supplement to the PPM for the Segregated Portfolio, relating to the offering of Participating Shares attributable to the Segregated Portfolio (the "**Supplement**") and will have agreed to subscribe on the terms of the PPM, the Supplement and the Memorandum and Articles of Association of the Fund (as each may be amended from time to time), all of which are incorporated herein by reference in their entirety.
- (e) ☒ Please complete the Investor Questionnaire attached as Appendix A.
- (f) ☒ Please complete the Privacy Statement attached as Appendix D.
- (g) ☒ Please provide applicable documents as listed in the Know Your Customer Procedures and Documentation attached as Appendix E.
- (h) ☒ Please complete and return the applicable self-certification form (Entity/ Individual), attached as Appendix F.
- (i) ☒ Where the prospective investor is a Hong Kong resident, please complete and return applicable Professional Investor Declaration Form attached as Appendix G.
- (j) ☒ The: (i) completed and executed Subscription Agreement; (ii) completed and, where applicable, executed Appendix A, Appendix D, and Appendix G; (iii) completed applicable self-certification form (Entity/ Individual) attached as Appendix F; and (iv) documents required under Appendix E as applicable, must be sent to IQ EQ Singapore (the "**Administrator**") by e-mail to SPAlbany@iqeq.com. The Administrator must receive the emailed of the completed and executed Subscription Agreement (and supporting documents) together with the originals of the same (if

required), by no later than: (i) with respect to subscription applications made during the Initial Offer Period, 4 p.m. (Hong Kong time) on a Business Day that is at least five (5) clear Business Days prior to the Initial Closing Date and (ii) with respect to subscription applications made after the Initial Offer Period, 4 p.m. (Hong Kong time) on a Business Day that is at least seven (7) clear Business Days prior to the applicable Subscription Day (or such later time as may be agreed to by the Directors and/or the Investment Manager, in their sole discretion).

In addition, unless the Directors determine otherwise, please send original copies of: (i) the completed and executed Subscription Agreement; (ii) the completed and, where applicable, executed Appendix A, Appendix D, and Appendix G; (iii) the applicable self-certification form attached as Appendix F; and (iv) documents required under Appendix E as applicable, by courier or post to the Fund (c/o Albany Creek Investment Management (Cayman) Limited, the "Investment Manager") at the address below:

Albany Creek Investment Management (Cayman) Limited
Suites 1812-1814,
18/F, Two IFC,
No.8 Finance Street,
Central, Hong Kong

2. Payment of Subscription Amount.

The Investor must settle the subscription amount in full by telegraphic transfer, or any other means as accepted by the Directors or the Investment Manager, to the bank account the details of which are set out below, for value no later than: (i) with respect to subscription applications made during the Initial Offer Period, 4:00 p.m. (Hong Kong time) five (5) clear Business Days prior to the Initial Closing Date and (ii) with respect to subscription applications made after the Initial Offer Period, 4:00 p.m. (Hong Kong time) three (3) clear Business Days prior to the applicable Subscription Day (or such later time as may be agreed to by the Directors or the Investment Manager in their sole discretion).

Bank Name: DBS Bank (Hong Kong) Limited	
Bank Address: 16th Floor, The Center, 99 Queen's Road Central, Hong Kong	
Bank SWIFT Code: DBSSHKHH	
Bank Code: 185	
Branch Code: 927	
Beneficiary Account Name: ALBANY CREEK FUND SPC - ALBANY CREEK BOND SERIES SP	
Bank Account Number: 20000066288	
Bank Reference: Fund Subscription	
Currency: USD	Reference: (Investor Name)

The Investor needs to ensure that subscription amounts are forwarded net of bank service charges which must be borne by the Investor directly. All payments must originate from an account held in the name of the Investor. No third party payments will be permitted.

Please note that for cleared funds to be received in Hong Kong prior to the relevant payment deadline, payment must be made for value on the business day in Hong Kong preceding the relevant day.

The Investment Manager accepts no responsibility for any loss arising from the non-receipt by the Fund and the Investment Manager of any Subscription Agreement sent by facsimile transmission, mail or courier.

3. Enquiries Related to the Subscription Agreement.

Enquiries related to the subscription procedures should be directed to the Investment Manager by email at info@Albanyfund.com or to the Administrator at SPAlbany@iqeq.com.

4. Standing Instructions for Redemption Payments.

The Investor agrees that all or any funds payable to the Investor (including redemption proceeds) may be wire transferred to the Investor in accordance with the following instructions (which is the same account from which the Investor's investment was first remitted) until further written notice, signed by one or more of the individuals authorized to act on behalf of the Investor and subject to the consent of the Fund.

Correspondent Bank: _____

Address of Correspondent Bank: _____

SWIFT Code of Correspondent Bank: _____

Beneficiary Bank: Bank of China (Hong Kong) Ltd

Address of Beneficiary Bank: 1 Garden Road, Central, Hong Kong

SWIFT Code of Beneficiary Bank: BKCHHKHH

Account Name: Yvonne Credit Service Co., Limited

Account No.: 012-611-00077680

Account Currency: HKD

Reference: _____

The Investor understands and agrees that redemption payments will be paid only to the above bank account unless otherwise agreed with the Fund or the Administrator. Payments will only be made to an account in the name of the Investor(s) and no payments will be made to third parties.

5. Instructions of Joint Holders.

In the case of a joint application, until further notice in writing, the Fund and or the Administrator are authorised to rely upon and act in accordance with the instructions, communications and requests and to deal with instruments purporting to be made, drawn, accepted, endorsed or given by post, facsimile or email from:

☒ any of the joint holders (the joint holders hereby undertake that any instructions, communications, requests and instruments purporting to be made, drawn, accepted, endorsed or given by any one joint holder is binding on each joint holder);* or

☐ all of the joint holders.*

*Tick whichever box is applicable. Where no indication is made, all of the joint holders will be required to sign any instructions.

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**ALBANY CREEK BOND SERIES SP, a segregated portfolio of
ALBANY CREEK FUND SPC**

SUBSCRIPTION AGREEMENT

BY EMAIL TO THE ADMINISTRATOR

Albany Creek Fund SPC, for the account of Albany Creek Bond Series SP
IQ EQ Services (Singapore) Pte. Ltd.
E-mail address: SPAlbany@iqeq.com

WITH THE ORIGINAL TO FOLLOW TO

Albany Creek Investment Management (Cayman) Limited
Suites 1812-1814,
18/F, Two IFC,
No.8 Finance Street,
Central, Hong Kong

Ladies and Gentlemen:

This Subscription Agreement relates to the offering of limited-voting, redeemable, participating shares (the "**Participating Shares**") attributable to Albany Creek Bond Series SP (the "**Segregated Portfolio**"), a segregated portfolio of Albany Creek Fund SPC, an exempted company with limited liability incorporated under the laws of the Cayman Islands and registered as a segregated portfolio company (the "**Fund**"). Reference is made to the confidential private placement memorandum of the Fund (the "**PPM**"), the supplement to the PPM for the Segregated Portfolio (the "**Supplement**"), the side letter if any (the "**Side Letter**") entered into between the Fund, for the account of the Segregated Portfolio, and the undersigned investor (the "**Investor**") and the memorandum and articles of association of the Fund (the "**Articles**"), all of which may be amended, supplemented or restated from time to time and are incorporated by reference in their entirety in this Subscription Agreement and which together form one agreement. By executing this Subscription Agreement, the Investor acknowledges that it has read and understands the terms, provisions and requirements set forth herein, in the PPM, in the Supplement, in the side letter (if applicable) and in the Articles and agrees to subscribe for Participating Shares on such terms, provisions and requirements. Capitalized terms used, but not defined, herein shall have the respective meanings given to them in the PPM or the Supplement (as applicable).

1. Subscription.

(a) The Investor agrees to become a Participating Shareholder of the Fund and in connection therewith subscribes for the Participating Shares attributable to the Segregated Portfolio and agrees to make an investment to the Fund in the amount set forth below, on the terms and conditions described herein, in the PPM, in the Supplement and in the Articles.

(b) The Investor acknowledges and agrees that it is not entitled to cancel, terminate or revoke this Subscription Agreement or any agreements of the Investor hereunder and that such Subscription Agreement and any other agreements shall survive (i) changes in the transactions, documents and instruments described in the PPM and in the Supplement which in the aggregate are not material or which are contemplated by, or made in accordance with, the PPM, the Supplement, in the side letter (if applicable) and/or the Articles, and (ii) the death, disability or termination of the Investor; provided, however, that if the Fund shall not have accepted this Subscription Agreement within thirty (30) days from the date hereof, then this Subscription Agreement and all agreements of the Investor hereunder shall be cancelled or revoked and this Subscription Agreement will be returned to the Investor.

(c) The Investor hereby irrevocably constitutes and appoints the Investment Manager (and any substitute or successor investment manager of the Fund) as its true and lawful agent and attorney-in-fact in its name, place and stead, (A) to receive and pay over to the Fund on behalf of the Investor, to the extent set forth in this Subscription Agreement, all funds received from the Investor, (B) to complete or correct, on behalf of the Investor, all documents to be executed by the Investor in connection with the Investor's subscription for Participating Shares, including, without limitation, filling in or amending amounts, dates and other pertinent information and (C) as applicable, to execute, acknowledge, swear to and file: (i) any agreements or other documents relating to the obligations of the Fund; (ii) all certificates and other instruments necessary to qualify, or continue the qualification of, the Fund in the jurisdictions where it may conduct activities; (iii) all assignments, conveyances or other instruments or documents necessary to effect the winding up or dissolution of the Fund; (iv) all other filings with agencies in any jurisdiction, which the Fund considers necessary or desirable to carry out the purposes of this Subscription Agreement, the PPM, the Supplement, the Articles and the business of the Fund; and (v) any compulsory redemption or transfer of Participating Shares held in the name of the Investor as described in the PPM, the Supplement and the Articles as described therein. This power of attorney shall be irrevocable and is given to secure a proprietary interest of the donee of the power or the performance of an obligation owed to the donee, and shall survive the transfer of the Investor's Participating Shares.

2. Certain Acknowledgments and Agreements of the Investor.

The Investor understands, acknowledges and agrees that:

(a) The subscription for the Participating Shares contained herein may be accepted or rejected, in whole or in part, by the Fund in its sole and absolute discretion. No subscription shall be deemed accepted and the Investor shall not become a Participating Shareholder until the subscription has been accepted and, if necessary, any subsequent acts including issuance of the Participating Shares have been taken, which shall be deemed an acceptance of this Subscription Agreement by the Fund for all purposes. In the event of rejection of the subscription the amount paid on subscription or the balance thereof (as the case may be) will be returned (without interest) to the account from which it was remitted as soon as practicable, at the risk and cost of the Investor.

(b) Except as provided under applicable state securities laws, this subscription is and shall be irrevocable, except that the Investor shall have no obligation hereunder if this Subscription Agreement is for any reason rejected or this offering is for any reason cancelled.

(c) All documents pertaining to this investment that are readily available to the Fund have been made available for inspection by the Investor, and the books and records of the Fund will be available, upon reasonable notice, for inspection by the Investor for purposes reasonably related to the Investor's investment in the Fund during reasonable business hours at the Fund's principal place of business or other designated places.

(d) The Investor agrees to provide any additional documents and information that the Fund, the Investment Manager, Mayfair & Ayers Financial Group Limited (the "**Investment Adviser**") or the Administrator reasonably requests, including, without limitation, information relevant to a determination of whether the Investor is: (i) not a "U.S. Person" (within the meaning of Regulation S under the Securities Act of 1933, as amended (the "**Securities Act**")); and (ii) an "accredited investor" within the meaning given to such term in Regulation D under the Securities Act.

(e) Other than as set forth herein, in the PPM, the Supplement or in the Articles, the Investor is not relying upon any other information, representation or warranty by the Fund.

(f) The Investor has consulted to the extent deemed appropriate by the Investor with the Investor's own advisers as to the financial, tax, legal and related matters concerning an investment in Participating Shares and on that basis believes that an investment in the Participating Shares is suitable and appropriate for the Investor.

(g) The Investor is aware of and understands each of the risks and potential conflicts of interest inherent of an investment in the Fund as set forth in the PPM and the Supplement and can bear the economic risk of its investment for an indefinite period and can afford a total loss of its investment.

(h) The Investor understands and acknowledges that the Participating Shares and the beneficial ownership thereof cannot be, directly or indirectly, assigned, sold, transferred, hypothecated or encumbered without the prior written consent of the Directors, which may be withheld in their sole discretion.

(i) Prior to the issue of Participating Shares, the Administrator may transfer subscription funds into an account in the name of the Fund or, upon the direction of the Directors, to a broker of the Fund or any other account, and in such event, the Administrator shall not be liable for any losses arising from such transfer and shall be fully indemnified by the Fund out of the assets of the Fund to the fullest extent permitted by applicable law for any and all actions, costs, claims, damages, demands or expenses (including any reasonable attorneys' fees) suffered or incurred by the Administrator as a result of such transfer.

(j) The Investor agrees that it shall not: (i) under any circumstances, file a winding up petition on the just and equitable ground against the Fund, or any segregated portfolio of the Fund, in the Grand Court of the Cayman Islands in connection with its investment in the Fund or make any other equivalent application before the courts of any other jurisdiction; (ii) institute against the Fund or any segregated portfolio of the Fund, or join or assist any other person in instituting against the Fund or any segregated portfolio of the Fund, any bankruptcy, reorganizations, arrangement, insolvency, receivership or liquidation proceedings under any Cayman Islands law or similar law of any jurisdiction; or (iii) apply for a receivership order under section 225 of the Companies Law (2018 Revision) of the Cayman Islands in respect of any segregated portfolio of the Fund (including the Segregated Portfolio).

(k) The Investor hereby acknowledges and agrees that the Fund (or the Investment Manager or the Administrator as its delegate) may deliver and make reports, statements and other communications available in electronic form, such as e-mail or by posting on a website and that sections 8 and 19(3) of the Electronic Transactions Law (2003 Revision) of the Cayman Islands (the "Electronic Law") shall not apply. The Investor acknowledges and agrees that the execution of this Subscription Agreement can be satisfied in the form of an electronic signature as defined in the Electronic Law.

(l) The Investor acknowledges and agrees that where a subscription for Participating Shares is accepted, the Participating Shares will be treated as having been issued with effect from the relevant Subscription Day notwithstanding that the Shareholder may not be entered in the Fund's register of members until after the relevant Subscription Day. The subscription monies paid by the Investor for Participating Shares will accordingly be subject to investment risk in the Fund from the relevant Subscription Day, if not earlier, as set out herein and/or the Supplement and the PPM.

(m) If, after the completion of the Fund's year-end financial review (or audit, if applicable), the Directors and/or the Investment Manager determine that the amount previously distributed to the Investor exceeded the amount to which such Investor was actually entitled, then the Investor shall be required to return such excess amount to the Fund and/or the Investment Manager within five (5) clear Business Days of notification of such excess payment. This obligation shall survive the termination of this Subscription Agreement and/or the redemption of any or all of the Investor's Participating Shares.

3. Representations and Warranties.

The Investor, for the Investor and for the Investor's heirs, personal representatives, successors and assigns, makes the following representations and warranties with the intent that the same may be relied upon in determining the suitability of the Investor as an investor in the Fund. The following representations and warranties shall survive the Subscription Day applicable to the Investor and will be deemed to be reaffirmed by the Investor at any time the Investor makes an additional purchase of the Participating Shares. The act of making such purchases will be evidence of such reaffirmation.

(a) The Investor (i) is not a U.S. Person (as defined herein); (ii) is a "qualified eligible person" for the purpose of the definition provided in Rule 4.7 under the CEA; (iii) will not transfer or deliver any interest in the Participating Shares except in accordance with the restrictions set forth in the Articles and the PPM, as amended or supplemented through the closing date of the Investor's subscription for Participating Shares; (iv) will notify the Fund immediately if the Investor becomes a U.S. Person at any time during which the Investor holds or owns any Participating Shares; (v) is not subscribing on behalf of or funding its subscription monies with funds obtained from U.S. Persons; and (vi) is acquiring the Participating Shares to be acquired hereunder for the Investor's own account for investment purposes only and not with a view to resale or distribution.

(b) The Investor has received, read carefully, and understands the PPM, the Supplement and the Articles and has consulted its own attorney, accountant and/or investment adviser with respect to the investment contemplated hereby and its suitability for the Investor. The Investor understands that DLA Piper Hong Kong acts as counsel for the Investment Manager and the Investment Adviser only and no attorney-client relationship exists with any other person by reason of such person making an investment in the Fund. Maples and Calder (Hong Kong) LLP acts as counsel to the Fund only with respect to matters of Cayman Islands laws. The Investor has received and reviewed all such other information of the Fund, the Investment Manager and/or the Investment Adviser as the Investor or its representatives and advisers have requested.

(c) The Investor understands and acknowledges that (i) the Investor must bear the economic risk of its investment in the Participating Shares until the termination of the Segregated Portfolio or the winding-up of the Fund or until it otherwise ceases to be an Investor in the Segregated Portfolio or the Fund; (ii) the Participating Shares have not been registered under any securities laws (nor is such registration contemplated) except for the Mutual Funds Law (2015 Revision) of the Cayman Islands when the Fund is so registered and are being offered and sold in reliance upon securities laws for transactions not involving any public offering and, therefore, cannot be resold or transferred unless they are subsequently registered under applicable laws or unless an exemption from such registration is available (for the avoidance of doubt, the Fund must consent to transfers even if effected pursuant to an exemption); (iii) the Investor is purchasing the Participating Shares for investment purposes only for the account of the Investor and not with any view toward a resale or distribution thereof; (iv) the Investor is investing in the Fund as a common investment vehicle rather than as a means to facilitate the individual or separate investment decisions of holders of interests in the Investor; (v) the Investor has no contract, undertaking, agreement or arrangement with any person to sell, transfer or pledge to such person or anyone else any of the Participating Shares which the Investor hereby subscribes to purchase or any part thereof, and the Investor has no present plans to enter into any such contract, undertaking, agreement or arrangement; (vi) the Investor understands and agrees that the Participating Shares cannot be sold or transferred without the prior written consent of the directors of the Fund (the "**Directors**"), which may be withheld in their sole discretion; (vii) there is no public market for the Participating Shares and none is expected to develop; (viii) any disposition of the Participating Shares may result in unfavorable tax consequences to the Investor; (ix) the Fund does not have any obligation or intention to register the Participating Shares for sale under any securities laws or of supplying the information which may be necessary to enable the Investor to sell Participating Shares; and (x) the Investor has no right to require the registration of the Participating Shares under any securities laws or other applicable securities regulations.

(d) The Investor represents that it is permitted to invest in the Fund from the jurisdiction in which it resides on the basis of the selling restrictions contained in the PPM and the Supplement and that its investment in the Fund is in compliance with, and will not breach, any applicable laws, rules and regulations (including without limitation any securities and offering laws) of the jurisdiction in which the Investor resides.

(e) The Investor is knowledgeable and experienced in evaluating investments and experienced in financial and business matters and is capable of evaluating the merits and risks of investing in the Participating Shares. The Investor has evaluated the risks of investing in the Participating Shares, and has determined that the Participating Shares are a suitable investment for the Investor. In evaluating the suitability of an investment in the Participating Shares, the Investor has not relied upon any representations or other information (whether oral or written) other than as set forth herein, in the PPM, the Supplement and in the Articles, and independent investigations made by the Investor or representatives of the Investor.

(f) The Investor can bear the economic risk of this investment and can afford a complete loss of its investment. The aggregate amount of the investments of the Investor in, and its commitments to, all similar investments that are illiquid is reasonable in relation to its net worth.

(g) The Fund and the Investment Manager have made available to the Investor the opportunity to ask questions of and receive answers regarding the Fund and the terms and conditions of the offering, and to obtain any additional information necessary to evaluate this investment, to the extent that such information can be provided without unreasonable effort or expense, and all such questions, if asked, have been answered satisfactorily and all such documents, if examined, have been found to be fully satisfactory.

(h) The Investor is aware and acknowledges that (i) the Fund has no operating history; (ii) the Participating Shares are non-income producing, will not generate dividends or distributions, and involve a substantial degree of risk of loss of the Investor's entire investment; (iii) the Investor, in making this investment, is relying, if at all, solely upon the advice of such Investor's personal tax advisor with respect to the tax aspects of an investment in the Fund; and (iv) because there are substantial restrictions on the transferability of the Participating Shares it may not be possible for the Investor to liquidate such Investor's investment readily in any event, including in case of an emergency.

(i) If the Investor is an individual, he or she is at least 18 years of age, has adequate means of providing for all of his or her current and foreseeable needs and personal contingencies and has no need for liquidity in this investment.

(j) If the Investor is not an individual, the Investor has the power and authority to enter into this Subscription Agreement and each other document required to be executed and delivered by the Investor in connection with this subscription for Participating Shares, and to perform its obligations hereunder and thereunder and consummate the transactions contemplated hereby and thereby, and the person signing this Subscription Agreement on behalf of the Investor has been duly authorized to execute and deliver this Subscription Agreement and each other document required to be executed and delivered by the Investor in connection with this subscription for Participating Shares. If the Investor is an individual, the Investor has all requisite legal capacity to acquire and hold the Participating Shares and to execute, deliver and comply with the terms of each of the documents required to be executed and delivered by the Investor in connection with this subscription for Participating Shares. Such execution, delivery and compliance by the Investor does not conflict with, represent a breach of, or constitute a default under, any instruments governing the Investor, any applicable law, regulation or order, or any agreement to which the Investor is a party or by which the Investor is bound. This Subscription Agreement has been duly authorized and executed by the Investor and constitutes a valid and legally binding agreement of the Investor.

(k) The representations and warranties made by the Investor in this Subscription Agreement, including the attached Investor Questionnaire in Appendix A of this Subscription Agreement, are true and correct in all respects, and all information which the Investor has heretofore furnished to the Fund or any agent of the Fund with respect to the Investor, including the information in the attached Investor Questionnaire, as updated by the Investor, is correct and complete as of the date of this Subscription Agreement. If any such information, representations and warranties are no longer true and correct or if there should be any material change in any such information prior to or after its purchase of Participating

Shares, the Investor will immediately notify the Fund, the Investment Manager and the Administrator and furnish revised or corrected information to the Investment Manager and the Administrator.

(l) The representations, warranties, agreements, undertakings and acknowledgments made by the Investor in this Subscription Agreement are made with the intent that they be relied upon by the Fund and the Investment Manager in determining the Investor's suitability as a purchaser of the Participating Shares, and shall survive its purchase. In addition, the Investor undertakes to notify the Fund, the Investment Manager or the Administrator immediately of any change in any representation, warranty or other information relating to the Investor set forth herein and furnish revised or corrected information to the Investment Manager and the Administrator.

(m) If the Investor is an individual, the Investor has received and read carefully and understands the Privacy Statement attached hereto as Appendix D.

(n) The statements as to net worth and annual income or assets of the Investor and the other information provided in this Subscription Agreement are true, correct and complete in all material respects.

(o) The Investor maintains its domicile, and is not merely a transient or temporary resident, as the residence address shown in the Investor Questionnaire.

(p) If the Investor is an entity that was formed and is being utilized primarily for the purpose of making an investment in the Fund, it shall have so indicated in Appendix A and shall provide the Fund and the Investment Manager with such representations and warranties and such other evidence relating to compliance with the applicable laws and such other governmental rules and regulations as the Fund or the Investment Manager shall further request.

(q) By its purchase of the Participating Shares, the Investor represents to the Fund that the Investor has neither acquired nor will it transfer or assign any Participating Shares it purchases (or any interest therein), or cause any such Participating Shares (or any interest therein) to be marketed on or through an established securities market or a secondary market, including, without limitation, an over-the-counter-market or an interdealer quotation system that regularly disseminates firm buy or sell quotations. Further, each Investor agrees that if it determines to transfer or assign any of its Participating Shares pursuant to the provisions hereof and subject to the Articles and the Side Letter (if any), it will cause its proposed transferee to agree to the transfer restrictions set forth herein and to make the representations set forth above.

(r) The Investor acknowledges and agrees that the Fund is required to comply with the provisions of AEOL. For the purposes of the following provisions, "AEOL" means:

(i) Sections 1471 to 1474 of the US Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, and any other similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement similar financial account information reporting and/or withholding tax regimes;

(ii) the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters - the Common Reporting Standard (the "CRS") and any associated guidance;

(iii) any intergovernmental agreement, treaty, regulation, guidance, standard or any other agreement between the Cayman Islands (or any Cayman Islands government body) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in sub-paragraphs (i) and (ii); and

(iv) any legislation, regulations or guidance in the Cayman Islands that give effect to the matters outlined in the preceding sub-paragraphs;

(s) The Investor acknowledges and agrees that: (i) the Fund is required to comply with the provisions of AEOI; and (ii) that it will provide, in a timely manner, such information regarding the Investor and its beneficial owners and such forms or documentation as may be requested from time to time by the Fund (whether by its Directors or other agents such as the Investment Manager or the Administrator) to enable the Fund to comply with the requirements and obligations imposed on it pursuant to AEOI, specifically, but not limited to, forms and documentation which the Fund may require to determine whether or not the relevant investment is a "Reportable Account" (under any AEOI regime) and to comply with the relevant due diligence procedures in making such determination;

(t) The Investor acknowledges and agrees that any such forms or documentation requested by the Fund or its agents pursuant to paragraph (t), or any financial or account information with respect to the Investor's investment in the Fund, may be disclosed to the Cayman Islands Tax Information Authority (or any other Cayman Islands governmental body which collects information in accordance with AEOI) and to any withholding agent where the provision of that information is required by such agent to avoid the application of any withholding tax on any payments to the Fund;

(u) The Investor acknowledges and agrees that it waives, and/or shall cooperate with the Fund to obtain a waiver of, the provisions of any law which:

(i) prohibit the disclosure by the Fund, or by any of its agents, of the information or documentation requested from the Investor pursuant to paragraph (t); or

(ii) prohibit the reporting of financial or account information by the Fund or its agents required pursuant to AEOI; or

(iii) otherwise prevent compliance by the Fund with its obligations under AEOI;

(v) The Investor acknowledges and agrees that if it provides information and documentation that is in anyway misleading, or it fails to provide the Fund or its agents with the requested information and documentation necessary in either case to satisfy the Fund's obligations under AEOI, the Fund reserves the right (whether or not such action or inaction leads to compliance failures by the Fund, or a risk of the Fund or its investors being subject to withholding tax or other costs, debts, expenses, obligations or liabilities (whether external or internal, to the Fund) (together, "costs") under AEOI):

(i) to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Investor; and

(ii) to hold back from any redemption or repurchase proceeds, dividend payments or any other distributions, or to deduct from the Investor's applicable Net Asset Value, any costs caused (directly or indirectly) by the Investor's action or inaction; and

(w) The Investor acknowledges and agrees that it shall have no claim against the Fund, the Investment Manager, the Administrator or their respective agents, for any form of damages or liability as a result of reasonable actions taken or remedies pursued by or on behalf of the Fund, the Investment Manager and/or the Investment Adviser in order to comply with AEOI.

(x) The Investor hereby indemnifies the Fund, the Directors, the Investment Manager and the Investment Adviser, and each of their respective principals, members, managers, officers, directors, stockholders, employees and agents and holds them harmless from and against any AEOI related liability, action, proceeding, claim, demand, costs, damages, expenses (including legal expenses) penalties or taxes whatsoever which the Fund, the Directors, the Investment Manager and/or the Administrator may incur as a result of any action or inaction (directly or indirectly) of the Investor (or any

related person) described in paragraphs (t) to (x) above. This indemnification shall survive the Investor's death or disposition of its Participating Shares in the Fund.

(y) The Investor is not a resident or a member of the public in the Cayman Islands.

(z) The Investor acknowledges and agrees that Participating Shares in the Fund may not be issued until such time as the Administrator has received and is satisfied with all the information and documentation requested to verify the Investor's identity and/or that of the Investor's controllers or beneficial owners, to its satisfaction. Where at the sole discretion of the Administrator, Participating Shares are issued prior to the Fund and/or the Administrator having received all the information and documentation required to verify the Investor's identity, the Investor will be prohibited from redeeming any Participating Shares so issued, and the Fund or the Administrator on its behalf reserves the right to refuse to make any redemption payment or distribution to the Investor, until such time as the Administrator has received and is satisfied with all the information and documentation requested to verify the Investor's identity and/or that of the Investor's controllers or beneficial owners, to its satisfaction.

(aa) The Investor acknowledges and agrees that each of the Fund, the Administrator, the Investment Manager and the Investment Adviser may disclose to each other, to any affiliate, to any other service provider to the Fund or to any regulatory body in any applicable jurisdiction to which any of the Fund, the Administrator, the Investment Manager and/or the Investment Adviser is or may be subject, copies of the Investor's subscription application/documents and any information concerning the Investor in their respective possession, whether provided by the Investor to the Fund, the Administrator, the Investment Manager and/or the Investment Adviser or otherwise, including details of that shareholder's holdings in the Fund, historical and pending transactions in the Participating Shares and the values thereof, and any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on any such person by applicable law or otherwise.

(bb) The Investor hereby authorizes and instructs the Fund and the Administrator to accept and execute any instructions (including without limitation redemption requests) in respect of the Participating Shares to which this Subscription Agreement relates given by the Investor in written form, by facsimile or by other electronic means. If instructions are given by the Investor by facsimile or by other electronic means, the Investor undertakes to send the original letter of instructions to the Administrator and agrees to keep each of the Fund and the Administrator indemnified against any loss of any nature whatsoever arising to any of them as a result of any of them acting upon instructions submitted by facsimile or by other electronic means. The Fund and the Administrator may rely conclusively upon and shall incur no liability in respect of any loss arising from (i) the non-receipt of any instructions relating to the shares of the Investor delivered by facsimile or other electronic means or (ii) any action taken upon any notice, consent, request, instructions or other instrument believed in good faith to be genuine or to be signed by properly authorized persons on behalf of the Investor.

(cc) The Investor acknowledges and agrees that in connection with the services provided to the Fund, its personal data may be transferred and/or stored in various jurisdictions in which the Administrator and/or its affiliates have a presence, including to jurisdictions that may not offer a level of personal data protection equivalent to the Investor's country of residence. The Investor further acknowledges and agrees that each of the Fund, the Administrator and/or the Investment Manager may disclose the investor's personal data to each other, to any affiliate, to any other service provider to the Fund, to any counterparty, to any investment vehicle (including its administrator) that the Fund may invest or to any regulatory body in any applicable jurisdiction to which any of the Fund, the Administrator and/or the Investment Manager is or may be subject. This includes copies of the investor's subscription application/documents and any information concerning the investor in their respective possession, whether provided by the investor to the Fund, the Administrator and/or the Investment Manager or otherwise, including details of that investor's holdings in the Fund, historical and pending transactions in the Fund's Shares and the values thereof, and any such disclosure, use, storage or transfer shall not be treated as a breach of any restriction upon the disclosure, use, storage or transfer of information imposed on any such person by law or otherwise.

(dd) The Investor hereby authorizes and instructs the Fund and the Administrator to accept and execute any instructions (including without limitation redemption requests) in respect of the interest to which this Subscription Agreement relates given by the Investor in written form, by facsimile or by other electronic means. If instructions are given by the Investor by facsimile or by other electronic means, the Investor agrees to keep each of the Fund and the Administrator indemnified against any loss of any nature whatsoever arising to any of them as a result of any of them acting upon instructions submitted by facsimile or by other electronic means. The Fund and the Administrator may rely conclusively upon and shall incur no liability in respect of any loss arising from (i) the non-receipt of any instructions relating to the interests of the Investor delivered by facsimile or other electronic means or (ii) any action taken upon any notice, consent, request, instructions or other instrument believed in good faith to be genuine or to be signed by properly authorized persons on behalf of the Investor. The Investor hereby authorizes and instructs the Fund and the Administrator to accept and execute any instruction, notice, consent or other request (collectively, "Instruction") in respect of the interests to which this Subscription Agreement relates given by the Investor in written form, by facsimile or by other electronic means. If Instructions are given by the Investor by facsimile or by other electronic means, the Investor agrees to keep each of the Fund and the Administrator indemnified against any loss of any nature whatsoever arising to any of them as a result of any of them acting upon Instructions submitted by facsimile or by other electronic means. The Fund and the Administrator may rely conclusively upon and shall incur no liability whatsoever including, without limitation, any losses (whether direct, indirect, consequential, in contract, tort, or otherwise) in respect of any loss arising from (i) the non-receipt of any Instruction relating to the interests of the Investor delivered by facsimile or other electronic means or (ii) any action taken upon any Instruction believed in good faith to be genuine or to be signed by properly authorized persons on behalf of the Investor.

(ee) The Fund or the Administrator on behalf of the Fund is required to deliver to the investors of the Fund certain correspondence including but not limited to, current and future account statements; Fund's documents (including all supplements and amendments thereto); notices (including privacy notices); letters to investors; annual audited financial statements; tax forms (including Schedule K-1s (if applicable)); regulatory communications and other information, documents, data and records regarding the Investor's investment in the Fund ("Investor Communications"). The Fund, or the Administrator on behalf of the Fund, may elect to deliver Investor Communications and documents by e-mail to the address in the Fund's records or by posting them on a password protected website. The Investor hereby agrees and consents to the electronic delivery of Investor Communications. When delivering documents by e-mail, the Fund may distribute them as attachments to e-mails in Adobe's Portable Document Format (PDF). It is the Investor's obligation to notify the Fund in writing if the Investor's e-mail address listed herein changes. Investors who do not wish to receive such documents electronically, or who wish to change the method of notice, should elect to do so by notifying the Investment Manager and the Administrator in writing.

(ff) The Fund, the Investment Manager and the Administrator will not be liable for any interception of Investor Communications. Investors should note that the Investor may incur charges from its Internet service provider or other Internet access provider. In addition, there are risks, such as systems outages, that are associated with electronic delivery.

(gg) If the Investor elects at any time to provide an Instruction to the Fund or the Administrator on its behalf (including Instructions relating to subscription, redemption/withdrawal, transfer, contact updates or otherwise) using electronic or digital signature technology ("E-signature"), whether it is a computer generated signature, an electronic copy of the Investor's true ink signature or otherwise, the Investor authorizes and instructs the Administrator, the Fund and its agents to accept and execute any and all such Instructions which are provided using an E-signature. The Investor acknowledges and agrees that any Instruction provided to the Fund or the Administrator on its behalf using an E-signature shall be treated by the Fund and the Administrator as valid and binding as the Investor's true ink signature. If Instructions are provided by the Investor at any time using an E-signature, the Investor agrees to keep each of the Fund and the Administrator indemnified against any loss of any nature whatsoever arising to any of them as a result of any of them acting upon Instructions provided using an E-signature. The Investor acknowledges and agrees that the Administrator, the Fund and its agents may

rely conclusively upon and shall incur no liability whatsoever including, without limitation, any losses (whether direct, indirect, consequential, in contract, tort, or otherwise) arising in respect of any action taken or omitted to be taken upon any instructions provided using an E-signature believed in good faith to be genuine or to be signed by properly authorized persons on behalf of the Investor. The foregoing shall not obligate the Fund or the Administrator to process instructions executed by E-signature. The Fund and the Administrator may decline to act on any E-signature instruction in their absolute discretion, and intend to do so particularly in circumstances where the Fund or the Administrator are unable to verify whether an instruction has been provided by a party authorized to give Instructions on behalf of the Investor. If any instruction is submitted by the Investor and not acknowledged by the Fund or Administrator, it is the Investor's obligation to contact the Fund or the Administrator to confirm receipt.

(hh) By signing this Subscription Agreement the Investor acknowledges and agrees that any notations, alterations, strike-outs, addenda, inserts or verbiage purporting to amend the terms of this Subscription Agreement shall not be effective unless explicitly agreed to by the Fund or its agents. Absent explicit agreement, the issuance of a trade confirmation or contract note shall not be construed as the Fund's acceptance or agreement to any such purported amendments.

4. Prevention of Money Laundering.

(a) The Investor understands, acknowledges, represents and agrees (i) that the acceptance of this Subscription Agreement, together with the appropriate remittance, will not breach any applicable money laundering or related rules or regulations (including, without limitation, any statutes, rules or regulations in effect under the laws of the United States pertaining to prohibitions on money laundering or to transacting business or dealing in property that may be blocked or may belong to Specially Designated Nationals as those terms are used by the OFAC (as defined below)), (ii) to promptly provide to the Fund, the Administrator, the Investment Manager, the Investment Adviser or any other party designated for receipt of such information documentation verifying its identity, as well as the identity of any of its legal or beneficial owners or related parties or affiliates, (iii) that due to money laundering requirements within their respective jurisdictions (which requirements are in effect at the time this Subscription Agreement is submitted to the Fund or which become effective at any future time), the Fund, the Administrator, the Investment Manager and the Investment Adviser may require further evidence of the Investor's identity before this Subscription Agreement can be processed, and may be required to take such other actions to comply with such money laundering regulations, (iv) that it hereby consents to disclosure to third parties of information provided pursuant to this Section 4, and (v) to hold harmless and indemnify each of the Fund, the Administrator, the Investment Manager, the Investment Adviser and their respective designees, including each of their respective officers, employees, directors, partners, agents, legal representatives, controlling persons, representatives and agents, against any losses arising from the failure to process such Investor's application if such Investor does not provide such requested information.

(b) The Fund and the Administrator reserve the right to request additional information as is necessary to verify the identity and the source of funds of the Investor. In the event of delay or failure on the part of the Investor in producing any information and/or documentation required for verification purposes, the Fund and/or the Administrator may refuse to process the application in which case any funds received will be returned without interest to the account from which they were originally debited. Any delay in providing this information by the Investor will in course delay the process of any application and may cause the application to be held over until the next Subscription Day or rejected by the Fund and/or the Investment Manager.

(c) The Investor further represents that the monies used to fund the investment in the Participating Shares are not derived from, invested for the benefit of, or related in any way to, the governments of, or persons within, (i) any country under a U.S. embargo enforced by the US Treasury Department's Office of Foreign Assets Control ("OFAC"), (ii) that has been designated as a "non-cooperative country or territory" by the Financial Action Task Force on Money Laundering or (iii) that has been designated by U.S. Secretary of the Treasury as a "primary money laundering concern." The Investor further represents and warrants that the Investor: (i) has conducted thorough due diligence with respect to all of its beneficial owners, (ii) has established the identities of all beneficial owners and the source of each of the beneficial owner's funds, and (iii) will retain evidence of any such identities, any such source of funds and any such due diligence. The Investor further represents that the Investor does not know or have any reason to suspect that (i) the monies used to fund the Investor's investment in the Participating Shares have been or will be derived from or related to any illegal activities, including but not limited to, money laundering activities, (ii) the proceeds from the Investor's investment in the Participating Shares will be used to finance any illegal activities and (iii) the Participating Shares are to be purchased with funds that are not from legitimate sources in connection with its regular business activities and which constitutes the proceeds of criminal conduct or criminal property within the meaning given in the Proceeds of Crime Law (2018 Revision) of the Cayman Islands.

(d) The Investor further represents that:

(i) The Investor is not, and to the best of the Investor's knowledge or belief, its beneficial owners, controllers or authorised persons ("**Related Persons**") (if any) are not (i) named on any list of sanctioned entities or individuals maintained by OFAC or pursuant to European Union ("**EU**") and/or United Kingdom ("**UK**") Regulations (as the latter are extended to the Cayman Islands by Statutory Instrument), (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the United Nations, OFAC, the EU and/or the UK apply, or (iii) otherwise subject to sanctions imposed by the United Nations, OFAC, the EU or the UK (including as the latter are extended to the Cayman Islands by Statutory Instrument) (collectively, a "**Sanctions Subject**");

(ii) The Investor acknowledges and agrees that (i) should the Investor or a Related Person be, or become at any time during its investment in the Fund, a Sanctions Subject, the Fund may immediately and without notice to the Investor cease any further dealings with the Investor and/or the Investor's interest in the Fund until the Investor ceases to be a Sanctions Subject or a licence is obtained under applicable law to continue such dealings (a "**Sanctioned Persons Event**"), and (ii) the Fund, the Directors, the Administrator, the Investment Manager and the Investment Adviser shall have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) incurred by the Investor as a result of a Sanctioned Persons Event; and

(iii) The Investor acknowledges and agrees that should any investment made on behalf of the Fund subsequently become subject to applicable sanctions, the Fund may immediately and without notice to the Investor cease any further dealings with that investment until the applicable sanctions are lifted or a licence is obtained under applicable law to continue such dealings (a "**Sanctioned Investment Event**"). Should a Sanctioned Investment Event occur, the Fund may exercise its power to "side pocket" such investment as a Designated Investment, the consequences of which are disclosed in the PPM and which the Investor acknowledges and understands.

(e) The Investor understands, acknowledges, represents and agrees that many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies

(collectively, the "Requirements") and the Fund, the Administrator, the Investment Manager or the Investment Adviser could be requested or required to obtain certain assurances or additional information from Investors subscribing for Participating Shares, disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. The Investor understands, acknowledges, represents and agrees that it is the Fund's policy to comply with Requirements to which it is or may become subject and to interpret them broadly in favor of disclosure. The Investor hereby agrees, and by reason of owning any Participating Shares will be deemed to have agreed, to provide additional information or take such other actions as may be necessary or advisable for the Fund (in the Directors sole judgment) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. The Investor hereby consents, and by reason of owning any Participating Shares will be deemed to have consented, to disclosure by the Fund, the Administrator, the Investment Manager, the Investment Adviser and their agents to relevant third parties of information pertaining to such Investor in respect of Requirements or information requests related thereto. The Investor understands, acknowledges, represents and agrees that failure to honor any such request may result in the compulsory redemption by the Fund or a forced sale to another person or entity of such Investor's Participating Shares.

(f) The Investor represents and warrants (please tick as applicable) that:

(i) (A) ☒ the Investor will be the beneficial owner of the Participating Shares and the Investor will not own or hold such Participating Shares as agent, custodian, nominee, trustee or in any similar capacity for or on behalf of any other person, except as otherwise disclosed in writing to the Fund; OR

(B) ☐ (1) the Investor is the representative for an omnibus position and represents that it is its responsibility (a) to have in place anti-money laundering procedures which comply with applicable law in jurisdictions in which Participating Shares are distributed; (b) to take all reasonable steps to determine (i) the true identity of its customer, (ii) the source of its customer's funds, and (iii) that its customer is not involved in money laundering activities; (c) to comply with any other "know your customer" requirements under applicable law; and (d) to monitor its customers' transactions in order to detect attempted or actual money laundering involving Participating Shares; (2) the Investor will notify the Fund and the Administrator of any suspicious activity relating to transactions involving Participating Shares and (3) upon the Fund's or the Administrator's reasonable request, the Investor will promptly provide the Fund and the Administrator with documentation relating to the Investor's anti-money laundering policies and process;

(ii) all evidence of identity provided to the Fund and/or the Administrator is genuine and all related information furnished is accurate; and

(iii) the Investor will provide any information deemed necessary by the Fund or the Administrator in their sole discretion to comply with the Fund's and/or the Administrator's anti-money laundering program and related responsibilities from time to time.

(g) The Investor understands and agrees that the Fund prohibits the investment of funds by any persons or entities that are acting, directly or indirectly, (i) in contravention of any applicable laws and regulations, including the USA Patriot Act and any other anti-money laundering regulations or conventions; (ii) on behalf of any entity or individual (a) identified on the U.S. Department of Treasury Office of Foreign Assets Control ("OFAC") list of Specially Designated Nationals and Blocked Persons (the "SDN List") codified at 31 CFR Ch. V Annex A as amended from time to time¹; (b) owned or controlled by or acting on behalf of any person or entity listed on the SDN List; (c) the target of any

¹ The OFAC SDN list may be found at <http://www.ustreas.gov/offices/enforcement/ofac/sdn/index.html>.

sanction, regulation, or law promulgated by OFAC or any other U.S. governmental entity (such sanctions, regulations and laws, together with any supplement or amendment thereto, the "U.S. Sanctions Laws") such that the entry into this Subscription Agreement or the performance of any of the transactions contemplated hereby would contravene such U.S. Sanctions Laws; or (d) owned or controlled by or acting on behalf of any person or entity that is the target of any U.S. Sanctions Laws such that the entry into this Subscription Agreement or the performance of any of the transactions contemplated hereby would contravene such U.S. Sanctions Laws; (iii) for a senior foreign political figure, any member of a senior foreign political figure's immediate family or any close associate of a senior foreign political figure², unless the Fund, after being specifically notified by the Investor in writing that it is such a person, conducts further due diligence, and determines that such investment shall be permitted; or (iv) for a foreign shell bank³ (such persons or entities in (i) – (iv) are collectively referred to as "**Prohibited Persons**").

(h) The Investor has notified the Fund that certain members of its senior management ("**Senior Management Persons**") may be senior foreign political figures and that such Senior Management Persons will act in their official capacity in connection with the Investor's investment in the Fund and will not have any personal interest in such investment. As such, the Senior Management Persons have not personally invested in the Fund through the Investor. The Investor represents and warrants that, except as it pertains to the status of Senior Management Persons as set forth above, and to the best of its knowledge, neither the Investor nor any underlying beneficial owner is a senior foreign political figure, or any immediate family member or close associate of a senior foreign political figure.

(i) The Investor represents, warrants and covenants that: (i) it is not, nor is any person or entity controlling, controlled by or under common control with the Investor, a Prohibited Person, and (ii) to the extent the Investor has any beneficial owners⁴, (a) the Investor has all requisite power and authority from the beneficial owners to execute and perform the obligations under the Subscription Agreement, (b) the representations, warranties and covenants made in this Subscription Agreement are made by the Investor on behalf of itself and the beneficial owners, (c) the Investor has carried out thorough due diligence in accordance with applicable laws and regulations, including the USA Patriot Act and any other anti-money laundering regulations or conventions, to establish the identities of such beneficial owners, (d) based on such due diligence, the Investor reasonably believes that no such beneficial owners are Prohibited Persons, (e) it holds the evidence of such identities and status and will maintain all such evidence for at least five years from the date of the Investor's complete redemption from the Fund, and (f) it will make available such information and any additional information requested by the Fund or the Administrator from time to time.

² "**Senior foreign political figure**" means a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a senior foreign political figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. The immediate family of a senior foreign political figure typically includes the political figure's parents, siblings, spouse, children and in-laws. A close associate of a senior foreign political figure is a person who is widely and publicly known internationally to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

³ "**Foreign shell bank**" means a foreign bank without a physical presence in any country, but does not include a regulated affiliate. A post office box or electronic address would not be considered a physical presence. A "**regulated affiliate**" means a foreign shell bank that: (1) is an affiliate of a depository institution, credit union, or foreign bank that maintains a physical presence in the United States or a foreign country, as applicable; and (2) is subject to supervision by a banking authority in the country regulating such affiliated depository institution, credit union, or foreign bank.

⁴ Beneficial owners will include, but not be limited to: (i) shareholders of a corporation; (ii) partners of a partnership; (iii) members of a limited liability company; (iv) investors in a fund-of-funds; (v) the grantor of a revocable or grantor trust; (vi) the beneficiaries of an irrevocable trust; (vii) the individual who established an IRA; (viii) the participant in a self-directed pension plan; (ix) the sponsor of any other pension plan; and (x) any person being represented by the Investor in an agent, representative, intermediary, nominee or similar capacity. If the beneficial owner is itself an entity, the information and representations set forth herein must also be given with respect to its individual beneficial owners.

(j) If any of the foregoing representations, warranties or covenants ceases to be true or if the Fund and/or the Administrator no longer reasonably believes that it has satisfactory evidence as to their truth, notwithstanding any other agreement to the contrary, the Fund and/or the Administrator may, in accordance with applicable regulations, freeze the Investor's investment, either by prohibiting additional investments, declining or suspending any redemption requests and/or segregating the assets constituting the investment, or the Investor's investment may immediately be redeemed by the Fund, and the Fund may also be required to report such action and to disclose the Investor's identity to OFAC or other authority. The Investor must notify the Fund, the Administrator, the Investment Manager and/or the Investment Adviser promptly in writing should it become aware of any change in the information set forth in the foregoing representations, warranties or covenants.

(k) The Investor understands and agrees that any redemption proceeds paid to it will be paid to the same account from which the Investor's investment in the Fund was originally remitted, unless the Fund and/or the Administrator, in its sole discretion, agrees otherwise. The Investor recognizes that the Administrator and the Investment Manager, in accordance with their Anti-Money Laundering procedures ("**AML Procedures**") reserve the right to prohibit the movement of funds if all due diligence requirements have not been met, or, if for any reason, the Fund, the Administrator or the Investment Manager feels that the origin of the funds or the parties involved is suspicious. In the event that the movement of funds is withheld in accordance with such AML Procedures, the Administrator personnel will strictly adhere to all applicable laws, and will notify the Fund, the Administrator and the Investment Manager as soon as professional discretion allows or as otherwise permitted by applicable law.

5. Cayman Islands Requirements Pertaining to Transfers of Funds.

(a) To help the government fight the funding of terrorism and money laundering activities, Cayman Islands law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. Before the Investor opens an account, the Investor must submit the completed anti-money laundering questionnaire attached hereto in Appendix E. The information the Investor provides will be verified to ensure the identity of all persons opening an account.

(b) The Investor represents and warrants that, to the best of its knowledge, its subscription funds do not originate from, nor will they be routed through, an account maintained at a shell bank⁵, and/or a bank organised or chartered under the laws of a Non-Cooperative Jurisdiction⁶.

(c) The Investor will provide additional documentation if requested by the Fund or its duly authorised delegate in accordance with the requirements, present or future, of the laws and regulations of the Cayman Islands or any other jurisdiction whose regulations apply to the Fund or its duly authorised delegate.

(d) The Investor represents, warrants and agrees that the information provided in this Subscription Agreement and all accompanying documents is true and correct as of the date hereof, and undertakes to advise the Fund or its duly authorised delegate promptly of any change in circumstances which causes any of such information to be inaccurate or incomplete.

The Fund / the Administrator is required by law to reject your new account application if the required identifying information is not provided.

⁵ "**Shell bank**" means any institution that accepts currency for deposit and that (a) has no physical presence in the jurisdiction in which it is incorporated or in which it is operating, as the case may be, and (b) is unaffiliated with a regulated financial group that is subject to consolidated supervision.

⁶ A "**Non-Cooperative Jurisdiction**" is any foreign country or territory that is designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as FATF.

In certain instances, the Fund is required to collect documents to fulfill its legal obligation. Documents provided in connection with your application will be used solely to establish and verify a customer's identity, and the Fund shall have no obligation with respect to the terms of any such document.

6. Indemnity.

The Investor understands that the information provided herein will be relied upon by the Fund and the Administrator for the purpose of determining the eligibility of the Investor to purchase Participating Shares. The Investor agrees to provide, if requested, any additional information that may reasonably be required to determine the eligibility of the Investor to purchase Participating Shares. To the fullest extent permitted by applicable law, the Investor agrees to indemnify and hold harmless the Fund, the Administrator, the Investment Manager, the Investment Adviser and their respective, officers, employees, directors, partners, agents, legal representatives, controlling persons, representatives and agents ("Indemnitees"), from and against any damage, loss, claims, proceedings, demands, liabilities, costs or expenses whatsoever (including, without limitation, legal fees, accountant's fees, fines or penalties), whether direct, indirect, incidental or consequential ("Losses"), due to or arising out of a breach of any representation, warranty or agreement of the Investor contained in this Subscription Agreement or in any other document provided by the Investor to the Fund and the Administrator in connection with the Investor's investment in Participating Shares. The Investor hereby agrees to indemnify the Indemnitees, and to hold them harmless against all Losses arising as a result of the sale or distribution of the Participating Shares by the Investor in violation of the Securities Act or any other applicable securities law or any misrepresentation or breach by the Investor with respect to the matters set forth herein. In addition, the Investor agrees to indemnify the Indemnitees and to hold such persons and firms harmless from and against, any and all Losses to which they may be put or which they may incur or sustain by reason of or in connection with any misrepresentation made by the Investor with respect to the matters about which representations and warranties are required by the terms of this Subscription Agreement, or any breach of any such warranties or any failure to fulfill any covenants or agreements set forth herein. Notwithstanding any provision of this Subscription Agreement, the Investor does not waive any rights granted to it under applicable securities laws.

7. Payment of Subscription Amount.

The Investor shall pay its total subscription amount due, as set forth on the signature page to this Subscription Agreement (subject to any adjustment), by wire transfer in immediately available funds not later than: (i) with respect to subscription applications made during the Initial Offer Period, 4:00 p.m. (Hong Kong time) five (5) clear Business Days prior to the Initial Closing Date and (ii) with respect to subscription applications made after the Initial Offer Period, 4:00 p.m. (Hong Kong time) five (5) clear Business Days prior to the applicable Subscription Day (or such later time as may be agreed to by the Directors or the Investment Manager in their sole discretion). If the Investor's subscription is rejected in whole or in part, the amount rejected shall be promptly returned, without interest, by wire transfer to the account from which the transfer was initially made, provided however, that such rejection was not because of a violation of AML Procedures. Wire information will be provided by the Fund prior to close. If the subscription amount is not received by the intended Subscription Day the Subscription Agreement shall be treated as an application for a subscription for the next possible Subscription Day.

8. Certain Definitions.

For purposes hereof, "United States" and "U.S. Person" shall have the meanings set forth in Regulation S under the Securities Act.

9. General.

This Subscription Agreement shall be binding upon the Investor and the heirs, personal representatives, successors and assigns of the Investor. The Investor agrees that neither this Subscription Agreement nor any rights which may accrue to the Investor hereunder may be transferred or

assigned without the consent of the Fund, which may be granted or withheld in its sole discretion. This Agreement shall survive the admission of the Investor to the Fund and shall, if the Investor consists of more than one person, be the joint and several obligations of all such persons.

A person who is not a party to this Subscription Agreement and who is granted rights pursuant to this Subscription Agreement, including as set out in Clause 1(c), Clause 2(m), Clause 3(x), Clause 3(bb), Clause 3(dd), Clause 4(a) and Clause 6 of this Subscription Agreement, (each, a "**Beneficiary**") may, in their own right enforce their rights subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Law, 2014, of the Cayman Islands as amended, modified, re-enacted or replaced from time to time.

Notwithstanding any other term of this Subscription Agreement, the consent of any person who is not a party to this Subscription Agreement (including without limitation any Beneficiary) is not required for any amendment to, or variation, release, rescission or termination of this Subscription Agreement.

10. Jurisdiction.

Notwithstanding the place where this Subscription Agreement may be executed by any of the parties, the parties expressly agree that all terms and provisions hereof shall be governed, construed and enforced in accordance with the laws of the Cayman Islands, without regard to the principles thereof respecting conflicts of law.

Any action or proceeding against the parties to this Subscription Agreement relating in any way to this Subscription Agreement may be brought and enforced in the Courts of the Cayman Islands, to the extent subject matter jurisdiction exists therefor, and the Investor irrevocably submits to the jurisdiction of both such courts in respect of any action or proceeding. The Investor irrevocably waives, to the fullest extent permitted by applicable law, any objection that he, she or it may now or hereafter have to the laying of venue of any such action or proceeding in the Courts of the Cayman Islands and any claim that any such action or proceeding brought in any such court has been brought in any inconvenient forum. The Investor hereby irrevocably consents to the service of process of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address as set forth herein. Nothing herein shall affect the right of the Investor to serve process in any other manner permitted by applicable law or to commence legal proceedings or otherwise proceed against any other party to this Subscription Agreement in any other jurisdiction.

11. Suitability

The truth, correctness and completeness of the information supplied by the Investor (including information on the schedules attached which are incorporated as a part of this Subscription Agreement) in this Subscription Agreement, including the information supplied in the attached Investor Questionnaire and AML Supplement, is warranted pursuant to Section 3 hereof.

12. Disclosure Authorization.

Subject to the provisions of the Side Letter (if any), by executing this Subscription Agreement, the Investor (a) authorizes the Fund (or its delegate) to utilize and to provide information regarding the Investor's account, including information for reporting of tax withholding, to intermediaries, such as the Administrator, the Fund's legal counsel and withholding agents, until said authorization is revoked by the Investor in writing delivered to the Fund (or its delegate), (b) agrees to allow each of the Fund, the Administrator, the Investment Manager and the Investment Adviser to divulge the name of such Investor if so required by application of law, regulation, judicial process or at the request of a regulator, and (c) consents to disclosure regarding the affairs of the Fund or any investor in the Fund of the scope set out in Article 59 of the Articles.

13. Limited Recourse and Non-Petition

(a) The Investor hereby acknowledges that (i) the Fund is a segregated portfolio company established under the laws of the Cayman Islands and that each segregated portfolio is a segregated portfolio of the Fund, (ii) all obligations of the Fund to the Investor incurred pursuant to this Subscription Agreement, the PPM and the Supplement in relation to the Segregated Portfolio will be payable solely out of the assets held by the Segregated Portfolio (and not the general assets of the Fund or the assets held by the Fund for the account of any other segregated portfolio). If there are no Segregated Portfolio assets, the Fund for the account of the Segregated Portfolio shall have no obligations to any relevant claimant.

(b) The Investor shall not (i) institute against the Fund or any segregated portfolio of the Fund, or join or assist any other person in instituting against the Fund or any segregated portfolio of the Fund any bankruptcy, reorganizations, arrangement, insolvency, receivership or liquidation proceedings under any Cayman Islands law, or similar law of any jurisdiction, or (ii) apply for a receivership order under section 225 of the Companies Law (2018 Revision) of the Cayman Islands in respect of any segregated portfolio of the Fund.

(c) The Investor hereby acknowledges and agrees that the obligations of the Fund for the account of the Segregated Portfolio under this Subscription Agreement, the PPM and the Supplement are solely the corporate obligations of the Fund for the account of the Segregated Portfolio, and that the Investor shall not have any recourse against any of the directors, officers or employees of the Fund for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with any transactions contemplated by this Subscription Agreement, the PPM or the Supplement.

14. Amendments.

This Subscription Agreement may be amended from time to time in a written instrument signed by the Fund and the Investor except as otherwise provided below.

The Investor further agrees that the terms of offer and the rights attaching to the Participating Shares, as set out in this Subscription Agreement, the PPM, the Supplement and the Articles, can be varied in accordance with the Articles. Furthermore, the Investor agrees that any variation to the PPM, the Supplement and/or Articles may be amended in accordance with the manner as set out in the Articles, which may not require any consent from the Investor or any other Shareholders of the Fund except where the Directors in their sole discretion, consider such variation to have a material adverse effect upon Shareholders' Share Rights (as defined in the Articles).

In the event that the Directors of the Fund seek consent for a variation of this Subscription Agreement, the PPM, the Supplement and/or the Articles, the Directors may seek to invoke the Negative Consent Procedure (as defined in the Articles).

15. Notices.

All notices shall be in writing and shall be deemed to have been given if delivered personally or if mailed by registered mail, postage prepaid, to the following respective addresses or sent by email until a different address / email is specified in writing by a party to the other party:

To the Administrator:

IQ EQ Services (Singapore) Pte. Ltd.

Address: 9 Raffles Place, #27-00 Republic Plaza, Singapore 048619

Phone number: +65 6955 1550

Attention: Fund Services

E-mail address: SPAlbany@iqeq.com

To the Investor:

At the address set forth in the Investor Questionnaire.

IN WITNESS WHEREOF, the undersigned Investor has executed and delivered this Subscription Agreement as a deed on the date set forth below.

Subscription – **Albany Creek Bond Series SP**,
a segregated portfolio of **Albany Creek Fund SPC**

Class A Shares ☒

Class B Shares ☐

Subscription Amount:

equivalent of Eight Million Hong Kong Dollars US dollars (amount in words)
US\$ equivalent of HKD8,000,000.00 (amount in numbers)

Subscription Fee:

Zero US dollars (amount in words)
US\$ 0.00 (amount in numbers)

Remittance Amount (*Subscription Amount + Subscription Fee*):

US\$ equivalent of HKD8,000,000.00

ENTITY INVESTOR:

Yvonne Credit Service Co., Limited

(Print Name of Entity)

By: Clara

(Signature)

SIU Yeuk Hung Clara, Director

(Print Name and Title)

31 AUG 2020

(Date)

Witness 1: [Signature]

Witness 2: [Signature]

Date of Execution: 31 AUG 2020

INDIVIDUAL INVESTOR:

(Print Name)

(Signature)

(Date)

Witness 1: _____

Witness 2: _____

Date of Execution: _____

Must be over 18 years of age and of full mental capacity.

APPENDIX A
INVESTOR QUESTIONNAIRE

Please answer all questions in clear, ALL-CAP print.

General Information

- 1) Name of Investor: Yvonne Credit Service Co., Limited
- 2) Investor Type (individual, corporation, partnership, trust, etc.): Corporation
- 3) Nationality of Investor (if individual): _____
- 4) Jurisdiction of Residence or organization: Hong Kong
- 5) Passport Number or Tax I.D. No: CI No.: 1069464 / BR No.: 37138652
- 6) Source of funds: Internal
- 7) The fiscal year-end of the Investor is 31 March
- 8) Is the Investor either a tax-exempt foundation or endowment or a pension, profit sharing, annuity or employee benefit plan that is both involuntary and non-contributory?
- Yes X No

Contact Information

Primary Contact Person for this Account:

Name: SIU Yeuk Hung Clara

Address: Unit A, 8/F, D2 Place Two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong

Telephone: +852 2892 7882

Fax: +852 2898 8553

E-mail: clara.siu@ecrepay.com

Secondary Contact Person(s) for this Account (optional):

Name: Terence To Name: _____

Address: Unit A, 8/F, D2 Place Two, 15 Cheung Shun Street, Address: _____

Cheung Sha Wan, Kowloon, Hong Kong _____

Telephone: 2892 7852 Telephone: _____

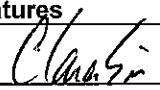
Fax: 2898 8553 Fax: _____

E-mail: terence@ecrepay.com E-mail: _____

Authorized Signatories

Set forth below are the names of persons authorized by the Investor to give and receive instructions between the Fund and the Investor, together with their respective signatures. Such persons are the only persons so authorized until further written notice to the Fund, the Administrator and the Investment Manager signed by one or more of such persons.

(please attach additional pages if needed)

Name	Signatures
SIU Yeuk Hung Clara	

Politically Exposed Persons

Please indicate whether the Investor is a senior government, political or military official, or an immediate family member or close associate of such person (a "politically exposed person")?

____ Yes ☒ No

If you checked "Yes", please indicate which government: _____; what position in the government: _____ and; if an immediate family member or close associate of a politically exposed person, what relationship to the politically exposed person: _____. Please note further detail will be required from the Fund and/or Administrator.

APPENDIX B

SUBSCRIPTION FOR ADDITIONAL PARTICIPATING SHARES

BY EMAIL TO THE ADMINISTRATOR

Albany Creek Fund SPC, for the account of Albany Creek Bond Series SP
IQ EQ Services (Singapore) Pte. Ltd.
E-mail address: SPAlbany@iqeq.com

WITH THE ORIGINAL TO FOLLOW TO

Albany Creek Investment Management (Cayman) Limited
Suites 1812-1814,
18/F, Two IFC,
No.8 Finance Street,
Central, Hong Kong

Re: Subscription for Additional Participating Shares of Albany Creek Bond Series SP, a segregated portfolio of Albany Creek Fund SPC

Dear Sirs:

The undersigned hereby subscribes for additional Participating Shares of Albany Creek Bond Series SP (the "**Segregated Portfolio**"), a segregated portfolio of Albany Creek Fund SPC (the "**Fund**") in the following amounts:

Class A Shares ☐

Class B Shares ☐

Subscription Amount:

_____ US dollars (amount in words)

US\$ _____ (amount in numbers)

Subscription Fee :

_____ US dollars (amount in words)

US\$ _____ (amount in numbers)

Remittance Amount (Subscription Amount + Subscription Fee):

US\$ _____

as of _____ (the "**Additional Subscription Date**").

The subscription amount will be paid to the account of the Fund attributable to the Segregated Portfolio (details of which are set out below) on _____ (insert date).

Any capitalized term used herein but not defined has the meaning as set out in the Subscription Agreement.

In connection with such investment, the undersigned acknowledges and agrees that (x) it has carefully read the Fund's confidential Private Placement Memorandum, the Supplement for the Segregated Portfolio and Memorandum and Articles of Association (as each may be amended from time to time) and understands all of their terms and (y) the representations, warranties and covenants contained in the Subscription Agreement executed by the undersigned in connection with its initial investment in the Fund are restated as of the date hereof and shall be deemed restated as of the Additional Subscription Date.

Please signify your subscription for additional Participating Shares of the Fund attributable to Segregated Portfolio in the amount set forth above by signing below and returning a copy of this additional subscription form to the Administrator by email to SPAibany@iqeq.com.

Bank Name: DBS Bank (Hong Kong) Limited	
Bank Address: 16th Floor, The Center, 99 Queen's Road Central, Hong Kong	
Bank SWIFT Code: DBSSHKHH	
Bank Code: 185	
Branch Code: 927	
Beneficiary Account Name: ALBANY CREEK FUND SPC - ALBANY CREEK BOND SERIES SP	
Bank Account Number: 20000066288	
Bank Reference: Fund Subscription	
Currency: USD	Reference: (Investor Name)

The Investor needs to ensure that subscription amounts are forwarded net of bank service charges which must be borne by the Investor directly. All payments must originate from an account held in the name of the Investor. No third party payments will be permitted.

Neither the Fund nor the Investment Manager accepts any responsibility for any loss arising from the non-receipt by the Fund and the Investment Manager of any Subscription Agreement sent by facsimile transmission, mail or courier.

IN WITNESS WHEREOF, the undersigned has executed this Subscription for Additional Participating Shares as a deed on the date set forth below.

ENTITY INVESTOR:

(Print Name of Entity)

By: _____
(Signature)

(Print Name and Title)

(Date)

Witness 1*: _____

Witness 2*: _____

Date of Execution: _____

INDIVIDUAL INVESTOR:

(Print Name)

(Signature)

(Date)

Witness 1*: _____

Witness 2*: _____

Date of Execution: _____

* Must be over 18 years of age and of full mental capacity.

APPENDIX C

REDEMPTION REQUEST FOR PARTICIPATING SHARES

BY EMAIL TO THE ADMINISTRATOR

Albany Creek Fund SPC, for the account of Albany Creek Bond Series SP
IQ EQ Services (Singapore) Pte. Ltd.
E-mail address: SPAlbany@iqeq.com
Phone number: +65 6955 1550

WITH THE ORIGINAL TO FOLLOW TO

Albany Creek Investment Management (Cayman) Limited
Suites 1812-1814,
18/F, Two IFC,
No.8 Finance Street,
Central, Hong Kong

Re: Redemption Request for Participating Shares of Albany Creek Bond Series SP, a segregated portfolio of Albany Creek Fund SPC

Dear Sirs:

The undersigned hereby requests to redeem its Participating Shares from Albany Creek Bond Series SP (the "**Segregated Portfolio**"), a segregated portfolio of Albany Creek Fund SPC (the "**Fund**") in the following amounts:

Class A Shares ☐

Class B Shares ☐

U.S.\$ _____ / _____ Number of Participating Shares

in respect of _____ [indicate Redemption Day].

The undersigned understands that payment of the redemption proceeds with respect to this redemption request will be made in accordance with the terms of the PPM, the Supplement, the subscription agreement executed by the undersigned in connection with its initial investment in the Fund with respect to the Segregated Portfolio (the "**Subscription Agreement**") and Articles (as each may be amended, supplemented or restated from time to time).

The undersigned represents and warrants that he/she/it, or its authorised signatory hereto (as the case may be), has the requisite power and authority to submit this redemption request, and hereby holds the Fund, the Directors, the Administrator and the Investment Manager harmless and indemnifies the Fund, the Directors, the Administrator and the Investment Manager against any loss, liability, cost or expense (including without limitation legal fees, taxes and penalties) arising directly or indirectly out of any lack of authority in connection with the submission of this redemption request.

The undersigned acknowledges and agrees that a person who is not a party to this Redemption Request form has no right under the Contracts (Rights of Third Parties) Law, 2014 of the Cayman Islands, as amended, modified, re-enacted or replaced from time to time, (the "**Third Party Rights Law**") to enforce directly any terms of this Redemption Request form save that any person identified in this Redemption Request form as a person to be indemnified by the undersigned in the circumstances specified herein (an "**Indemnified Person**") may directly enforce its rights pursuant to this Redemption Request form subject to and in accordance with the provisions of the Third Party Rights Law.

Notwithstanding any other term of this Redemption Request form, the consent of any person who is not a party to this Redemption Request form (including, without limitation, any Indemnified Person) is not required for any amendment to, or variation, release, rescission or termination of this Redemption Request form.

The undersigned's payment instructions are, unless otherwise notified (in writing) by the undersigned to the Investment Manager, the payment instructions as provided in the initial subscription application form for the Participating Shares.

If, after the completion of the Fund's year-end financial review (or audit, if applicable), the Directors and/or the Investment Manager determine that the amount previously distributed to the undersigned exceeded the amount to which the undersigned was actually entitled, then the undersigned shall be required to return such excess amount to the Fund and/or the Investment Manager within five (5) clear Business Days of notification of such excess payment. This obligation shall survive the termination of this Subscription Agreement and/or the redemption of any or all of the Investor's Participating Shares.

Please complete and sign this Redemption Request form to redeem your Participating Shares of the Fund (attributable to the Segregated Portfolio) and return a copy of this Redemption Request form to the Administrator by email to SPAlbany@iqeq.com.

Any capitalized term used herein but not defined has the meaning as set out in the Subscription Agreement.

Important Note:

This Redemption Request must be received by the Administrator by email (scanned, signed copy) by 4.00 p.m. (Hong Kong time) on the date falling five (5) Business Days prior to the relevant Redemption Day. The originals must follow by post/courier immediately thereafter. Redemption Notices received after such time will be processed on the next following Redemption Day.

IN WITNESS WHEREOF, the undersigned has executed this redemption request as a deed on the date set forth below.

ENTITY INVESTOR:

(Print Name of Entity)

By: _____
(Signature)

(Print Name and Title)

(Date)

Witness 1: _____

Witness 2: _____

Date of Execution: _____

INDIVIDUAL INVESTOR:

(Print Name)

(Signature)

(Date)

Witness 1: _____

Witness 2: _____

Date of Execution: _____

Must be over 18 years of age and of full mental capacity.

APPENDIX D
PRIVACY STATEMENT

In connection with the formation and ongoing activities of our private investment funds, we collect and maintain nonpublic personal information about our individual investors from the following sources:

- a) Information we receive from you on subscription agreements, investor questionnaires or other forms that you submit to us or contracts that you enter into with us;
- b) Information related to your transactions with us, our affiliates or others; and
- c) Information obtained from meetings and telephone conversations with you.

We may disclose any of the information we collect, as described above, in connection with the activities of our investment funds to third parties and to our affiliates, including:

- a) Financial service providers, such as broker-dealers, custodians, banks and others used to finance or facilitate transactions by or operations of our private funds; and
- b) Actual and potential portfolio companies of our private equity funds, purchasers thereof and potential co-investors, and each of their respective advisors if requested in connection with an investment or disposition.

We may also disclose non-public personal information about you to non-affiliated third parties as permitted by law and in accordance with the agreements governing your investment in our private funds, including:

- a) Other service providers to our investment funds, such as those who provide accounting, legal, or tax preparation services;
- b) Other partners and potential investors in our investment funds; and
- c) Transfer agents, portfolio companies, brokerage firms and the like, in connection with distributions to our limited partners.

We maintain physical, electronic and procedural safeguards to guard the nonpublic personal information that we have obtained from you.

Disclosure Opt Out

If you prefer that we not disclose non-public personal information about you to nonaffiliated third parties, you may opt out of those disclosures (other than disclosures permitted by law or the agreements governing your investment in our private funds); that is, you may direct us not to make those disclosures (other than disclosures permitted by law or the agreements governing your investment in our private funds). To opt out of disclosures to nonaffiliated third parties, you may return the Opt Out Form included in the next page to us.

OPT OUT FORM

Pursuant to the last paragraph of the attached Privacy Notice, the undersigned hereby instructs you not to disclose nonpublic personal information about the undersigned (other than disclosures permitted by law or the agreements governing the undersigned's investment in your funds) to nonaffiliated third parties.

Sincerely,

ENTITY INVESTOR:

INDIVIDUAL INVESTOR:

Yvonne Credit Service Co., Limited

(Print Name of Entity)

(Print Name)

By: Clara Siu

(Signature)

(Signature)

SIU Yeuk Hung Clara, Director

(Print Name and Title)

(Date)

31 AUG 2020

(Date)

APPENDIX E

ANTI-MONEY LAUNDERING SUPPLEMENT FOR SUBSCRIPTION DOCUMENTS

In order to conduct necessary anti-money laundering procedures, the following must be completed and supporting documentation, as appropriate, should be provided with this Subscription Agreement.

In light of changes to the global financial environment, particularly concerning the prevention of laundering of monies derived from criminal activities or connected to terrorist financing, the Fund is required to obtain relevant due diligence information in relation to clients with whom it has or will have an on-going business relationship. In addition, as you may be aware, all member countries of the Financial Action Task Force ("FATF") have been asked to do their utmost to detect and prevent the misuse of the world financial system.

Applicants are required to provide certain supplemental documentation in connection with this Subscription Agreement. Please note all documents listed under the class of applicant are required and must either be originals or certified true copies:

Standard KYC – Limited Partnership (Certified Copies required)

- a) Certificate of registration (or equivalent)
- b) Limited partnership agreement or partnership deed
- c) Details of registered office and principal place of business
- d) Standard KYC (as outlined in this section for each entity type) on the general partner or members with 10% or more voting interests
- e) Authorised signature list with specimen signatures

Standard KYC – LLC (Certified Copies required)

- a) Certificate of formation (or equivalent)
- b) Operating agreement (or equivalent)
- c) Standard KYC (as outlined in this section for each entity type) on all managing members or members holding 10% or more of the voting interest
- d) Authorised signature list with specimen signatures

Standard KYC – Individual (Certified Copies required)

- a) A certified copy of a current passport or other valid government issued photographic identification which includes nationality, date and place of birth and with signature page where applicable
- b) A verification of residential address (e.g. a utility or residential phone bill, or a bank reference or bank statement), which is dated no earlier than 3 months prior to the date of the provision of the document(s) required under (a) above

Standard KYC – Corporation / Private Trust Corporation (Certified Copies required)

- a) Certificate of incorporation (or equivalent)
- b) Memorandum of Association and Articles of Incorporation (or equivalent)
- c) Details of registered office and principal place of business
- d) Register of members/shareholders
- e) Register of directors and officers
- f) Standard KYC (as outlined in this section for each individual/entity type) on all shareholders holding 10% or more of the voting shares
- g) Standard Individual KYC on two directors (one being the executive director, if applicable)
- h) Authorised signature list with specimen signatures

Standard AML/KYC for a Trust (Certified Copies required)

- a) Declaration of trust or trust deed
- b) KYC (Standard KYC (as outlined in this section for each individual/entity type) on the Trustee(s)
- c) Authorised signatory list of the Trustee(s) with specimen signatures
- d) Standard KYC (as outlined in this section for each individual/entity type) on the Settlor(s) and Beneficiary

Guidance Notes

Copies of documentation:

All copies of documentation must be certified by a suitable certifier. This includes professionals such as an attorney, accountant, notary public, judge, senior civil servant, government official or director or manager of a regulated credit or financial institution. The certifier should provide their name, signature, title, contact details and the date of certification.

For documents containing a photograph, the certification must read as follows: "I hereby certify I have seen the original document, have compared it to the copy, and can confirm that, where there is a photograph, the photograph bears a true likeness to the individual, and that this document is a true and correct copy of the original."

For documents which do not contain a photograph, preferably the certification should read "this document is certified by me as a true and accurate copy of the original".

Where the certification is in a language other than English, a certified translation should be included. No individual can certify their own documents.

APPENDIX F
SELF-CERTIFICATION FORMS
ENTITY SELF-CERTIFICATION

Instructions for completion

We are obliged under the Tax information Authority Law, the Regulations, and Guidance Notes made pursuant to that Law, and treaties and intergovernmental agreements entered into by the Cayman Islands in relation to the automatic exchange of information for tax matters (collectively "AEOI"), to collect certain information about each account holder's tax status. Please complete the sections below as directed and provide any additional information that is requested. Please note that we may be obliged to share this information with relevant tax authorities. Terms referenced in this Form shall have the same meaning as applicable under the relevant Cayman Islands Regulations, Guidance Notes or international agreements.

If any of the information below regarding your tax residence or AEOI classification changes in the future, please ensure you advise us of these changes promptly. If you have any questions about how to complete this Form, please refer to accompanying guidelines for completion or contact your tax advisor.

PART I: General

Section 1: Account Holder Identification

Yvonne Credit Service Co., Limited	Hong Kong
Legal Name of Entity/Branch	Country of incorporation/organisation

Current Residence or Registered Address:

Unit A, 8/F, D2 Place Two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong		
Number & Street		City/Town
State/Province/County	Post Code	Country

Mailing address (if different from above):

Number & Street		City/Town
State/Province/County	Post Code	Country

PART II: US IGA

Section 2: U.S. Persons

Please tick and complete as appropriate.

- (a) ☐ The entity is a **Specified U.S. Person** and the entity's U.S. federal taxpayer identifying number (U.S. TIN) is as follows:

- (b) ☐ The entity is a U.S. Person that is not a Specified U.S. Person.

Indicate exemption¹ _____

If the entity is not a U.S. person, please complete Section 3.

Section 3: US FATCA Classification for all Non United States Entities

Please complete this section if the entity is not a U.S. Person

- 3.1** If the entity is a **Registered Foreign Financial Institution**, please tick one of the below categories, and provide the entity's **FATCA GIIN** at 3.1.1.

- (a) ☐ Reporting Model 1 FFI
- (b) ☐ Registered Deemed Compliant Foreign Financial Institution (other than a reporting Model 1 FFI, sponsored FFI, or non-reporting IGA FFI)
- (c) ☐ Reporting Model 2 FFI
- (d) ☐ Participating Foreign Financial Institution

3.1.1 Please provide your *Global Intermediary Identification number (GIIN)*:

(If registration in progress indicate so)

- 3.2** If the entity is a **Financial Institution but unable to provide a GIIN or has a Sponsored Entity GIIN**, please complete one of the below categories:

- (a) ☐ The Entity is a Sponsored Financial Institution (sponsored by another entity that has registered as a Sponsoring Entity) and (select one):

¹ Under the US IGA and in the U.S. Internal Revenue Code, Specified US Person does not include: An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37); The United States or any of its agencies or instrumentalities; A state, the District of Columbia, a possession of the United States, or any of their political subdivisions, or instrumentalities; A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472-1(c)(1)(i); A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i); A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state; A real estate investment trust; A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940; A common trust fund as defined in section 584(a); A bank as defined in section 581; A broker; A trust exempt from tax under section 664 or described in section 4947; or A tax-exempt trust under a section 403(b) plan or section 457(g) plan.

- i. ☐ has no US reportable accounts, is a Sponsored FI in a Model 1 IGA jurisdiction and therefore not required to obtain a Sponsored Entity GIIN. Please provide the Sponsoring Entity's name and GIIN.

Sponsoring Entity's Name: _____

Sponsoring Entity's GIIN: _____

- ii. ☐ its Sponsor has obtained a Sponsored Entity GIIN on its behalf.

Please provide the Sponsoring Entity's name and GIIN, and Sponsored Entity's GIIN.

Sponsoring Entity's Name: _____

Sponsoring Entity's GIIN: _____

Sponsored Entity's GIIN: _____

- (b) ☐ The Entity is a Trustee Documented Trust. Please provide the Trustee's name and GIIN.

Trustee's Name: _____

Trustee's GIIN: _____

- (c) ☐ The Entity is a Certified Deemed Compliant, or otherwise Non-Reporting, Foreign Financial Institution (including a Foreign Financial Institution deemed compliant under Annex II of an IGA, except for a Trustee Documented Trust or Sponsored Financial Institution).

Indicate exemption: _____

- (d) ☐ The Entity is a Non-Participating Foreign Financial Institution

3.3 If the entity is not a Foreign Financial Institution, please confirm the Entity's FATCA status below:

- (a) ☐ The Entity is an **Exempt Beneficial Owner**.²

Indicate status: _____

- (b) ☐ The Entity is an **Active Non-Financial Foreign Entity**.³ Indicate qualifying criteria (see Exhibit A): _____

- (c) ☐ The Entity is a **Direct Reporting NFFE**.⁴ Please provide the Entity's GIIN.

Direct Reporting NFFE's
GIIN: _____

- (d) ☐ The Entity is a **Sponsored Direct Reporting NFFE**.⁵ Please provide the Sponsoring Entity's name and GIIN.

² "Exempt Beneficial Owner" means any of the entities listed as such in Annex II.I of the US IGA or Section 1.1471-6 or 1.1471-6T of the U.S. Treasury Regulations. See additional notes in Exhibit A

³ See definition of *Active Non-Financial Foreign Entity* in Exhibit A

⁴ See US Treasury FATCA Regulations, 26 CFR 1.1472-1(c)(3)

⁵ See US Treasury FATCA Regulations, 26 CFR 1.1472-1(c)(5)

Sponsoring Entity's Name: _____

Sponsoring Entity's GIIN: _____

Sponsored Entity's GIIN: _____

- (e) ☒ The Entity is a **Passive Non-Financial Foreign Entity**.⁶

If you have ticked 3.3(e) **Passive Non-Financial Foreign Entity**, please complete either i. OR ii. below

- i. Indicate the full name, address, and tax reference type and number of any *Substantial U.S. Owners*.

If the Entity has chosen to use the definition of 'Substantial U.S. Owner' from the U.S. Treasury Regulations in lieu of the definition of 'Controlling Person' as permitted under Article 4(7) of the Agreement between the Government of the Cayman Islands and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA, please complete the table below providing details of any Substantial U.S. Owners.⁷

Note: The decision to utilize the definition of 'Substantial U.S. Owner' in lieu of Controlling Person is only permitted with respect to PART II: US IGA.

Full Name	Full residence address	Tax reference type and number

OR

- ii. Alternatively, if you wish to use the Controlling Person definition as per the CRS definition in Exhibit B then please complete the following:

Please indicate the name of any *Controlling Person(s)*.⁸

Full Name of any Controlling Person(s)
SHIU Yeuk Yuen

Please complete Part IV below providing further details of any ultimate Controlling Persons who are natural persons

⁶ See definition of *Passive Non-Financial Foreign Entity* in Exhibit A

⁷ See definition of *Substantial U.S. Owner(s)* in Exhibit A.

⁸ See definition of *Controlling Person(s)* in Exhibit A.

PART III: Common Reporting Standard

Section 4: Declaration of All Tax Residency [repeat any residences indicated in Part II, Section 2 (US)]

Please indicate the Entity's place of tax residence (if resident in more than one jurisdiction please detail all jurisdictions and associated tax reference number type and number).

For the purposes of the Common Reporting Standard (CRS), all matters in connection with residence are determined in accordance with the CRS and its Commentaries.

If an entity has no residence for tax purposes please indicate the jurisdiction in which its place of effective management is situated. Please indicate not applicable if jurisdiction does not issue or you are unable to procure a tax reference number or functional equivalent, and indicate the reason below.

Jurisdiction(s) of tax residency	Tax reference number type	Tax reference number (e.g. TIN)
Hong Kong	BR No.	37138652-000-08-20-7

If applicable, please specify the reason for non-availability of a tax reference number:

Section 5: CRS Classification

Provide your CRS classification by checking the corresponding box(es). Note that CRS classification does not necessarily coincide with your classification for US FATCA purposes.

5.1 ☐ If the entity is a *Financial Institution*⁹, please tick this box and specify the type of Financial Institution in (a), (b), or (c) below¹⁰:

- (a) ☐ Reporting Financial Institution under CRS. (Please note this classification only applies to a Financial Institution in a CRS Participating Jurisdiction. If the entity is a Financial Institution in a Non-Participating Jurisdiction¹¹ under CRS, proceed to 5.1 (c)).

OR

- (b) ☐ Non-Reporting Financial Institution under CRS. (Please note this classification only applies to a Financial Institution in a CRS Participating Jurisdiction. If the entity is a Financial Institution in a Non-Participating Jurisdiction under CRS, proceed to 5.1 (c)). Specify the type of Non-Reporting Financial Institution below:

- ☐ Governmental Entity
- ☐ International Organization
- ☐ Central Bank
- ☐ Broad Participation Retirement Fund
- ☐ Narrow Participation Retirement Fund
- ☐ Pension Fund of a Governmental Entity, International Organization, or Central Bank
- ☐ Exempt Collective Investment Vehicle
- ☐ Trust whose trustee reports all required information with respect to all CRS Reportable Accounts
- ☐ Qualified Credit Card Issuer
- ☐ Other Entity defined under the domestic law as low risk of being used to evade tax.

Specify the type provided in the domestic law: _____

OR

⁹ See definition of *Financial Institution* in Exhibit B.

¹⁰ Where the entity is resident in a Participating Jurisdiction, use the terms as defined under the CRS regime in that Jurisdiction. Where the entity is resident in a Non-Participating Jurisdiction, definitions under the Cayman Islands CRS regime must be used.

¹¹ See definition of *Non-Participating Jurisdiction* in Exhibit B.

(c) ☐ Financial Institution resident in a Non-Participating Jurisdiction under CRS. Specify the type of Financial Institution below:

(a) ☐ Investment Entity managed by another Financial Institution¹² where a controlling ownership interest is held (directly or indirectly) by a company listed on a stock exchange and subject to disclosure requirements or is a majority owned subsidiary of such a company.

(b) ☐ Investment Entity managed by another Financial Institution (other than i. above)

Note: If you are either:

(a) ☐ a widely-held, regulated Collective Investment Vehicle (CIV) established as a trust;
OR

(b) ☐ a pension fund established as a trust,

you may apply the Controlling Persons test of a legal person as per the Controlling Person definition in Exhibit B, and where simplified due diligence procedures are permitted to be applied by the Financial Institution under the applicable AML regime¹³ in relation to the Account Holder and its Controlling Persons, no further information is required.

If you have ticked the box for 5.1(c) ii, and neither of the exemptions under (a) and (b) above applies, please indicate the name of the *Controlling Person(s)* in the table below.

Full Name of any Controlling Person(s).
Please see definition in Exhibit B.
(This table must not be left blank unless exemption (a) or (b) above applies)

Please also complete Part IV below providing further details of any ultimate Controlling Person(s) who are natural person(s).

(c) ☐ Other Investment Entity (other than i. or ii. above); OR

(d) ☐ Other Financial Institution, including a Depository Institution, Custodial Institution, or Specified Insurance Company.

5.2 ☐ If the entity is an *Active Non-Financial Entity* ("NFE") please tick this box and specify the type of Active NFE below:

(a) ☐ Corporation that is regularly traded or a related entity of a regularly traded corporation.

Provide the name of the stock exchange
where traded:

If you are a related entity of a regularly traded corporation, provide the name of the
regularly traded corporation:

¹² The managing Financial Institution must be a Financial Institution other than an Investment Entity type b) defined within the definition of a Financial Institution in Exhibit B.

¹³ Please contact the Financial Institution to confirm whether simplified due diligence procedures under the Cayman Islands AML regime may apply to you as an Account Holder (e.g. by being a regulated pension fund in an approved jurisdiction).

- (b) ☐ Governmental Entity, International Organization, a Central Bank, or an Entity wholly owned by one or more of the foregoing; OR
- (c) ☐ Other Active Non-Financial Entity.¹⁴ Indicate qualifying criteria (see Exhibit B):

5.3 ☒ If the entity is a *Passive Non-Financial Entity* please tick this box.¹⁵

If you have ticked this box please indicate the name of the **Controlling Person(s)**. Please refer to the definition of **Controlling Person** in Exhibit B.

Full Name of any Controlling Person(s)	(must not be left blank)
SHIU Yeuk Yuen	

Please complete Part IV below providing further details of any ultimate Controlling Person(s) who are natural person(s).

Entity Declaration and Undertakings

I/We declare (as an authorised signatory of the Entity) that the information provided in this form is, to the best of my/our knowledge and belief, accurate and complete. I/We undertake to advise the recipient promptly and provide an updated Self-Certification form within 30 days where any change in circumstances occurs, which causes any of the information contained in this form to be inaccurate or incomplete. Where legally obliged to do so, I/we hereby consent to the recipient sharing this information with the relevant tax information authorities.

I/we acknowledge that it is an offence to make a self-certification that is false in a material particular.

Authorised Signature: Philip Si.

Position/Title: Director

Date (dd/mm/yyyy): 31/AUG 2020

Authorised Signature: _____

Position/Title: _____

Date (dd/mm/yyyy): / /

¹⁴ See definition of *Active Non-Financial Entity* in Exhibit B.

¹⁵ Please see the definition of *Passive Non-Financial Entity* in Exhibit B.

PART IV: Controlling Persons

(please complete for each Controlling Person who is a natural person)

Section 6 – Identification of a Controlling Person

6.1 Name of Controlling Person:

Family Name or Surname(s): SHIU Yeuk Yuen
First or Given Name: _____
Middle Name(s): _____

6.2 Current Residence Address:

Line 1 (e.g. House/Apt/Suite Name, Number, Street) Flat A, 11/F, Stubbs Villa, 2 Shiu Fai
Line 2 (e.g. Town/City/Province/County/State) Terrance, Hong Kong
Country: _____
Postal Code/ZIP Code: _____

6.3 Mailing Address: (please complete if different from 6.2)

Line 1 (e.g. House/Apt/Suite Name, Number, Street) _____
Line 2 (e.g. Town/City/Province/County/State) _____
Country: _____
Postal Code/ZIP Code: _____

6.4 Date of birth¹⁶ (dd/mm/yyyy) 22 / 7 /1949

6.5 Place of birth¹⁷

Town or City of Birth Hong Kong
Country of Birth _____

¹⁶ The Controlling Person's date of birth is not required to be collected if the Controlling Person is not a Reportable Jurisdiction Person

¹⁷ The Controlling Person's place of birth is not required to be collected if the Controlling Person is not a Reportable Jurisdiction Person

6.6 Please enter the legal name of the relevant entity Account Holder(s) of which you are a Controlling Person

Legal name of Entity 1

Yvonne Credit Service Co., Limited

Legal name of Entity 2

Legal name of Entity 3

Section 7 – Jurisdiction of Residence for Tax Purposes and related Taxpayer Reference Number or functional equivalent (“TIN”)

Please complete the following table indicating:

- (i) where the Controlling Person is tax resident;
- (ii) the Controlling Person's TIN for each jurisdiction indicated;¹⁸ and,
- (iii) if the Controlling Person is a tax resident in a jurisdiction that is a Reportable Jurisdiction(s) then please also complete **Section 10 “Type of Controlling Person”**.

If the Controlling Person is tax resident in more than three jurisdictions please use a separate sheet

	Jurisdiction(s) of tax residency	Tax reference number type	Tax reference number (e.g. TIN)
1	Hong Kong	HKID	A947150(5)
2			
3			

If applicable, please specify the reason for non-availability of a tax reference number:

¹⁸ The Controlling Person's TIN is not required to be collected if the Controlling Person is not a Reportable Jurisdiction Person.

Section 8 – Type of Controlling Person

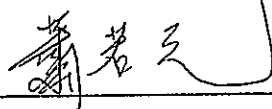
(Please only complete this section if you are tax resident in one or more Reportable Jurisdictions)

Please provide the Controlling Person's Status by ticking the appropriate box.	Entity 1	Entity 2	Entity 3
a. Controlling Person of a legal person – control by ownership	☐	☐	☐
b. Controlling Person of a legal person – control by other means	☐	☐	☐
c. Controlling Person of a legal person – senior managing official	☐	☐	☐
d. Controlling Person of a trust – settlor	☐	☐	☐
e. Controlling Person of a trust – trustee	☐	☐	☐
f. Controlling Person of a trust – protector	☐	☐	☐
g. Controlling Person of a trust – beneficiary	☐	☐	☐
h. Controlling Person of a trust – other	☐	☐	☐
i. Controlling Person of a legal arrangement (non-trust) – settlor-equivalent	☐	☐	☐
j. Controlling Person of a legal arrangement (non-trust) – trustee-equivalent	☐	☐	☐
k. Controlling Person of a legal arrangement (non-trust) – protector-equivalent	☐	☐	☐
l. Controlling Person of a legal arrangement (non-trust) – beneficiary-equivalent	☐	☐	☐
m. Controlling Person of a legal arrangement (non-trust) – other-equivalent	☐	☐	☐

Controlling Person Declaration and Undertakings

- I acknowledge that the information contained in this form and information regarding the Controlling Person(s) and any Reportable Account(s) may be reported to the tax authorities of the jurisdiction in which this account(s) is/are maintained and exchanged with tax authorities of another jurisdiction(s) in which [I/the Controlling Person] may be tax resident pursuant to international agreements to exchange financial account information.
- I certify that either (a) I am the Controlling Person, or am authorised to sign for the Controlling Person, of all the account(s) held by the entity Account Holder to which this form relates; or (b) I am authorised by the Account Holder to make this declaration.
- I declare that all statements made in this declaration are, to the best of my knowledge and belief, correct and complete.
- I acknowledge that it is an offence to make a self-certification that is false in a material particular.
- I undertake to advise the recipient within 30 days of any change in circumstances which affects the tax residency status of the individual identified in Part IV of this form or causes the information contained herein to become incorrect, and to provide the recipient with a suitably updated self-certification and Declaration within 30 days of such change in circumstances.

Signature:



Print name:

SHIU Yeuk Yuen

Date (dd/mm/yyyy):

31 AUG 2020

Note: If you are not the Controlling Person, and not authorised to sign the Declaration on behalf of the Account Holder, please indicate the capacity in which you are signing the form on behalf of the Controlling Person. If signing under a power of attorney or other equivalent written authorisation, on behalf of the Controlling Person, please also attach a certified copy of the power of attorney or written authorisation.

Capacity:

EXHIBIT A
US IGA DEFINITIONS

Account Holder means the person listed or identified as the holder of a Financial Account by the Financial Institution that maintains the account. A person, other than a Financial Institution, holding a Financial Account for the benefit or account of another person as agent, custodian, nominee, signatory, investment advisor, or intermediary, is not treated as holding the account for purposes of this Agreement, and such other person is treated as holding the account. For purposes of the immediately preceding sentence, the term "Financial Institution" does not include a Financial Institution organized or incorporated in a U.S. Territory. In the case of a Cash Value Insurance Contract or an Annuity Contract, the Account Holder is any person entitled to access the Cash Value or change the beneficiary of the contract. If no person can access the Cash Value or change the beneficiary, the Account Holder is any person named as the owner in the contract and any person with a vested entitlement to payment under the terms of the contract. Upon the maturity of a Cash Value Insurance Contract or an Annuity Contract, each person entitled to receive a payment under the contract is treated as an Account Holder.

Active Non-Financial Foreign Entity means any NFFE which is a Non U.S. entity that meets any of the following criteria:

- (a) Less than 50 percent of the NFFE's gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50 percent of the assets held by the NFFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;
- (b) The stock of the NFFE is regularly traded on an established securities market or the NFFE is a Related Entity of an Entity the stock of which is traded on an established securities market;
- (c) The NFFE is organized in a U.S. Territory and all of the owners of the payee are bona fide residents of that U.S. Territory;
- (d) The NFFE is a non-U.S. government, a government of a U.S. Territory, an international organization, a non-U.S. central bank of issue, or an Entity wholly owned by one or more of the foregoing;
- (e) substantially all of the activities of the NFFE consist of holding (in whole or in part) the outstanding stock of, and providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an NFFE shall not qualify for this status if the NFFE functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;
- (f) The NFFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution; provided, that the NFFE shall not qualify for this exception after the date that is 24 months after the date of the initial organization of the NFFE;
- (g) The NFFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganizing with the intent to continue or recommence operations in a business other than that of a Financial Institution;
- (h) The NFFE primarily engages in financing and hedging transactions with or for Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution; or

- (i) The NFFE is an "excepted NFFE" as described in relevant U.S. Treasury Regulations; or
- (j) The NFFE meets all of the following requirements:
 - i) It is established and maintained in its country of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organization, business league, chamber of commerce, labour organization, agricultural or horticultural organization, civic league or an organization operated exclusively for the promotion of social welfare;
 - ii) It is exempt from income tax in its country of residence;
 - iii) It has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
 - iv) The applicable laws of the Entity's country of residence or the Entity's formation documents do not permit any income or assets of the Entity to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the Entity's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the Entity has purchased; and
 - v) The applicable laws of the Entity's country of residence or the Entity's formation documents require that, upon the Entity's liquidation or dissolution, all of its assets be distributed to a governmental entity or other non-profit organization, or escheat to the government of the Entity's jurisdiction of residence or any political subdivision thereof.

Code means the U.S Internal Revenue Code of 1986, as amended.

Controlling Person means the natural persons who exercise direct or indirect control over an entity. In the case of a trust, such term means the settlor, the trustees, the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term 'Controlling Persons' shall be interpreted in a manner consistent with the Financial Action Task Force Recommendations ("FATF").

FATF Recommendations on Controlling Persons:

Identify the beneficial owners of the customer and take reasonable measures to verify the identity of such persons, through the following information. For legal persons¹⁹:

- (a) The identity of the natural persons (if any – as ownership interests can be so diversified that there are no natural persons (whether acting alone or together) exercising control of the legal person or arrangement through ownership) who ultimately have a controlling ownership interest²⁰ in a legal person; and
- (b) to the extent that there is doubt under (a) as to whether the person(s) with the controlling ownership interest are the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural persons (if any) exercising control of the legal person or arrangement through other means.

¹⁹ Measures (a) to (b) are not alternative options, but are cascading measures, with each to be used where the previous measure has been applied and has not identified a beneficial owner.

²⁰ A controlling ownership interest depends on the ownership structure of the company. It may be based on a threshold, e.g. any person owning more than a certain percentage of the company (e.g. 25%).

- (c) Where no natural person is identified under (a) or (b) above, financial institutions should identify and take reasonable measures to verify the identity of the relevant natural person who holds the position of senior managing official.

Entity means a legal person or a legal arrangement such as a trust.

Exempt Beneficial Owners under the US IGA include Government entities, International Organisations, Central Bank, Broad Participation Retirement Funds, Narrow Participation Retirement Funds, Pension Funds of an Exempt Beneficial Owner, and Investment Entities wholly owned by Exempt Beneficial Owners. Please refer to the IGA for detailed definitions.

Financial Institution means a Custodial Institution, a Depository Institution, an Investment Entity, or a Specified Insurance Company, where:

- (a) *Custodial Institution* means any entity that holds, as a substantial portion of its business, financial assets for the account of others. An entity holds financial assets for the account of others as a substantial portion of its business if the entity's gross income attributable to the holding of financial assets and related financial services equals or exceeds 20 percent of the Entity's gross income during the shorter of: (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the entity has been in existence;
- (b) *Depository Institution* means any entity that accepts deposits in the ordinary course of a banking or similar business;
- (c) *Investment Entity* means any entity that conducts as a business (or is managed by an entity that conducts as a business) one or more of the following activities or operations for or on behalf of a customer: (1) trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading; (2) individual and collective portfolio management; or (3) otherwise investing, administering, or managing funds or money on behalf of other persons. The term Investment entity shall be interpreted in a manner consistent with similar language set forth in the definition of "financial institution" in the Financial Action Task Force Recommendations; and
- (d) *Specified Insurance Company* means any entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.

NFFE means any Non-U.S. Entity that is not a Financial Institution as defined in US FATCA.

Non-U.S. Entity means an Entity that is not a U.S. Person.

Passive Non-Financial Foreign Entity means any NFFE that is not an Active Non-Financial Foreign Entity.

Related Entity An entity is a *Related Entity* of another entity if either entity controls the other entity, or the two entities are under common control. For this purpose control includes direct or indirect ownership of more than 50 percent of the vote or value in an entity. Notwithstanding the foregoing, either Party may treat an entity as not a related entity if the two entities are not members of the same affiliated group, as defined in Section 1471(e)(2) of the Code.

Specified U.S. Person means a U.S. Person other than:

- (a) a corporation the stock of which is regularly traded on established securities markets;
- (b) any corporation that is a member of the same expanded affiliated group;
- (c) the United States or any wholly owned agency or instrumentality thereof;

- (d) any State of the United States, any U.S. Territory, any political subdivision or wholly owned agency or instrumentality of any one or more of the foregoing;
- (e) any organization exempt from taxation under section 501 (a) of the Internal Revenue Code (the "Code") or certain individual retirement plans defined in section 7701(a)(37) of the Code ;
- (f) any bank as defined in section 581 of the Code;
- (g) any real estate investment trust as defined in section 856 of the Code;
- (h) any regulated investment company defined in section 851 of the Code or any entity registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940;
- (i) any common trust fund as defined in section 584(a) of the Code;
- (j) any trust that is exempt from tax under section 664(c) of the Code or that is described in 4947(a)(1) of the Code;
- (k) a dealer in securities, commodities, or derivative financial instruments that is registered as such under the laws of the United States or any State;
- (l) a broker as defined in section 6045(c) of the Code; or
- (m) any tax-exempt trust under a plan that is described in section 403(b) or section 457(g) of the Code

Substantial U.S. Owner (as defined in Regulations section 1.1473-1(b)) means generally:

- (a) With respect to any foreign corporation, any Specified U.S. Person that owns, directly or indirectly, more than 10 percent of the stock of such corporation (by vote or value);
- (b) With respect to any foreign partnership, any Specified U.S. Person that owns, directly or indirectly, more than 10 percent of the profits interests or capital interests in such partnership; and
- (c) In the case of a trust—
 - i. Any Specified U.S. Person treated as an owner of any portion of the trust under sections 671 through 679 of the IRC; and
 - ii. Any Specified U.S. Person that holds, directly or indirectly, more than 10 percent of the beneficial interests of the trust.

U.S. Person means a U.S. citizen or resident individual, a partnership or corporation organized in the United States or under the laws of the United States or any State thereof, a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more U.S. persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. Refer to the U.S. Internal Revenue Code for further interpretation.

EXHIBIT B
CRS DEFINITIONS

Account Holder means the person listed or identified as the holder of a Financial Account by the Financial Institution that maintains the account. A person, other than a Financial Institution, holding a Financial Account for the benefit or account of another person as agent, custodian, nominee, signatory, investment advisor, or intermediary, is not treated as holding the account for purposes of the Common Reporting Standard, and such other person is treated as holding the account. In the case of a Cash Value Insurance Contract or an Annuity Contract, the Account Holder is any person entitled to access the Cash Value or change the beneficiary of the contract. If no person can access the Cash Value or change the beneficiary, the Account Holder is any person named as the owner in the contract and any person with a vested entitlement to payment under the terms of the contract. Upon the maturity of a Cash Value Insurance Contract or an Annuity Contract, each person entitled to receive a payment under the contract is treated as an Account Holder.

Active Non-Financial Entity means any NFE that meets any of the following criteria:

- a) less than 50% of the NFE's gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50% of the assets held by the NFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;
- b) the stock of the NFE is regularly traded on an established securities market or the NFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market;
- c) the NFE is a Governmental Entity, an International Organisation, a Central Bank, or an Entity wholly owned by one or more of the foregoing;
- d) substantially all of the activities of the NFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an Entity does not qualify for this status if the Entity functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;
- e) the NFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution, provided that the NFE does not qualify for this exception after the date that is 24 months after the date of the initial organisation of the NFE;
- f) the NFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganising with the intent to continue or recommence operations in a business other than that of a Financial Institution;
- g) the NFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution; or
- h) the NFE meets all of the following requirements:
 - i) it is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organisation, business league, chamber of

commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;

- ii) it is exempt from income tax in its jurisdiction of residence;
- iii) it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
- iv) the applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents do not permit any income or assets of the NFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFE has purchased; and
- v) the applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents require that, upon the NFE's liquidation or dissolution, all of its assets be distributed to a Governmental Entity or other non-profit organisation, or escheat to the government of the NFE's jurisdiction of residence or any political subdivision thereof.

Controlling Person means the natural persons who exercise direct or indirect control over an entity.

In the case of a trust, such term means the settlor(s), the trustees(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term 'Controlling Persons' shall be interpreted in a manner consistent with the Financial Action Task Force Recommendations ("FATF").

FATF Recommendations on Controlling Persons:

Identify the beneficial owners of the customer and take reasonable measures to verify the identity of such persons, through the following information. For legal persons²¹:

- (a) The identity of the natural persons (if any – as ownership interests can be so diversified that there are no natural persons (whether acting alone or together) exercising control of the legal person or arrangement through ownership) who ultimately have a controlling ownership interest²² in a legal person; and
- (b) to the extent that there is doubt under (a) as to whether the person(s) with the controlling ownership interest are the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural persons (if any) exercising control of the legal person or arrangement through other means.
- (c) Where no natural person is identified under (a) or (b) above, financial institutions should identify and take reasonable measures to verify the identity of the relevant natural person who holds the position of senior managing official.

Financial Institution means a Custodial Institution, a Depository Institution, an Investment Entity, or a Specified Insurance Company, where:

- (a) **Custodial Institution** means any entity that holds, as a substantial portion of its business, financial assets for the account of others. An entity holds financial assets for the account of others as a substantial portion of its business if the entity's gross income attributable to the holding of financial

²¹ Measures (a) to (b) are not alternative options, but are cascading measures, with each to be used where the previous measure has been applied and has not identified a beneficial owner.

²² A controlling ownership interest depends on the ownership structure of the company. It may be based on a threshold, e.g. any person owning more than a certain percentage of the company (e.g. 25%).

assets and related financial services equals or exceeds 20 percent of the Entity's gross income during the shorter of: (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the entity has been in existence;

(b) **Depository Institution** means any entity that accepts deposits in the ordinary course of a banking or similar business;

(c) **Investment Entity** means any entity :

(A) that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer:

- i) trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading;
- ii) individual and collective portfolio management; or
- iii) otherwise investing, administering, or managing Financial Assets or money on behalf of other persons; or

(B) the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets, if the entity is managed by another entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or an Investment Entity described in limb (A) of this definition.

An entity is treated as primarily conducting as a business one or more of the activities described in limb (A), or an entity's gross income is primarily attributable to investing, reinvesting, or trading in Financial Assets for purposes of limb (B) if the entity's gross income attributable to the relevant activities equals or exceeds 50% of the entity's gross income during the shorter of: (i) the three-year period ending on 31 December of the year preceding the year in which the determination is made; or (ii) the period during which the entity has been in existence. The term "Investment Entity" does not include an entity that is an Active Non-Financial Foreign Entity because it meets any of the criteria in subparagraphs d) through (g) of the definition of Active NFE.

The preceding paragraph shall be interpreted in a manner consistent with similar language set forth in the definition of "financial institution" in the Financial Action Task Force Recommendations; and

(d) **Specified Insurance Company** means any entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.

Non-Financial Entity or **NFE** means any Entity that is not a Financial Institution.

Non-Participating Jurisdiction means a jurisdiction that is not a Participating Jurisdiction.

Non-Reporting Financial Institution means any Financial Institution that is:

- (a) a Governmental Entity, International Organisation or Central Bank, other than with respect to a payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in by a Specified Insurance Company, Custodial Institution, or Depository Institution;
- (b) a Broad Participation Retirement Fund; a Narrow Participation Retirement Fund; a Pension Fund of a Governmental Entity, International Organisation or Central Bank; or a Qualified Credit Card Issuer;
- (c) any other Entity that presents a low risk of being used to evade tax, has substantially similar characteristics to any of the Entities described in subparagraphs B(1)(a) and (b), and is defined in domestic law as a Non-Reporting Financial Institution, provided that the status of such Entity as a

Non-Reporting Financial Institution does not frustrate the purposes of the Common Reporting Standard;

- (d) an Exempt Collective Investment Vehicle; or
- (e) a trust to the extent that the trustee of the trust is a Reporting Financial Institution and reports all information required to be reported pursuant to Section I with respect to all Reportable Accounts of the trust.

Participating Jurisdiction means a jurisdiction (i) with which an agreement is in place pursuant to which it will provide the information specified in Section I (of the CRS), and (ii) which is identified in a published list.

Participating Jurisdiction Financial Institution means (i) any Financial Institution that is resident in a Participating Jurisdiction, but excludes any branch of that Financial Institution that is located outside such Participating Jurisdiction, and (ii) any branch of a Financial Institution that is not resident in a Participating Jurisdiction, if that branch is located in such Participating Jurisdiction.

Passive Non-Financial Entity means any: (i) Non-Financial Entity that is not an Active Non-Financial Entity; or (ii) an Investment Entity described in limb B (or subparagraph A(6)(b) of the Standard) of the definition of Investment Entity that is not a Participating Jurisdiction Financial Institution.

Related Entity means an entity related to another entity because (i) either entity controls the other entity; (ii) the two entities are under common control; or (iii) the two entities are Investment Entities described limb B of the definition of Investment Entity, are under common management, and such management fulfils the due diligence obligations of such Investment Entities. For this purpose control includes direct or indirect ownership of more than 50 % of the vote and value in an Entity.

INDIVIDUAL SELF-CERTIFICATION

Instructions for completion

We are obliged under the Tax information Authority Law, the Regulations, and Guidance Notes made pursuant to that Law, and treaties and intergovernmental agreements entered into by the Cayman Islands in relation to the automatic exchange of information for tax matters (collectively "AEOI"), to collect certain information about each account holder's tax status. Please complete the sections below as directed and provide any additional information that is requested. Please note that we may be obliged to share this information with relevant tax authorities. Terms referenced in this Form shall have the same meaning as applicable under the relevant Cayman Islands Regulations, Guidance Notes or international agreements.

If any of the information below regarding your tax residence or AEOI classification changes in the future, please ensure you advise us of these changes promptly. If you have any questions about how to complete this Form, please contact your tax advisor.

Please note that where there are joint account holders each investor is required to complete a separate Self-Certification form.

Section 1: Account Holder Identification

SIU Yeuk Hung Clara	/ /	Hong Kong
Account Holder Name	Date of Birth (dd/mm/yyyy)	Place and Country of Birth
Permanent Residence Address:		
Unit A, 8/F, D2 Place Two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong		
Number & Street	City/Town	
State/Province/County	Post Code	Country

Mailing address (if different from above):

Number & Street	City/Town	
State/Province/County	Post Code	Country

Section 2: Declaration of U.S. Citizenship or U.S. Residence for Tax purposes

Please tick either (a) or (b) or (c) and complete as appropriate.

(a) ☐ I confirm that I am a U.S. citizen and/or resident in the U.S. for tax purposes (green card holder or resident under the substantial presence test) and my U.S. federal taxpayer identifying number (U.S. TIN) is as follows:

(b) ☐ I confirm that I was born in the U.S. (or a U.S. territory) but am no longer a U.S. citizen as I have voluntarily surrendered my citizenship as evidenced by the attached documents.

(c) ☒ I confirm that I **am not** a U.S. citizen or resident in the U.S. for tax purposes.

Complete section 3 if you have non-U.S. tax residences.

Section 3: Declaration of Tax Residency (other than U.S.)

I hereby confirm that I am, for tax purposes, resident in the following countries (indicate the tax reference number type and number applicable in each country).

Country/countries of tax residency	Tax reference number type	Tax reference number
Hong Kong	HKID	D399122(A)

Please indicate not applicable if jurisdiction does not issue or you are unable to procure a tax reference number or functional equivalent. If applicable, please specify the reason for non-availability of a tax reference number:

Section 4: Declaration and Undertakings

I declare that the information provided in this form is, to the best of my knowledge and belief, accurate and complete. I undertake to advise the recipient promptly and provide an updated Self-Certification form within 30 days where any change in circumstances occurs which causes any of the information contained in this form to be inaccurate or incomplete. Where legally obliged to do so, I hereby consent to the recipient sharing this information with the relevant tax information authorities.

I acknowledge that it is an offence to make a self-certification that is false in a material particular.

Signature:



Date (dd/mm/yyyy):

31 AUG 2020

APPENDIX G

PROFESSIONAL INVESTOR DECLARATION FORM

From: Yvonne Credit Service Co., Limited (the "Investor")

of _____

To: Mayfair & Ayers Financial Group Limited (the "Company")
25/F, Henley Building,
5 Queen's Road Central, Hong Kong

(SFC Registration No. AMV148)

I/we hereby certify and represent that I am/we are a "Professional Investor" as that term is defined in the Hong Kong Securities and Futures Ordinance ("SFO") or the Securities and Futures (Professional Investor) Rules, Chapter 571D subsidiary legislation ("PI Rules") (as applicable), and that I/we represent that I/we fall within one or more of the following categories of the definition of "Professional Investor" as set out below and are in possession of any required documentation to evidence such ticked category:

(please tick the appropriate box)

PART 1

A: Professional Investor (Institutional Professional Investor)

- ☐ a recognised exchange company, recognised clearing house, recognised exchange controller or recognised investor compensation company, or a person authorised to provide automated trading services under section 95(2) of the SFO;
- ☐ an intermediary (*Note 7*), or a person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong;
- ☐ an authorised financial institution (*Note 8*), or a bank which is not an authorised financial institution but is regulated under the law of any place outside Hong Kong;
- ☐ an insurer authorised under the Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong), or a person carrying on insurance business and regulated under the law of any place outside Hong Kong;
- ☐ a collective investment scheme (*Note 9*) authorised under section 104 of the SFO or any person by whom any such scheme is operated;
- ☐ a scheme which, if not a collective investment scheme (*Note 9*) authorised under section 104 of the SFO, is similarly constituted under the law of any place outside Hong Kong and, if it is regulated under the law of such place, is permitted to be operated under the law of such place, or any person by whom any such scheme is operated;
- ☐ a registered scheme as defined in section 2(1) of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), or its constituent fund as defined in section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Chapter 485 subsidiary legislation), or a person who, in relation to any such registered scheme, is an approved trustee or

service provider as defined in section 2(1) of that Ordinance or who is an investment manager of any such registered scheme or constituent fund;

- ☐ a registered scheme as defined in section 2(1) of the Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong), or a person who, in relation to any such scheme, is an administrator as defined in section 2(1) of that Ordinance;
- ☐ a scheme which is an offshore scheme as defined in section 2(1) of Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong) and, if it is regulated under the law of the place in which it is domiciled, is permitted to be operated under the law of such place, or a person who, in relation to any such scheme, is an administrator as defined in section 2(1) of that Ordinance;
- ☐ a government (other than a municipal government authority), an institution which performs the functions of a central bank, or a multilateral agency;
- ☐ a wholly-owned subsidiary of (i) an intermediary (*Note 7*), or (ii) a person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong;
- ☐ a wholly-owned subsidiary of (i) an authorised financial institution (*Note 8*), or (ii) a bank which is not an authorised financial institution but is regulated under the law of any place outside Hong Kong;
- ☐ a holding company which holds all the issued share capital of (i) an intermediary (*Note 7*), or (ii) any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or a wholly-owned subsidiary of such holding company; or
- ☐ a holding company which holds all the issued share capital of (i) an authorised financial institution (*Note 8*), or (ii) a bank which is not an authorised financial institution but is regulated under the law of any place outside Hong Kong; or a wholly-owned subsidiary of such holding company.

[NOTE - If you check any box in this Section "A", you are not required to complete Parts 2 or 3 of this Appendix G. Please now sign and date Part 1 of this Appendix G.]

OR

B: Professional Investor (Corporate Professional Investor)

- ☐ a trust corporation (*Note 1*) having been entrusted under the trust or trusts of which it acts as a trustee with total assets of not less than HK\$40 million or its equivalent in any foreign currency (*Note 2*);
- ☒ a corporation or partnership having a portfolio (*Note 4*) of not less than HK\$8 million or its equivalent in any foreign currency (*Note 6*);
- ☐ a corporation or partnership having total assets of not less than HK\$40 million or its equivalent in any foreign currency (*Note 6*); or
- ☐ a corporation the sole business of which is to hold investments and which is wholly owned by either, an individual who, either alone or with any of his associates (*Note 3*) on a joint account, has a portfolio (*Note 4*) of not less than HK\$8 million or its equivalent in any foreign currency (*Note 5*); or, a trust corporation (*Note 1*) having been entrusted under the trust or trusts of which it acts as a trustee with total assets of not less than HK\$40 million or its equivalent in any foreign

currency (Note 2); or, a corporation or partnership having a portfolio (Note 4) of not less than HK\$8 million or having total assets of not less than HK\$40 million or its equivalent in any foreign currency (Note 6).

[NOTE - If you check any box in this Section "B", please read Part 2 of this Appendix G and provide the relevant confirmations. Please also sign and date Part 1 of this Appendix G.]

OR

C: Professional Investor (Individual Professional Investor)

- ☐ an individual, either alone or with any of his associates (Note 3) on a joint account, having a portfolio (Note 4) of not less than HK\$8 million or its equivalent in any foreign currency (Note 5).

[NOTE - If you check the box in this Section "C", please read Part 3 of this Appendix G and provide the relevant confirmations. Please also sign and date Part 1 of this Appendix G.]

Should any facts concerning my/our personal financial circumstances change such that I/we have reason to believe that I/we are not a Professional Investor, I/we will inform the Company in writing as soon as practicable.

Yours faithfully,

For and on behalf of

Yvonne Credit Service Co., Limited

[INSERT NAME OF INVESTOR]



Authorised Signatory

Name: SIU Yeuk Hung Clara

PART 2

CONFIRMATIONS TO BE MADE BY CORPORATE PROFESSIONAL INVESTOR

Self-assessment to be completed by Corporate Professional Investor:

- A. We, the undersigned Investor, confirm that, as a general practice, our investment decisions (or investment decisions relying on and following the investment strategies, advice and recommendations of our related corporation) are made by SIU Yeuk Hung *[Please select the applicable option]*:
Clara

- ☒ a. an in-house treasury, investment or similar function;
- ☐ b. a designated investment committee; or
- ☐ c. an external investment advisory team (that is independent from the Company); or
- ☐ d. others _____ (please specify),

which comprises of competent and suitably qualified professionals responsible for its investment strategies and investment process.

- B. We confirm that person(s) responsible for making investment decisions on our behalf:

- ☐ a. has/have investment experience in relevant products;
- ☒ b. has/have entered into not less than _____ (please specify number) investment transactions in the past year;

Types of products	Years of experience	Transactions per annum	Investment product knowledge
Stocks	☐ Nil ☐ < 1 year ☐ 1 to 2 years ☐ 2 to 5 years ☒ Over 5 years	☐ Nil ☐ < 5 ☒ 5 to 20 ☐ 20 to 40 ☐ Over 40	☐ No knowledge ☐ Little ☐ Basic ☐ Moderate ☒ Substantial
Fixed income securities (e.g. bonds, convertible bonds) / Foreign currency deposit	☐ Nil ☐ < 1 year ☐ 1 to 2 years ☐ 2 to 5 years ☒ Over 5 years	☐ Nil ☐ < 5 ☒ 5 to 20 ☐ 20 to 40 ☐ Over 40	☐ No knowledge ☐ Little ☐ Basic ☐ Moderate ☒ Substantial
Mutual funds/Unit trusts	☐ Nil ☐ < 1 year ☐ 1 to 2 years ☐ 2 to 5 years ☒ Over 5 years	☐ Nil ☐ < 5 ☒ 5 to 20 ☐ 20 to 40 ☐ Over 40	☐ No knowledge ☐ Little ☐ Basic ☐ Moderate ☒ Substantial
Futures and Options	☐ Nil ☐ < 1 year ☐ 1 to 2 years ☐ 2 to 5 years ☒ Over 5 years	☐ Nil ☐ < 5 ☒ 5 to 20 ☐ 20 to 40 ☐ Over 40	☐ No knowledge ☐ Little ☐ Basic ☐ Moderate ☒ Substantial

Warrants, CBBC and Stock options	☐ Nil ☐ < 1 year ☐ 1 to 2 years ☐ 2 to 5 years ☐ Over 5 years	☐ Nil ☐ < 5 ☐ 5 to 20 ☐ 20 to 40 ☐ Over 40	☐ No knowledge ☐ Little ☐ Basic ☐ Moderate ☐ Substantial
Structured products (Equity Linked Deposit/Note, Currency Linked Deposit, etc.)	☐ Nil ☐ < 1 year ☐ 1 to 2 years ☐ 2 to 5 years ☐ Over 5 years	☐ Nil ☐ < 5 ☐ 5 to 20 ☐ 20 to 40 ☐ Over 40	☐ No knowledge ☐ Little ☐ Basic ☐ Moderate ☐ Substantial
Others (please specify):	☐ Nil ☐ < 1 year ☐ 1 to 2 years ☐ 2 to 5 years ☐ Over 5 years	☐ Nil ☐ < 5 ☐ 5 to 20 ☐ 20 to 40 ☐ Over 40	☐ No knowledge ☐ Little ☐ Basic ☐ Moderate ☐ Substantial
Others (please specify):	☐ Nil ☐ < 1 year ☐ 1 to 2 years ☐ 2 to 5 years ☐ Over 5 years	☐ Nil ☐ < 5 ☐ 5 to 20 ☐ 20 to 40 ☐ Over 40	☐ No knowledge ☐ Little ☐ Basic ☐ Moderate ☐ Substantial

☒ c. has/have experience dealing for at least 2 years in the relevant markets (or markets with similar characteristics);

and

☒ d. is/are aware of risks involved in trading in the relevant markets.

I/We undertake to provide relevant information of the person(s) responsible for making investment decisions on my/our behalf (including, without limitation, such person's investment experience and history, work experience in the financial sector and academic or professional qualifications relating to the relevant products and markets) if requested by the Company, for the purposes of assessing whether such person(s) is/are competent and suitably qualified professionals.

If the Investor is unable to provide the confirmations set out above, please read Part 3 of this Appendix G and provide the relevant confirmation requested therein.

* * * * *

Based on result of the assessment above, the Company proposes to treat the Investor as a "**Corporate Professional Investor**" (as defined in the PI Rules for the purposes of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ("**Code of Conduct**").

Please note:

1. The Investor may withdraw from being treated as a Corporate Professional Investor at any time, by advising the Company in writing.
2. The Company has set out below an explanation of the risks and consequences of being treated as a Corporate Professional Investor for the Investor's reference.

As a result of this categorization, the Company will not be required to comply with the following provisions of the Code of Conduct in connection with the Investor's dealings with the Company (the "Additional Exempt Provisions"). Nevertheless, the Company may voluntarily provide the Investor information otherwise exempt at the Company's sole discretion.

Information about Clients

- (i) **Financial Situation / Experience** — The Company is not required to establish the Investor's financial situation, investment experience or investment objectives.
- (ii) **Suitability** — The Company is not required to ensure that any products or services recommendation or solicitation is suitable for the Investor in light of the Investor's financial situation, investment experience or investment objectives.
- (iii) **Knowledge of Derivatives** — The Company is not required to assess the Investor's knowledge of derivatives or disclose certain other transaction-related information to the Investor, as prescribed by §5.1A of the Code of Conduct.

Client Agreement

- (iv) **Client agreement** — The Company is not required to enter into a written agreement with the Investor relating to any products or services.

Information for Clients

- (v) **Transaction related information** — The Company is not required to disclose certain transaction-related information to the Investor, as prescribed by §8.3A of the Code of Conduct.
- (vi) **Status of the Company** — The Company is not required to provide the Investor with information about its business or the identity and status of employees or others acting on its behalf.
- (vii) **Essential Features** — The Company is not required to confirm promptly the essential features of a transaction or services after effecting the same for the Investor.
- (viii) **Nasdaq-Amex Pilot Programme** — The Company is not required to provide the Investor with information regarding the Nasdaq-Amex Pilot Programme.

Discretionary Accounts

- (ix) **Discretionary Accounts** — As applicable, the Company is not required, in connection with any discretionary account, to follow certain provisions set out in the Code of Conduct in relation to the procedures to be followed to obtain from the Investor authority in writing prior to effecting transactions for the Investor's account, and the Company is not required to explain such authority or reconfirm it on an annual basis.

* * * * *

DECLARATIONS:

Having read this Appendix G, the undersigned Investor hereby certify and represent to the Company that:

- ☒ we understand and consent that the Company shall treat us as a Corporate Professional Investor;
- ☒ the Company has explained to us the consequences of consenting to being treated as a Corporate Professional Investor;
- ☒ the Company has explained to us that we have the right to withdraw from being treated as a Corporate Professional Investor, whether in respect of all products or markets or any part thereof;
- ☒ we consent to the Company waiving the requirement to provide the Additional Exempt Provisions.

(please check all boxes)

Should any facts concerning our personal financial circumstances change such that we have reason to believe that we are no longer a Corporate Professional Investor, we will inform the Company in writing as soon as practicable.

By signing and returning this declaration with all the required supporting documents, we acknowledge that the risks and consequences of being treated as a Corporate Professional Investor have been explained to us and agree to inform the Company in the event that any information we have set out above ceases to be true and accurate.

Signed by:

Yvonne Credit Service Co., Limited

[INSERT NAME OF INVESTOR]



Authorised Signatory

Name: SIU Yeuk Hung Clara

PART 3

CONFIRMATIONS TO BE MADE BY

INDIVIDUAL PROFESSIONAL INVESTOR / §15.5 CORPORATE PROFESSIONAL INVESTOR

The Company proposes to treat the Investor as an "Individual Professional Investor" or a "§15.5 Corporate Professional Investor".

Please note:

1. The Investor may withdraw from being treated as an Individual Professional Investor or a §15.5 Corporate Professional Investor (as applicable) at any time, by advising the Company in writing.
2. We have set out below an explanation of the risks and consequences of being treated as an Individual Professional Investor or a §15.5 Corporate Professional Investor (as applicable) for the Investor's reference.

As a result of this categorization, the Company will not be required to comply with the following provisions of the Code of Conduct in connection with the Investor's dealings with the Company (the "Exempt Provisions"). Nevertheless, the Company may voluntarily provide the Investor information otherwise exempt at the Company's sole discretion.

Information for Clients

- (i) **Status of the Company** — The Company is not required to provide the Investor with information about its business or the identity and status of employees or others acting on its behalf.
- (ii) **Essential Features** — The Company is not required to confirm promptly the essential features of a transaction or services after effecting the same for the Investor.
- (iii) **Nasdaq-Amex Pilot Programme** — The Company is not required to provide the Investor with information regarding the Nasdaq-Amex Pilot Programme.

The Company undertakes to notify the Investor in the event of any change to its name, business address or registration status with the Hong Kong Securities and Futures Commission.

* * * * *

DECLARATIONS:

Having read this Appendix G, the undersigned hereby certify and represent to the Company that:

- ☐ I/we understand and consent that the Company shall treat me/us as an Individual Professional Investor or a §15.5 Corporate Professional Investor (as applicable);
- ☐ the Company has explained to me/us the consequences of consenting to being treated as an Individual Professional Investor or a §15.5 Corporate Professional Investor (as applicable);
- ☐ the Company has explained to me/us that I/we have the right to withdraw from being treated as such, whether in respect of all products or markets or any part thereof;

☐ I/we consent to the Company waiving the requirement to provide the Exempt Provisions.

(please check all boxes)

Should any facts concerning my personal financial circumstances change such that I have reason to believe that I am no longer an Individual Professional Investor or a §15.5 Corporate Professional Investor (as applicable), I will inform the Company in writing as soon as practicable.

By signing and returning this declaration with all the required supporting documents, I acknowledge that the risks and consequences of being treated as an Individual Professional Investor or a §15.5 Corporate Professional Investor (as applicable) have been explained to me and agree to inform the Company in the event that any information I have set out above ceases to be true and accurate.

Signed by:

[INSERT NAME OF INVESTOR]

Authorised Signatory
Name:

NOTES:

- 1) The term "**trust corporation**" means (i) any trust company registered under Part VIII of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong); or (ii) any other corporation which (A) carries on a business which is of a nature similar to that of a trust company referred to in paragraph (i); and (B) is regulated under the law of any place outside Hong Kong.
- 2) The "**total assets**" should be:
 - (i) as stated in the most recent audited financial statement prepared:
 - (A) in respect of the trust corporation; and
 - (B) within 16 months before the relevant date;
 - (ii) as ascertained by referring to one or more audited financial statements, each being the most recent audited financial statement, prepared:
 - (A) in respect of the trust or any of the trusts; and
 - (B) within 16 months before the relevant date; or
 - (iii) as ascertained by referring to one or more custodian statements issued to the trust corporation:
 - (A) in respect of the trust or any of the trusts; and
 - (B) within 12 months before the relevant date;

The term "**custodian statements**" means a statement of account issued by a custodian.

The term "**relevant date**" means the date hereof and the date on which any advertisement, invitation or document in relation to the offer of interests in the Fund is issued to you.
- 3) The term "**associate**", in relation to an individual, means the spouse or any child of the individual.
- 4) The term "**portfolio**" means a portfolio comprising any of the following:
 - (i) securities;
 - (ii) a certificate of deposit issued by:
 - (A) an authorised financial institution (as defined in section 2(1) of the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) in Hong Kong; or
 - (B) a bank which is not an authorised financial institution but is regulated under the law of any place outside Hong Kong; or
 - (iii) in relation to an individual, corporation or partnership, money held by a custodian for the individual, corporation or partnership.
- 5) A portfolio of an individual should be:
 - (i) as stated in a certificate issued by an auditor or a certified public accountant of the individual within 12 months before the relevant date; or
 - (ii) as ascertained by referring to one or more custodian statements issued to the individual (either alone or with the associate) within 12 months before the relevant date.

Please see note 2 above for the definition of "**relevant date**"

- 6) A portfolio of a corporation or partnership should be ascertained by referring to:
- (i) the most recent audited financial statement prepared:
 - (A) in respect of the corporation or partnership (as the case may be); and
 - (B) within 16 months before the relevant date; or
 - (ii) one or more custodian statements issued to the corporation or partnership (as the case may be) within 12 months before the relevant date.
- 7) The term "**intermediary**" means any licensed corporation or registered institution under the SFO.
- 8) The term "**authorised financial institution**" means an authorised institution under section 2(1) of the Banking Ordinance, Chapter 155 of the Laws of Hong Kong.
- 9) The term "**collective investment scheme**" means:
- (i) arrangements in respect of any property:
 - (A) under which the participating persons do not have day-to-day control over the management of the property, whether or not they have the right to be consulted or to give directions in respect of such management;
 - (B) under which:
 - (a) the property is managed as a whole by or on behalf of the person operating the arrangements;
 - (b) the contributions of the participating persons and the profits or income from which payments are made to them are pooled; or
 - (c) the property is managed as a whole by or on behalf of the person operating the arrangements, and the contributions of the participating persons and the profits or income from which payments are made to them are pooled; and
 - (C) the purpose or effect, or pretended purpose or effect, of which is to enable the participating persons, whether by acquiring any right, interest, title or benefit in the property or any part of the property or otherwise, to participate in or receive:
 - (a) profits, income or other returns represented to arise or to be likely to arise from the acquisition, holding, management or disposal of the property or any part of the property, or sums represented to be paid or to be likely to be paid out of any such profits, income or other returns; or
 - (b) a payment or other returns arising from the acquisition, holding or disposal of, the exercise of any right in, the redemption of, or the expiry of, any right, interest, title or benefit in the property or any part of the property; or
 - (ii) arrangements which are arrangements, or are of a class or description of arrangements, prescribed by notice under section 393 of this Ordinance as being regarded as collective investment schemes in accordance with the terms of the notice, but does not include:
 - (1) arrangements operated by a person otherwise than by way of business;
 - (2) arrangements under which each of the participating persons is a corporation in the same group of companies as the person operating the arrangements;

- (3) arrangements under which each of the participating persons is a bona fide employee or former employee of a corporation in the same group of companies as the person operating the arrangements, or a spouse, widow, widower, minor child (natural or adopted) or minor step-child of such employee or former employee;
- (4) franchise arrangements under which the franchisor or franchisee earns profits or income by exploiting a right conferred by the arrangements to use a trade name or design or other intellectual property or the goodwill attached to it;
- (5) arrangements under which money is taken by a solicitor from his client, or as a stakeholder, acting in his professional capacity in the ordinary course of his practice;
- (6) arrangements made for the purposes of any fund or scheme maintained by the Commission, or by a recognized exchange company, recognized clearing house, recognized exchange controller or recognized investor compensation company, under any provision of this Ordinance for the purpose of providing compensation in the event of default by an exchange participant or a clearing participant;
- (7) arrangements made by any credit union in accordance with the objects thereof;
- (8) arrangements made for the purposes of any chit-fund permitted to operate under the Chit-Fund Businesses (Prohibition) Ordinance (Chapter 262 of the Laws of Hong Kong);
- (9) arrangements made for the purposes of the Exchange Fund established by the Exchange Fund Ordinance (Chapter 66 of the Laws of Hong Kong);
- (10) arrangements which are arrangements, or are of a class or description of arrangements, prescribed by notice under section 393 of this Ordinance as not being regarded as collective investment schemes in accordance with the terms of the notice.

APPENDIX B

SUBSCRIPTION FOR ADDITIONAL PARTICIPATING SHARES

BY EMAIL TO THE ADMINISTRATOR

Albany Creek Fund SPC, for the account of Albany Creek Bond Series SP
IQ EQ Services (Singapore) Pte. Ltd.
E-mail address: SPAlbany@iqeq.com

WITH THE ORIGINAL TO FOLLOW TO

Albany Creek Investment Management (Cayman) Limited
Suites 1812-1814,
18/F, Two IFC,
No.8 Finance Street,
Central, Hong Kong

Re: Subscription for Additional Participating Shares of Albany Creek Bond Series SP, a segregated portfolio of Albany Creek Fund SPC

Dear Sirs:

The undersigned hereby subscribes for additional Participating Shares of Albany Creek Bond Series SP (the "Segregated Portfolio"), a segregated portfolio of Albany Creek Fund SPC (the "Fund") in the following amounts:

Class A Shares ☒
Class B Shares ☐

Subscription Amount:

_____ US dollars (amount in words)
equivalent of Eight Million Hong Kong dollars
US\$ _____ (amount in numbers)
equivalent to HK\$8,000,000

Subscription Fee :

_____ US dollars (amount in words)
US\$ _____ (amount in numbers)

Remittance Amount (Subscription Amount + Subscription Fee):

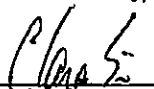
US\$ _____

as of _____ (the "Additional Subscription Date").

The subscription amount will be paid to the account of the Fund attributable to the Segregated Portfolio (details of which are set out below) on 25 September 2020 (insert date).

ENTITY INVESTOR:

Yvonne Credit Service Co. Ltd
(Print Name of Entity)

By: 
(Signature)

Siu Yeuk Hung Clara - Director
(Print Name and Title)

23 September 2020
(Date)

Witness 1: _____

Witness 2: _____

Date of Execution: 23 September 2020

INDIVIDUAL INVESTOR:

(Print Name)

(Signature)

(Date)

Witness 1: _____

Witness 2: _____

Date of Execution: _____

* Must be over 18 years of age and of full mental capacity.

Dated 10 August 2022

EASY REPAY FINANCE & INVESTMENT LIMITED

(as Company)

AND

RAFFAELLO SECURITIES (HK) LIMITED

(as Placing Agent)

PLACING AGREEMENT

in relation to the placing of up to

59,780,722 Rights Shares in the share capital of

Easy Repay Finance & Investment Limited

to be issued under the Rights Issue on the basis of

one (1) Rights Share for every two (2) Shares held on the Record Date

C&T Legal LLP

10/F & 22/F, Shum Tower

268 Des Voeux Road Central

Sheung Wan, Hong Kong

(Ref: EL07/00584/22/EL/cl/nx)

THIS AGREEMENT is made on 10 August 2022

BETWEEN:

- (A) **EASY REPAY FINANCE & INVESTMENT LIMITED 易還財務投資有限公司**, a company incorporated in Bermuda with limited liability and having its registered office at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its head office, headquarters and principal place of business in Hong Kong at Unit 02, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong (the "**Company**"); and
- (B) **RAFFAELLO SECURITIES (HK) LIMITED**, a company incorporated in Hong Kong with limited liability and having its principal place of business at 7/F Central 88, 88-98 Des Voeux Road Central, Central, Hong Kong (the "**Placing Agent**").

(The Company and the Placing Agent are collectively referred to as the "**Parties**", and each or any one of them is referred to as the "**Party**".)

WHEREAS:

- (A) The Company was incorporated in the Cayman Islands and continued into Bermuda whose issued Shares are listed on GEM operated by the Stock Exchange (stock code: 8079). As at the date hereof, the Company has an authorised share capital of HK\$300,000,000 divided into 30,000,000,000 Shares of which 240,359,354 Shares (as defined below) are issued and are fully paid or credited as fully-paid.
- (B) The Company proposes to conduct the Rights Issue (as defined below) at the Subscription Price (as defined below) on the basis of one (1) Rights Share (as defined below) for every two (2) Shares held on the Record Date (as defined below).
- (C) Pursuant to Rule 10.31 of the GEM Listing Rules (as defined below), the Company must make compensatory arrangement to dispose of the Rights Shares not validly applied for by the Shareholders (as defined below) for the benefit of those Shareholders.
- (D) Best Richest has by way of the Irrevocable Undertaking undertaken, amongst other things, to accept in full the Committed Shares, being its full entitlement under the Rights Issue.
- (E) The Company has agreed, subject to the terms and conditions herein stated, to engage the Placing Agent and the Placing Agent has agreed to act as the bookrunner and placing agent of the Company, on a best effort basis, the Untaken Shares after the Latest Time for Acceptance of the Rights Shares to be allotted and issued under the Rights Issue to Placees.

IT IS HEREBY AGREED:

1. INTERPRETATION

- (a) In this Agreement, including the recitals and schedule hereto, unless the context otherwise requires:

"acting in concert"

has the meaning ascribed to it in the Takeovers Code

“Agreement”	this placing agreement as amended or varied from time to time by an agreement in writing duly executed and delivered by the parties hereto
“Announcement”	the announcement to be made by the Company regarding, among other things the Rights Issue
“Best Richest”	Best Richest Management Company Limited, a company incorporated in Hong Kong with limited liability and is directly wholly-owned by Mr. Chan
“business day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above or a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Committed Shares”	60,398,955 Rights Shares to be offered and subscribed by Best Richest under its entitlement pursuant to the Rights Issue and the Irrevocable Undertaking in respect of 120,797,911 Shares beneficially owned by Best Richest and registered in the name of HKSCC Nominee(s) Limited
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended from time to time
“Completion”	completion of the Placing in accordance with the terms and condition set out in this Agreement
“Complying Applications”	valid applications under the PALs in accordance with the terms of the Prospectus Documents together with cheques or cashier's orders or other remittances for the full amount payable in respect of the Rights Shares being applied for under such PALs which are honoured on first or, at the discretion of the Company, subsequent presentation

“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries and the expression "member(s) of the Group" shall be construed accordingly
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Irrevocable Undertaking”	the irrevocable undertaking executed by Best Richest in favour of the Company in relation to, amongst others, subscription of the Committed Shares
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 13 September 2022 or such other time and/or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus
“Latest Day for Announcement of Untaken Shares”	4:00 p.m. on the first (1 st) business day after the Latest Time for Acceptance, being the latest time for the Company to announce the number of Untaken Shares subject to the Unsubscribed Arrangements
“Latest Time for Unsubscribed Arrangement”	6:00 p.m. on the third (3 rd) business day after the Latest Day for Announcement of Untaken Shares, being the latest time for the Placing Agent to determine the list of Placees and to notify the Company of the results of the Placing
“Latest Time for Termination”	4:00 p.m. on the first (1 st) business day after the Latest Time for Unsubscribed Arrangement, being the latest time to terminate this Agreement
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Mr. Chan”	Mr. Chan Yan Tak, the chairman, an executive Director and a controlling shareholder of the Company
“Non-qualifying Shareholders”	those Overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Rights Shares based on the enquiry made

“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Untaken Share
“Placing”	the placing of the Untaken Shares on and subject to the terms and condition set out in this Agreement
“Placing Period”	a period commencing from the first (1 st Business Day immediately after the Latest Day for Announcement of Untaken Shares and ending on the Latest Time for Unsubscribed Arrangement (both days inclusive)
“Placing Price”	at least HK\$0.12 per Untaken Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable), which is the same as the Subscription Price and the final price determination shall depends on the demand and market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing
“Prospectus”	the prospectus to be issued by the Company for the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Qualifying Shareholder(s)”	the Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and are not the Non-Qualifying Shareholders
“Record Date”	Friday, 26 August 2022 or such other date as may be determined by the Company for the determination of the entitlements under the Rights Issue

“Rights Issue”	the proposed offer for subscription by the Qualifying Shareholders for the Rights Shares at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents and as briefly described in this announcement
“Rights Shares”	up to 120,179,677 Shares (assuming no Shares have been issued or repurchased by the Company before the Record Date) proposed to be offered to the Qualifying Shareholders under the Rights Issue
“Settlement Date”	the date being the second (2 nd) Business Day immediately following (but excluding) the Latest Time for Unsubscribed Arrangement, or such other date as the Company may determine
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.12 per Rights Share at which the Rights Shares are proposed to be offered for subscription
“subsidiary”	has the same meaning ascribed thereto in section 15 of the Companies Ordinance and “subsidiaries” shall be construed accordingly
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“Untaken Shares”	those (if any) of the Rights Shares in respect of which Complying Applications have not been received on or before Latest Time for Acceptance and the NQS Unsold Rights Share(s), to be placed pursuant to this Agreement
“%”	per cent.

- (b) In this Agreement, references herein to 'Recitals', 'Clauses' and the "Schedule" are to the recitals and clauses of and the schedule to this Agreement.
- (c) In this Agreement, the singular includes the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporate.
- (d) Headings inserted are for convenience only and shall not affect the interpretation of this Agreement.
- (e) References in this Agreement to time are to Hong Kong time.

2. PLACING

- (a) Upon and subject to the terms and condition set out in this Agreement, the Placing Agent agrees, as agent of the Company, during the Placing Period to procure on a best effort basis Placees to subscribe for the Untaken Shares at the Placing Price. The Placing Agent may carry out the Placing itself and/or, at its own expenses, through such other agents as the Placing Agent may agree with the Company. The Placing Agent shall procure that such other agents shall comply with all relevant obligations to which the Placing Agent is subject under the terms of this Agreement.
- (b) The Company hereby appoints the Placing Agent as its agent to during the Placing Period, procure on a best effort basis Placees to subscribe for the Untaken Shares on and subject to the terms and condition set out in this Agreement. Any transaction properly carried out by the Placing Agent pursuant to this Agreement shall constitute a transaction carried out by the Placing Agent at the request of the Company and as its agent and not on account of or for the Placing Agent. The Placing Agent shall not be responsible for any loss or damage (except for any loss or damage which is caused, directly or indirectly, by fraud, wilful default or negligence on the part of the Placing Agent, or any sub-agent appointed by the Placing Agent pursuant to Clause 2(a)) to the Company arising directly or indirectly from any such transaction (other than as a result of non-compliance by the Placing Agent with its obligations under this Agreement).
- (c) The Company hereby confirms that the foregoing appointment confers on the Placing Agent all powers, authorities and discretion on its behalf which are necessary for, or incidental to, the Placing and hereby agrees to ratify and confirm any act which the Placing Agent shall or may lawfully and reasonably do or have done pursuant to or in anticipation of the terms and condition of this Agreement subject to the provisions contained herein.
- (d) The Company shall allot and issue the Untaken Shares in accordance with the memorandum of continuance and bye-laws of the Company, all applicable laws of Bermuda and the rules and regulations of the Stock Exchange, and the Untaken Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue and be free from all liens, charges, encumbrances and third-party rights together with all rights attaching thereto as at the Settlement Date, including but not limited to the rights to receive all future dividends and other distributions thereafter declared, made or paid.

- (e) Prior to the Completion and by no later than 5:00 p.m. on the next Business Day after the Placing Agent has procured the Placees to subscribe for the Untaken Shares (or such later date as may be agreed between the parties hereto in writing), the Placing Agent shall deliver to the Company and the Stock Exchange the names, addresses and denominations (in board lots or otherwise) in which the Untaken Shares are to be registered and, where relevant, the CCASS accounts to which the Untaken Shares are to be credited. The choice of the Placees shall be determined by the Placing Agent at its sole discretion with prior consultation with the Company subject to the requirements of the GEM Listing Rules and/or any objection the Stock Exchange may have to any particular person or company being a Placee PROVIDED that the Placing Agent undertakes to use its best endeavours to procure that each of the Placees (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules); (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue, in order to ensure that the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company and none of the Placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.

3. CONDITIONS

- (a) The Placing is conditional upon the fulfillment of the following conditions:
- (i) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares;
 - (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of this Agreement and the transactions contemplated hereunder having been obtained; and
 - (iii) the obligations of the Placing Agent hereunder not being terminated in accordance with the terms hereof, including provisions regarding force majeure events.
- (b) The Company shall use its reasonable endeavours to procure the fulfillment of the condition referred to in Clause 3(a)(i). The parties shall use their respective reasonable endeavours to procure the fulfillment of the condition referred to in Clause 3(a)(ii). In the event any of the conditions referred to in Clause 3(a) is not fulfilled on or before the Latest Time for Termination (or such later date as may be agreed between the parties hereto in writing), all rights, obligations and liabilities of the parties hereto shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach under this Agreement prior to such termination.

4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- (a) The Company hereby represents, warrants and undertakes to the Placing Agent that:

- (i) the Company was duly incorporated and validly existing in Bermuda and there has been no petition filed, order made or resolution passed for the liquidation or winding up of the Company;
 - (ii) the Untaken Shares shall be allotted and issued in accordance with the memorandum of continuance and bye-laws of the Company, all applicable laws of Bermuda and the rules and regulations of the Stock Exchange, and the Untaken Shares upon issue shall rank *pari passu* in all respects among themselves and with the existing Shares in issue and be free from all liens, charges, encumbrances and third-party rights together with all rights attaching thereto as at the Settlement Date, including but not limited to the rights to receive all future dividends and other distributions thereafter declared, made or paid;
 - (iii) subject to the fulfillment of the conditions referred to in Clause 3(a), the Company has full power and authority to issue the Untaken Shares and has obtained all the relevant approval(s), consent(s) and license(s) required (if any) for the allotment and issue of the Untaken Shares;
 - (iv) the Company has the power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of the Company which shall be enforceable against the Company in accordance with its terms and condition;
 - (v) the Company undertakes to indemnify the Placing Agent, its delegates, affiliates and the sub-placing agents and their respective directors, employees, officers and shareholders (collectively referred to as the "**Indemnified Persons**") and to hold each of the Indemnified Persons fully and effectively indemnified on a continuing basis against all losses, liabilities, damages, costs, charges and reasonable expenses (including but without limitation, legal fees, liabilities, costs and expenses), claims, actions, investigations, demands, proceedings, regulatory enquiries or judgment which may be brought, incurred or suffered or alleged or threatened to be brought against or incurred or suffered by any or all of the Indemnified Persons as a result of, or arising out of, or in relation to, any misrepresentation or alleged misrepresentation or any breach or alleged breach of any of the aforesaid representations, warranties or agreements of the Company in Clauses 4(a)(ii) to (iv); and
 - (vi) no claim shall be made against any or all of the Indemnified Persons by the Company to recover any damages, losses, claims, costs, charges or reasonable expenses which the Company may suffer or incur by reason of or arising from the carrying out by or on behalf of the Placing Agent of the work to be done by it pursuant hereto or the performance of its obligations hereunder or otherwise in connection with the Placing except for any loss or damage directly resulted from any fraud, wilful default or gross-negligence as finally adjudged on the part of the relevant Indemnified Persons by the competent court in Hong Kong or as a result, directly or indirectly, from non-compliance by the Placing Agent or any sub-placing agent with its obligations under this Agreement.
- (b) The Placing Agent hereby represents, warrants and undertakes to the Company that:

- (i) it has power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of the Placing Agent which shall be enforceable against the Placing Agent in accordance with its terms and condition;
- (ii) in each jurisdiction in which the Placing Agent solicits subscription for the Untaken Shares, the Placing Agent will do so in accordance with all applicable laws, rules and regulations in force in such jurisdiction. The Untaken Shares shall not be offered to or placed in circumstances which would constitute an offer to the public in Hong Kong within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or in any other place or in any manner in which the securities laws, rules or regulations of any place may be infringed or not complied with;
- (iii) no action has been or will be taken directly or indirectly in any jurisdiction that would result in a public offering of the Untaken Shares and neither it nor persons acting on its behalf will offer or sell any Untaken Shares otherwise than in compliance with applicable laws and regulations in each jurisdiction in which any such offer or sale takes place, and without prejudice to the generality of the foregoing, as the Untaken Shares have not been and will not be registered under the Securities Act of the United States of America (the "Securities Act"), they may not be offered, sold, transferred and delivered within the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and accordingly the Untaken Shares have not been and will not be offered or sold to a buyer in the United States of America, except to those persons it reasonably believes to be qualified institutional buyers (as defined in Rule 144A under the Securities Act). Neither it nor any person acting on its behalf has engaged or will engage in any directed selling efforts in the United States of America (as defined in Regulation S under the Securities Act) or any form general solicitation or general advertising (each as used in Rule 5.02(c) of Regulation D under the Securities Act) with respect to the Untaken Shares;
- (iv) the Placing Agent will use its best endeavours and make all reasonable enquiries to ensure that the Placees and their respective ultimate beneficial owners (if applicable) will be third parties independent of, and not connected with or acting in concert with, the Company, its connected persons (as defined under the GEM Listing Rules) and their respective associates (as defined under the GEM Listing Rules);
- (v) the Placing Agent will use its best endeavours and make all reasonable enquiries to ensure that none of the Placees will, immediately upon Completion, become a substantial shareholder (as defined under the GEM Listing Rules) of the Company;
- (vi) the Placing Agent will make available and promptly supply, or use its best endeavours to procure the relevant Placees to make available and promptly supply, to the Stock Exchange and the SFC or any other relevant authority all information in relation to the Placees which may be required by the Stock Exchange, the SFC and/or such other authority; and

- (vii) the Placing Agent will ensure the fulfillment and compliance of all applicable rules and regulations of the Stock Exchange and if applicable, the rules and codes of the SFC in relation to its role as placing agent for the Placing, and will issue appropriate written confirmation of such fulfillment and compliance upon request by the Company and/or the relevant authority.
- (c) Each party to this Agreement undertakes that, save for the Announcement, the Prospectus Documents and any other disclosure as may be required to be made in compliance with the GEM Listing Rules or any other applicable laws, rules and regulations and/or as may be required by the relevant authority, no announcements, press releases or other general public disclosure in relation to the Placing shall be made by any of them without the prior written consent of the other party (such consent shall not be unreasonably withheld or delayed).
- (d) The representations, warranties and undertakings contained in this Clause are deemed to be given as at the date of this Agreement and shall be deemed to be repeated on the Settlement Date as if given on such date with reference in each case to the facts and circumstances then subsisting and shall remain in full force and effect notwithstanding Completion. Each party hereto hereby undertakes to notify the other party to this Agreement of any matter or event coming to its attention which may render any of the representations, warranties or undertakings untrue or inaccurate or misleading in any material respect at any time prior to the Settlement Date.

5. COMPLETION

Completion of this Agreement shall take place at 4:00 p.m. on the Settlement Date at the principal office of the Company in Hong Kong (or such other date, time and/or place as the parties hereto may agree in writing) when all (but, not part only) of the following businesses shall be transacted:

- (a) the Placing Agent shall effect payment to the Company by way of cheque or cashier order or telegraphic transfer in Hong Kong dollars for value to the Company of an amount equal to the Placing Price multiplied by the number of the Untaken Shares actually placed by the Placing Agent less the amounts deducted by the Placing Agent under Clause 6; and
- (b) the Company shall allot and issue to the Placees such number of the Untaken Shares subscribed by them and shall procure that the Placees or their nominees be registered on the register of members of the Company in Hong Kong in respect thereof, and shall arrange to deliver to the Placing Agent the definitive share certificates in the form of jumbo certificate or in such denomination as the Placing Agent may instruct pursuant to Clause 2(e) issued in the names of the Placees or their nominees in respect of such number of Untaken Shares to be subscribed by each of them respectively and in accordance with such instructions referred to above or arrange for the Untaken Shares to be deposited into CCASS in accordance with such instructions and the Prospectus.

6. COMMISSIONS AND EXPENSES

- (a) Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars of 7.07% of the actual gross proceeds from

the subscription of the Untaken Shares , and the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company at Completion pursuant to Clause 5(a).

- (b) Subject to Clause 6(c), the Company shall pay all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing.
- (c) Each of the parties hereto shall be respectively liable for its own legal and other professional fees and expenses in connection with the preparation of this Agreement.

7. TERMINATION

- (a) Notwithstanding anything contained in this Agreement, the Placing Agent may terminate this Agreement without any liability to the Company save for antecedent breach under this Agreement prior to such termination, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Untaken Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in this Agreement if there develops, occurs or comes into force:
 - (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of this Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
 - (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
 - (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
 - (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or

- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (vi) any breach of any of the representations and warranties set out in Clause 4(a) comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of this Agreement and prior to the Completion Date which if had occurred or arisen before the date of this Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of this Agreement; or
 - (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.
- (b) If (i) notice is given pursuant to Clause 7(a); and/or (ii) all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, this Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of this Agreement save for any antecedent breach under this Agreement prior to such termination.

8. MISCELLANEOUS

- (a) All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters which have already been performed.
- (b) This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of parties hereto may execute this Agreement by signing any such counterparts.
- (c) This Agreement shall be binding on and endure for the benefit of the successors of the parties hereto but assignment may only be made after prior written consent of the other party has been given.

9. NOTICE

- (a) Subject to Clause 9(b), any notice required to be given hereunder will be deemed to be duly served if left at or sent by hand, by telex or facsimile transmission or pre-paid post to the registered office or to the following addresses and facsimile numbers and marked for the attention of the following persons:

<u>Party</u>	<u>Address</u>	<u>Facsimile number</u>
The Company	Unit 02, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Hong Kong	(852) 2898 8553

Attn: Chan Yan Tak

The Placing Agent 7/F Central 88, 88-98 Des (852) 3102 3023
Voeux Road Central,
Central, Hong Kong

Attn: Ricky Tsang

- (b) Subject to Clause 9(a), any such notice will be deemed to be served if sent by facsimile on receipt of answerback, if sent by hand at the time when the same is handed to or left at the address of the party to be served, and if sent by post on the day (excluding Sundays or Hong Kong public holidays) after the day of posting.
- (c) The Company shall issue a written notice to the Placing Agent if there is any change in the timetable in respect of the Rights Issue.

10. TIME IS OF ESSENCE

Time shall be of the essence of this Agreement.

11. GOVERNING LAW AND JURISDICTION

- (a) This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong.
- (b) The parties hereto irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.
- (c) Notwithstanding any other provisions of this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any provisions of this Agreement.

[Remainder of this page is intentionally left blank.]

IN WITNESS whereof the Parties have duly executed this Agreement the day and year first above written.

THE COMPANY

SIGNED by _____)
for and on behalf of **EASY REPAY FINANCE &**)
INVESTMENT LIMITED)
in the presence of: _____)

[Handwritten signature]

Signature of witness:

Name of witness:

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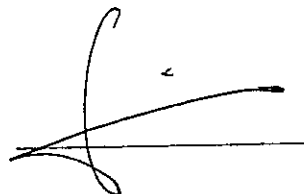
THE PLACING AGENT

SIGNED by WONG LOK WA)
for and on behalf of)
RAFFAELLO SECURITIES (HK) LIMITED)
in the presence of:)

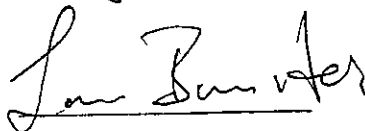
For and on behalf of
RaffAello Securities (HK) Limited


.....
Authorized Signature(s)

Signature of witness:



Name of witness:



DATED 24 August 2022

**SUPPLEMENTAL AGREEMENT
TO THE PLACING AGREEMENT**

**in relation to the placing of up to
59,780,722 Rights Shares in the share capital of
Easy Repay Finance & Investment Limited
to be issued under the Rights Issue on the basis of
one (1) Rights Share for every two (2) Shares held on the Record Date
dated 10 August 2022**

**C&T Legal LLP
10/F & 22/F, Shum Tower
268 Des Voeux Road Central
Sheung Wan, Hong Kong
(Ref: EL07/00584/22/EL/cl/nx)**

THIS SUPPLEMENTAL AGREEMENT is made on 24 August 2022

BETWEEN

- (A) **EASY REPAY FINANCE & INVESTMENT LIMITED** 易還財務投資有限公司, a company incorporated in Bermuda with limited liability and having its registered office at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its head office, headquarters and principal place of business in Hong Kong at Unit 02, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong (the "**Company**"); and
- (B) **RAFFAELLO SECURITIES (HK) LIMITED**, a company incorporated in Hong Kong with limited liability and having its principal place of business at 7/F Central 88, 88-98 Des Voeux Road Central, Central, Hong Kong (the "**Placing Agent**").

(The Company and the Placing Agent are collectively referred to as the "**Parties**", and each or any one of them is referred to as the "**Party**".)

WHEREAS:

- (C) On 10 August 2022, the Parties entered into the placing agreement (the "**Agreement**") in relation to the placing of up to 59,780,722 Rights Shares (as defined in the Agreement) in the share capital of the Company to be issued under the Rights Issue (as defined in the Agreement) on the basis of one (1) Rights Share (as defined in the Agreement) for every two (2) Shares (as defined in the Agreement) held on the Record Date (as defined in the Agreement) on the terms set out in the Agreement.
- (D) The Parties now wish to amend certain terms of the Agreement.

IT IS HEREBY AGREED as follows:

1. DEFINITION AND INTERPRETATION

In this Supplemental Agreement (including the recitals), unless the context otherwise requires, terms defined in the Agreement shall have the same meanings when used herein.

2. AMENDMENT TO THE AGREEMENT

- 2.1 It is agreed between the Parties that the Agreement is to be amended as set out below with effect from the date hereof:

Clause 2(e) shall be deleted in its entirety and replaced with the following clause:

- (e) Prior to the Completion and by no later than 5:00 p.m. on the next Business Day after the Placing Agent has procured the Placees to subscribe for the Untaken Shares (or such later date as may be agreed between the parties hereto in writing), the Placing Agent shall deliver to the Company and the Stock Exchange the names, addresses and denominations (in board lots or otherwise) in which the Untaken Shares are to be registered and, where relevant, the CCASS accounts to which the Untaken Shares are to be credited. The choice of the Placees shall be determined by the Placing Agent at its sole discretion with prior consultation with the Company subject to the requirements of the GEM Listing Rules and/or any objection the Stock Exchange may have to any particular person or company being a Placee PROVIDED that the Placing

Agent undertakes to use its best endeavours to procure that each of the Placees shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules).

- 2.2 Save and except expressly amended pursuant to this Supplemental Agreement, all other terms and conditions of the Agreement shall continue to be in full force and effect.

3. MISCELLANEOUS

3.1 Counterparts

This Supplemental Agreement may be executed in any number of counterparts by the parties hereto on separate counterparts, each of which when executed shall constitute an original and all of which when taken together shall constitute one and the same document.

3.2 Costs and Expenses

Each party shall bear his/its own legal and other costs and expenses incurred in connection with this Supplemental Agreement.

3.3 Governing Law

This Supplemental Agreement (including any non-contractual obligations or liabilities arising out of it or in connection with it) shall be governed by and construed in accordance with the laws of Hong Kong.

Each of the parties irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong as regards any Proceedings arising out of or in connection with this Supplemental Agreement (including in relation to its formation).

(Signature page follows)

IN WITNESS WHEREOF this Supplemental Agreement is made between the parties on the date first above written.

THE COMPANY

SIGNED by CHAN YAN TAK

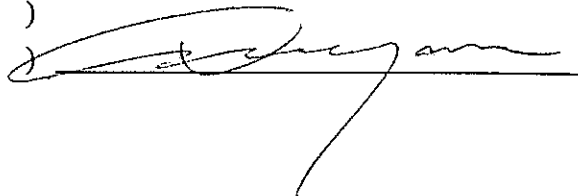
for and on behalf of

EASY REPAY FINANCE &

INVESTMENT LIMITED

in the presence of:

)
)
)
)
)
)
)



Signature of witness:



Lee Kwok Wa
Solicitor, HKSAR
Messrs. C&T Legal LLP

Name of witness:

THE PLACING AGENT

SIGNED by WONG LOK WA)

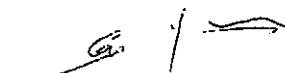
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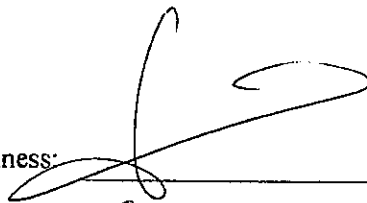
RAFFAELLO SECURITIES (HK))

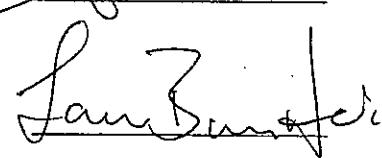
LIMITED)

in the presence of:)

For and on behalf of
Raffaello Securities (HK) Limited


.....
Authorized Signature(s)

Signature of witness: 

Name of witness: 

Your Ref:

Our Ref: 125719/2022/GEN/ATGCO05F

29 August 2022

The Board of Directors
Easy Repay Finance & Investment Limited
Unit 02, 11/F., Eastmark
21 Sheung Yuet Road
Kowloon Bay
Kowloon
Hong Kong

Strictly Private & Confidential

Dear Sirs,

**EASY REPAY FINANCE & INVESTMENT LIMITED (THE "COMPANY") AND ITS SUBSIDIARIES
(HEREINAFTER COLLECTIVELY REFERRED TO AS THE "GROUP")**

We refer to the prospectus of the Company dated 29 August 2022 (the "Prospectus") in connection with proposed rights issue 120,179,677 rights shares (the "Rights Shares") at the subscription price of HK\$0.12 per Rights Share on the basis of one Rights Share for every two existing shares in issue held on the record date on a non-underwritten basis (the "Rights Issue").

We hereby consent to and confirm that we have not withdrawn our consent to the inclusion of our reports on the unaudited pro forma financial information for the Group as set out in Appendix II to the Prospectus and the references to our name in the form and context in which they appear in the Prospectus.

We also hereby consent to a copy of this letter being made available for public inspection as described in the paragraph headed "Documents On Display" in Appendix III to the Prospectus.

We confirm that, as at the latest practicable date, 29 August 2022, we had no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group and had no direct or indirect interests in any assets which have been, since 31 March 2022 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

Yours faithfully,



Moore Stephens CPA Limited
Certified Public Accountants

Pak Chi Yan
Practising Certificate Number: P06923

Hong Kong, 29 August 2022

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers. Capitalised terms used herein shall have the same meanings as those defined in the section headed “Definitions” in this Prospectus, unless otherwise stated.

If you have sold or transferred all your shares in **Easy Repay Finance & Investment Limited** (the “Company”), you should at once hand the Prospectus Documents to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “15. Documents Delivered to the Registrar of Companies” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

(Continued into Bermuda with limited liability)

(Stock code: 8079)

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE

Placing agent



RaffAello Securities (HK) Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

The Latest Time for Acceptance is 4:00 p.m. on Tuesday, 13 September 2022. The procedures for acceptance and payment or transfer of the Rights Shares are set out on pages 19 to 21 of this Prospectus.

The Rights Issue will proceed on a non-underwritten basis and there is no requirement for a minimum level of subscription. Subject to the fulfilment and/or waiver of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. It should be noted that the Shares have been dealt in on ex-rights basis from Thursday, 18 August 2022. Dealings in nil-paid Rights Shares will take place from Wednesday, 31 August 2022 to Wednesday, 7 September 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in nil-paid Rights Shares during the period from Wednesday, 31 August 2022 to Wednesday, 7 September 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the nil-paid Rights Shares are recommended to consult his/her/its own professional advisers.

29 August 2022

NOTICE

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING OFFERED TO SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS IN ANY JURISDICTION OUTSIDE HONG KONG IF SUCH AN OFFER OR SOLICITATION IS UNLAWFUL.

This Prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or the Rights Shares or to take up any entitlements to the nil-paid Rights Shares or the Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the nil-paid Rights Shares, the Rights Shares, this Prospectus and any accompanying documents, including PAL will be registered under the securities laws of any jurisdiction outside Hong Kong and none of the nil-paid Rights Shares, the Rights Shares, this Prospectus and any accompanying documents, including PAL will qualify for distribution under any of the relevant securities laws of any jurisdiction outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdiction outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdiction.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this Prospectus.

Based on the legal advice of the Company's legal advisers in relation to the laws of the relevant overseas restrictions, the following notices are set out for the attention of the overseas investors in the following jurisdictions:

NOTICE TO INVESTORS IN PRC

This prospectus does not constitute a public offer of the nil-paid Rights Shares or the Rights Shares, whether by way of sale or subscription, in the PRC. Based on the relevant legal advice on the laws of the PRC, there are no restrictions under the currently effective securities law or other similar laws in the PRC which would prevent the Company from including the Shareholder(s) with a registered address in the PRC in the Rights Issue, and the offering of the Rights Shares by the Company to its Shareholder(s) with a registered address in the PRC will not violate the currently effective laws and regulations in the PRC if the Rights Issue is made and/or the Prospectus Documents are sent to such Shareholder solely by reason that it is an existing Shareholder, provided that such Shareholder(s) shall comply with and fulfill the provisions of the relevant laws

NOTICE

and regulations as well as the policies and requirements of the relevant government authorities. If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in the nil-paid Rights Shares or fully-paid Rights Shares, he/she/it shall be responsible for complying with relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses and damages due to noncompliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the nil-paid Rights Shares or fully-paid Rights Shares to any such Shareholder and/or resident, if issuing the nil-paid Rights Shares or fully-paid Rights Shares to them does not comply with the relevant laws of the PRC.

FORWARD-LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect many assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

NOTICE

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

CHARACTERISTICS OF GEM

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 that 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 and no assurance is given that there will be a liquid in the securities traded on GEM.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“Able Rich”	Able Rich Consultants Limited, a company incorporated under the laws of Hong Kong with limited liability the former controlling shareholder of the Company
“associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Best Richest”	Best Richest Management Company Limited, a company incorporated in the Hong Kong with limited liability and is directly wholly owned by Mr. Chan
“Board”	the board of Directors
“business day(s)”	any weekday(s) (other than a Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)

DEFINITIONS

“Company”	Easy Repay Finance & Investment Limited, a company incorporated in the Cayman Islands and continued into Bermuda with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8079)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual(s) or company(ies) not being the connected persons (as defined under the GEM Listing Rules) of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associate(s)
“Irrevocable Undertaking”	the irrevocable undertaking dated 10 August 2022 given by Mr. Chan in favour of the Company, the principal terms of which are disclosed in the section headed “The Irrevocable Undertaking”
“Last Trading Day”	10 August 2022, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Rights Issue Announcement
“Latest Practicable Date”	23 August 2022, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 13 September 2022, being the latest time for acceptance and payment of the Rights Shares, or such other date as the Company may determine
“Latest Time for Termination”	4:00 p.m. on Tuesday, 20 September 2022, being the first business day after the Latest Time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“Mr. Chan”	Mr. Chan Yan Tak, the chairman, and an executive Director and a controlling shareholder of the Company

DEFINITIONS

“Net Gain”	any premiums paid by the independent placee(s) over the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action Shareholders”	the Qualifying Shareholders (excluding Best Richest) who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounees, or such persons who hold any nil-paid Rights Shares at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholder in respect of NQS Unsold Rights Shares)
“Non-Qualifying Shareholders”	those Overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Rights Shares based on the enquiry made
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Offer”	the mandatory conditional cash offer being made by China Securities Limited on behalf of Best Richest to acquire the Offer Shares
“Offer Announcement”	the joint announcement issued by Best Richest and the Company dated 10 May 2022 in relation to, among other things, the terms and conditions of the SPA of the Sale Shares and the Offer
“Offer Share(s)”	all the issued Shares (other than those already beneficially owned or agreed to be acquired by Best Richest and parties acting in concert with it)
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares

DEFINITIONS

“Placing Agent”	RaffAello Securities (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	conditional placing agreement dated 10 August 2022 entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares (as supplemented by a supplemental agreement dated 24 August 2022)
“Posting Date”	Monday, 29 August 2022 or such other day as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus despatched to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information only) on the Posting Date in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company the close of business on the Record Date and are not the Non-Qualifying Shareholders
“Record Date”	Friday, 26 August 2022, or on such other date as may be determined by the Company for the determination of the entitlements under the Rights Issue
“Registrar”	the Hong Kong branch share registrar of the Company, which is Tricor Standard Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

DEFINITIONS

“Rights Issue”	the proposed issue of up to 120,179,677 Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every two (2) Shares held at the close of business on the Record Date payable in full on acceptance
“Rights Issue Announcement”	the announcement of the Company dated 10 August 2022, in relation to, among other things, the Rights Issue
“Rights Share(s)”	up to 120,179,677 new Shares (assuming no Shares have been issued or repurchased by the Company before the Record Date) proposed to be allotted and issued to the Qualifying Shareholders under the Rights Issue
“Sale Share(s)”	the 82,288,613 Shares acquired by Best Richest from Able Rich pursuant to the terms of the SPA
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	the sale and purchase agreement dated 29 April 2022 entered into between Best Richest, Able Rich, Mr. Chan (as purchaser guarantor) and Mr. Shiu Yeuk Yuen (as vendor guarantor) for the sale and purchase of the Sale Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.12 per Rights Share at which the Rights Shares are proposed to be offered for subscription
“subsidiaries”	has the same meaning ascribed thereto in section 15 of the Companies Ordinance and “subsidiaries” shall be construed accordingly

DEFINITIONS

“substantial shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights, excluding those Rights Shares to be provisionally allotted to Best Richest for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the paragraph headed “Irrevocable Undertaking” in this Prospectus
“%”	per cent

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

All time and date references contained in this Prospectus shall refer to Hong Kong local time and dates.

Event	Date (Hong Kong time)
First day of dealings in nil-paid Rights Shares	Wednesday, 31 August 2022
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 2 September 2022
Last day of dealing in nil-paid Rights Shares	Wednesday, 7 September 2022
Latest time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Tuesday, 13 September 2022
Announcement of the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Compensatory Arrangements	Wednesday, 14 September 2022
Commencement of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	Thursday, 15 September 2022
Latest time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	6:00 p.m. on Monday, 19 September 2022
Latest Time for Termination	4:00 p.m. on Tuesday, 20 September 2022
Announcement of the results of Rights Issue (including the results of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and the amount of the Net Gain per the Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements)	on or before Wednesday, 21 September 2022

EXPECTED TIMETABLE

Despatch of certificates for fully-paid Rights Shares Thursday, 22 September 2022

Commencement of dealings in fully-paid Rights Shares Friday, 23 September 2022

Designated broker starts to stand in the market to provide
matching services for odd lots of the Shares 9:00 a.m. on
Friday, 23 September 2022

Designated broker ceases to stand in the market to provide
matching services for odd lots of the Shares 4:00 p.m. on
Friday, 14 October 2022

Payment of the Net Gain (if any) to relevant No Action
Shareholders (if any). Friday, 14 October 2022

All time and dates specified in this Prospectus refer to Hong Kong local time and dates. Dates or deadlines specified in this Prospectus are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above or Extreme Conditions caused by a super typhoon in force in Hong Kong on Tuesday, 13 September 2022, being the date of the Latest Time of Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same business day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above may be affected.

LETTER FROM THE BOARD

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

(Continued into Bermuda with limited liability)

(Stock code: 8079)

Executive Directors:

Mr. Chan Yan Tak (Chairman)

Mr. Lim Ming Shing, Tony

Ms. Siu Yeuk Hung, Clara

Mr. Law Ka Kei

Independent Non-executive Directors:

Mr. Lee King Fui

Mr. Ho Tak Yin

Mr. Lee Wing Lun

Mr. Joseph Rodrick Law

*Head Office and Principal place of
business in Hong Kong:*

Unit 02, 11/F, Eastmark,
21 Sheung Yuet Road,
Kowloon Bay, Kowloon,
Hong Kong

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

29 August 2022

To the Shareholders of the Company

Dear Sir/Madam,

**RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE**

INTRODUCTION

References are made to the Rights Issue Announcement.

The purpose of this Prospectus is to provide you with further details of the Rights Issue including information on dealings in, transfer and acceptance of the Rights Shares and certain financial and other information in respect of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.12 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.11 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	240,359,354 Shares
Maximum number of Rights Shares to be issued under the Rights Issue	:	120,179,677 Rights Shares (assuming no Shares have been issued or repurchased by the Company before the Record Date)
Maximum enlarged number of Shares upon completion of the Rights Issue	:	360,539,031 Shares (assuming no Shares have been issued or repurchased by the Company before the Record Date)
Maximum number of Rights Shares undertaken to be taken up	:	Best Richest has undertaken to take up 60,398,955 Rights Shares (representing approximately 50.26% (assuming no Shares have been issued or repurchased by the Company before the Record Date) of the total Rights Shares proposed to be provisionally allotted by the Company) pursuant to the Irrevocable Undertaking
Maximum funds raised	:	Approximately HK\$14.42 million (assuming all the Rights Shares will be taken up)

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are no outstanding derivatives, options, warrants or securities in issue which confer any rights to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 120,179,677 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 50% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up by the Qualifying Shareholders and/or placed pursuant to the Placing Agreement).

The Subscription Price

The Subscription Price of HK\$0.12 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of 40% to the closing price of HK\$0.2 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 44.95% to the closing price of HK\$0.218 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 47.83% to the average closing price of HK\$0.23 per Share as quoted on the Stock Exchange on the Last Trading Day for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 47.83% to the average closing price of HK\$0.23 per Share as quoted on the Stock Exchange on the Last Trading Day for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a premium of 20% to the average of the closing prices of Shares for the five consecutive trading days ended on 29 April 2022, being the last trading day prior to the trading halt pending the publication of the Offer Announcement, of approximately HK\$0.1 per Share;

LETTER FROM THE BOARD

- (vi) a discount of approximately 35.14% to the theoretical ex-rights price of approximately HK\$0.185 per Share based on the closing price of HK\$0.218 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 16.09% represented by the theoretical diluted price of approximately HK\$0.1947 per Share to the benchmarked price of HK\$0.232 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.218 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Rights Issue Announcement of approximately HK\$0.232 per Share); and
- (viii) a discount of approximately 85.82% to the audited consolidated net asset value of the Company of approximately HK\$0.846 per Share (based on the latest published audited consolidated net asset value attributable to owners of the Company of approximately HK\$203,370,000 as at 31 March 2022 as disclosed in the annual report of the Company for the year ended 31 March 2022 and 240,359,354 Shares in issue as at the Latest Practicable Date).

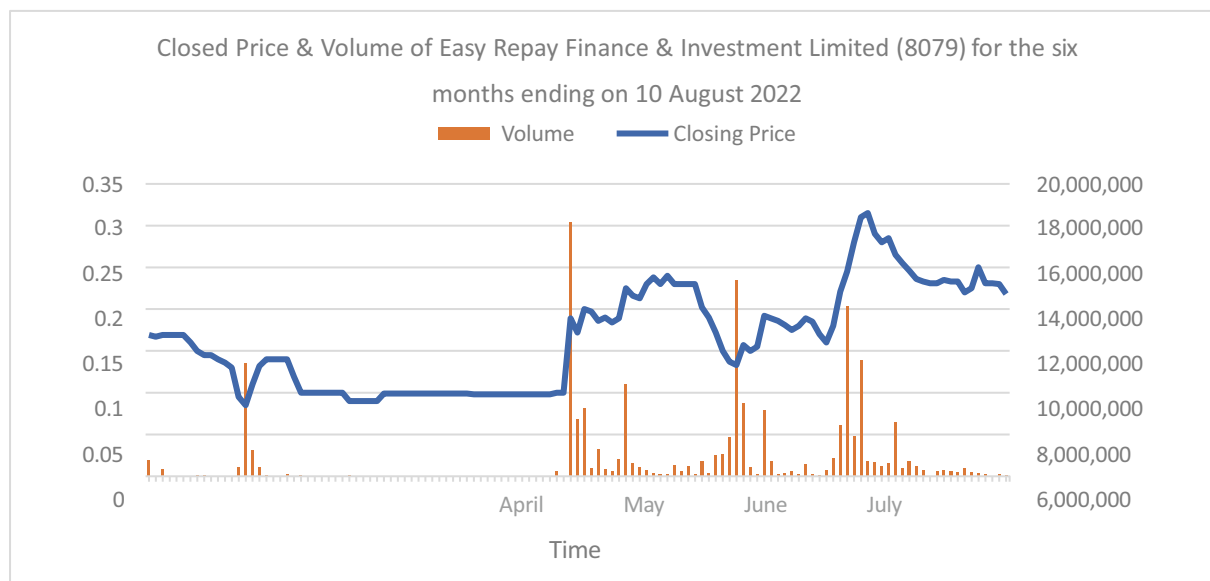
The theoretical diluted price, the benchmarked price and theoretical dilution effect for the Rights Issue are approximately HK\$0.1947 per Share, HK\$0.232 per Share and 16.09%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

The Subscription Price was determined with reference to, among others, (i) the offer price of HK\$0.08 per Offer Share in the Offer; (ii) the market price of the Shares under the market conditions prior to the Offer Announcement and the prevailing market conditions; (iii) the latest business performance and financial position of the Group; and (iv) the reasons for and benefits of the proposed Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” below.

The Board noted that, as illustrated in the price and trading volume chart below, during the past six months trading in the Shares before the Offer Announcement was thin and the Share prices remained stable at around HK\$0.10 per Share for a considerable period of time. The Share prices and trading volume suddenly shot up after resumption of trading on 11 May 2022 following the Offer Announcement. However, apart from the expected change in Directors as disclosed in the composite document in relation to the Offer, the fundamentals of the Group in all material respects remain the same before and after the Offer. Also despite the increase in the Share price following

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the Offer Announcement, the trading volume except for a few days were still low in general. As such when setting the Subscription Price, the Board has considered carefully the impact of the recent price fluctuations and sought reference from the price performance of the Shares for the past six months.



The Subscription Price represents a premium of 50% to the offer price in the Offer and the purchase price of HK\$0.08 each for the sale and purchase of approximately 34.24% interest in the Company by Best Richest from Able Rich, the former controlling shareholder of the Company, under the SPA. The purchase price was arrived at after arm's length negotiation between Best Richest and Able Rich. Further, during the Offer period which closed on 19 July 2022, Best Richest had received valid acceptances in respect of a total of 38,509,298 Offer Shares under the Offer, representing approximately 16.02% of all the issued Shares. The above arm's length transactions, which accounted for approximately 50.24% of the total Shares in issue and were all at the price of HK\$0.08, are of substantial reference value to the Board when determining the Subscription Price.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (a) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market; and (b) the proposed Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company.

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The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the Rights Issue will proceed on a non-underwritten basis, the discount of the Subscription Price provides the Qualifying Shareholders an incentive to participate in the proposed Rights Issue, such that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid Rights Shares in the market; and (ii) the Qualifying Shareholders are afforded an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares.

After considering the factors as discussed above and the reasons for and benefits of Rights Issue as discussed in the section headed “Reasons for and Benefits of the Rights Issue and Use of Proceeds” below, the Directors are of the view that the Subscription Price represents a reasonable discount to the trading price of the Shares and an incentive to the Shareholders to participate in the proposed Rights Issue.

Taking into account the estimated expense in connection with the Rights Issue of approximately HK\$1.8 million, the net price per Rights Share is expected to be approximately HK\$0.11, upon full acceptance of the relevant provisional allotment of Rights Shares.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders by the Posting Date and the posting of the Prospectus and a letter to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;

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- (c) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings;
- (d) the compliance with and performance of all the undertakings and obligations of Best Richest, or any of its nominee(s), under the Irrevocable Undertaking; and
- (e) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda.

The above conditions precedent are incapable of being waived. If any of the above conditions precedent is not satisfied by 30 September 2022, the Rights Issue will not proceed.

As at the Latest Practicable Date, none of the conditions precedent have been fulfilled.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

Odd lot arrangement

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Friday, 23 September 2022 to Friday, 14 October 2022 (both days inclusive). Shareholders who wish to take advantage of this service should contact Mr. Lam Bun Hei of RaffAello Securities (HK) Limited at 7/F Central 88, 88–98 Des Voeux Road Central, Central, Hong Kong (telephone number: 2545 6096) during office hours.

Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

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Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business and not be a Non-Qualifying Shareholder on the Record Date.

The Company despatched (i) the Prospectus Documents to the Qualifying Shareholders on the Posting Date and (ii) this Prospectus only (without the PAL) to the Non-Qualifying Shareholders for their information only.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

Basis of provisional allotments

The Rights Shares will be allotted on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance. The Qualifying Shareholders may take up their entitlement in the Rights Shares from the next business day after the Posting Date to the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any of the Rights Shares remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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Rights of the Overseas Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

According to the register of members of the Company as at the Record Date, the Company had a total of 1 Overseas Shareholder holding an aggregate of 100,000 Shares as follows:

Jurisdiction of the registered address of the Overseas Shareholders	Number of Overseas Shareholders	Aggregate number of Shares held	Approximate percentage of shareholding
PRC	1	100,000	0.042%

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors have made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders with registered addresses in the jurisdictions set out above.

The Company has obtained advice from legal adviser in the PRC and has been advised that under the applicable legislations in the PRC, there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in the PRC.

Based upon such advice, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered address in the PRC, who are therefore Qualifying Shareholders. As such, based upon the register of members of the Company as at the Record Date, there was no Non-Qualifying Shareholder.

It is the responsibility of the Shareholders, including the Overseas Shareholders, wishing to make an application for the Rights Shares, to satisfy himself/herself/itself before taking up his/her/its provisional allotments under the Rights Issue, as to the observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares. The Company will, to the extent permitted under the relevant laws and regulations, send a copy of this Prospectus (without the PAL) and a letter explaining the circumstances in which they are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for information only.

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The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid or fully-paid Rights Shares or to take up any entitlements to nil-paid or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit.

Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Agreement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the Rights Shares in nil-paid form that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein.

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, in Hong Kong, Tricor Standard Limited, on 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Tuesday, 13 September 2022. All remittances must be

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made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “EASY REPAY FINANCE & INVESTMENT LIMITED” and crossed “**Account Payee Only**”.

It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by no later than 4:00 p.m. on Tuesday, 13 September 2022, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation no later than 4:30 p.m. on Friday, 2 September 2022, to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar, on 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second business day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty by the applicant that the cheque or the cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled.

No action has been taken to obtain permission of the offering of the Rights Shares or the distribution of the Prospectus Documents in any jurisdiction other than Hong Kong. Accordingly, no person receiving a copy of the Prospectus Documents in any jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone

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outside Hong Kong wishing to make on his/her/its behalf an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of all relevant jurisdiction, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such jurisdiction in connection therewith.

No receipt will be issued in respect of any application monies received.

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or around Thursday, 22 September 2022, to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all the fully-paid Rights Shares issued and allotted to the allottee.

The Rights Issue on a non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders (excluding those Rights Shares to be provisionally allotted to Best Richest for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the paragraph headed “Irrevocable Undertaking” in this Prospectus) or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms such that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules.

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The legal advisers of the Company have confirmed that there are no requirements under the laws of Bermuda and the Company's constitutional documents regarding minimum subscription levels in respect of the Rights Issue.

Irrevocable Undertaking

As at the Latest Practicable Date, Best Richest (a company which is ultimately owned as to 100% by Mr. Chan, being a controlling shareholder, the Chairman and an executive Director of the Company) holds 120,797,911 Shares (representing approximately 50.26% of the issued share capital of the Company as at the Latest Practicable Date).

Pursuant to the Irrevocable Undertaking, Best Richest has undertaken to the Company, (i) it will subscribe, or procure its nominee(s) to subscribe, for 60,398,955 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 120,797,911 Shares beneficially held by it; and (ii) it will not dispose of 120,797,911 Shares comprising the current shareholding in the Company owned by Best Richest, and such 120,797,911 Shares will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights issue will not proceed, whichever is earlier.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in

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their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be in board lots of 5,000 Shares, which are registered in the register of members of the Company, and subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

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The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 6:00 p.m., on Monday, 19 September 2022, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares if a premium over the Subscription Price can be obtained. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on a pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- A: the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B: the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in “A” and “B” of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders may or may not receive any Net Gain.

PLACING ARRANGEMENT OF UNSUBSCRIBED RIGHTS SHARES AND NQS UNSOLD RIGHTS SHARES

On 10 August 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure independent placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Placing Agreement are as follows:

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Parties	:	(i) the Company, as issuer; and (ii) the Placing Agent, as bookrunner and placing agent
Placing Agent	:	RaffAello Securities (HK) Limited, appointed as the bookrunner and placing agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis. The Placing Agent confirmed that it is a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO.
Fees and Expenses	:	The commission payable to the Placing Agent shall be 7.07% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. The Company will pay all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (excluding legal and other professional fees and expenses) which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion. No minimum placing fee will be charged if the Placing Agent fails to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares.
Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe)	:	The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) shall be at least equal to the Subscription Price.

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- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placees, who shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.
- Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the Latest Practicable Date.
- Termination : If at any time prior to the Latest Time for Termination:
- (i) the Company fails to comply with its obligations under the Placing Agreement; or
 - (ii) the occurrence of any force majeure events; or
 - (iii) any of the warranties of the Company under the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in any respect by reference to the facts subsisting at the time,
- and such matter in the absolute opinion of the Placing Agent to be material in the context of the Placing Agreement then the Placing Agent may in its absolute discretion by giving notice in writing to the Company terminate the Placing Agent's obligation under the Placing Agreement and the Placing Agreement shall be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach thereunder prior to such termination.

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Further, if all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach thereunder prior to such termination.

Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions (the “**Conditions**”) being fulfilled:

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) was determined after arm’s length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market commission rate charged by the Placing Agent in other recent rights issue exercise, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. In particular, the commission rate of the Placing Agent in the two recent rights issue exercises in which the Placing Agent acted as the underwriter was 7.07% of the value of the underwritten rights shares. The Directors consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

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Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders, the Company considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interests of the Company's minority Shareholders.

The public float requirements under the GEM Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 11.23 of the GEM Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Shares were dealt in on an ex-rights basis from Thursday, 18 August 2022. Dealings in nil-paid Rights Shares will take place from Wednesday, 31 August 2022 to Wednesday, 7 September 2022 (both dates inclusive). Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, conditions set out in the section headed "Conditions of the Rights Issue" in the "Letter from the Board" in this Prospectus, respectively. Accordingly, if any of the applicable conditions are not fulfilled (or where applicable, waived), the Rights Issue will not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing Shares is advised to exercise caution when dealing in the Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 240,359,354 Shares in issue. Shareholders and public investors should note that the below changes in shareholding structure of the Company are for illustration purpose only and the actual change in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors including, among other things, the results of acceptance of the Rights Issue.

LETTER FROM THE BOARD

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; (iii) immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than Best Richest who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent; and (iv) immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders and none of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders		Immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than Best Richest who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent		Immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than Best Richest who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and none of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent	
			Number of Shares		Number of Shares		Number of Shares	
	Approx. %		Approx. %		Approx. %		Approx. %	
Best Richest (Note 1)	120,797,911	50.26	181,196,866	50.26	181,196,866	50.26	181,196,866	60.25
Public Shareholders	119,561,443	49.74	179,342,165	49.74	179,342,165	49.74	119,561,443	39.75
Total	<u>240,359,354</u>	<u>100.00</u>	<u>360,539,031</u>	<u>100.00</u>	<u>360,539,031</u>	<u>100.00</u>	<u>300,758,309</u>	<u>100.00</u>

Notes:

- (1) Best Richest is wholly and beneficially owned by Mr. Chan, the chairman and an executive Director and a controlling shareholder of the Company.
- (2) Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is a company incorporated in the Cayman Islands and continued into Bermuda with limited liability, the Shares of which are listed on GEM of the Stock Exchange (stock code: 8079). The Group is principally engaged in the money lending business, retail and wholesale business.

As disclosed in the 2022 Annual Report of the Company, the Group has been loss making over the last five financial years. Set out below are the financial summary of the Group since the financial year 2018.

	Year ended 31/3/2022 <i>HK\$'000</i>	Year ended 31/3/2021 <i>HK\$'000</i>	Year ended 31/3/2020 <i>HK\$'000</i>	Year ended 31/3/2019 <i>HK\$'000</i>	Year ended 31/3/2018 <i>HK\$'000</i>
Revenue	98,271	115,368	116,110	206,268	191,768
Loss for the year	(64,324)	(94,698)	(63,940)	(37,134)	(6,488)
	As at 31/3/2022 <i>HK\$'000</i>	As at 31/3/2021 <i>HK\$'000</i>	As at 31/3/2020 <i>HK\$'000</i>	As at 31/3/2019 <i>HK\$'000</i>	As at 31/3/2018 <i>HK\$'000</i>
Cash and cash equivalents	21,684	44,523	47,438	34,779	11,053

LETTER FROM THE BOARD

As at the date of the Rights Issue Announcement, the Group's cash on hand dropped to approximately HK\$14 million. In the coming months, the Group needs to settle outstanding professional fees and other expenses (such as audit fee, tax service fee and legal fee) in the approximate amount of HK\$3.8 million arising from the Offer. On top of the one-off expenses relating to the Offer, the estimate of the net cash outflow of the Group per month is set out below:

	Approximate <i>HK\$'000</i>
Cash inflow/(outflow)	
Loan Receivables	2,000
Proceeds from retail and wholesales	4,100
Salaries and commission	(2,500)
Rent, rates and management fee	(700)
Utilities expenses	(200)
Transportation	(200)
General office, shop and other expenses	(700)
Costs of purchase for retail and wholesales	(2,870)
Net cash outflow of the Group	<u>(1,070)</u>

As such, the Company has a net cash outflow of approximately HK\$1.07 million per month. Accordingly, the Company needs to raise funds for working capital and for expanding its money lending business which has seen steady growth over the past years and launch new products for its retail operations for diversification and broadening of the product base.

The gross proceeds from the Rights Issue will be approximately HK\$14.42 million (assuming no Shares have been issued or repurchased by the Company before the Record Date). The net proceeds (the “**Net Proceeds**”), after deduction of relevant expenses (including but not limited to placing commission, legal expenses and disbursements) of approximately HK\$1.8 million, are estimated to be approximately HK\$12.62 million, representing a net subscription price of approximately HK\$0.11 per Rights Share.

The Company intends to apply the net proceeds from the Rights Issue (i) as to HK\$6 million for the continual expansion of its money lending business as the new controlling shareholder of the Company brings in potential leads of new customers for such business; (ii) as to HK\$6 million for purchase of products to expand its retail operations offering, in particular new product lines which are introduced by the new controlling shareholder of the Company; and (iii) the remaining of the net proceeds for general working capital of the Group. It is expected that the net proceeds will be

LETTER FROM THE BOARD

utilized in full by the end of this year. In the event that the Rights Issue is not fully-subscribed, the net proceeds from the Rights Issue to be used in the above purposes will be reduced proportionally.

The Board has considered other fund-raising alternatives before resolving to the proposed Rights Issue, including but not limited to debt financing, placing and open offer. The Board noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. As for placing of new Shares, taking into account that it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, it was not considered by the Board to be the most suitable fund-raising method for the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil paid rights attaching thereto.

The Directors are of the view that the Rights Issue can strengthen the financial position of the Group and provide funding to the Group to finance its working capital needs, and will also enable all Shareholders to participate in the future development of the Company on equal terms. As such, the Board considers that the fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

RISK FACTORS

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To their best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group.

Foreign Exchange Rates Risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

LETTER FROM THE BOARD

Liquidity Risk

Liquidity risk is the potential risk that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Price Risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The Directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company had not raised any other funds by equity issue in the past 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the Latest Practicable Date and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

By order of the Board of
EASY REPAY FINANCE & INVESTMENT LIMITED
Chan Yan Tak
Chairman and Executive Director

I. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three months ended 30 June 2022 and each of the three financial years ended 31 March 2020, 2021 and 2022 are disclosed in the following documents which have been published on the websites of Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<http://www.ecrepay.com/>):

- First quarterly report of the Company for three months ended 30 June 2022 (pages 3 to 8)
<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0812/2022081201698.pdf>
- Annual report of the Company for the financial year ended 31 March 2022 (pages 52 to 120)
<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0626/2022062600011.pdf>
- Annual report of the Company for the financial year ended 31 March 2021 (pages 44 to 116)
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0625/2021062502423.pdf>
- Annual report of the Company for the financial year ended 31 March 2020 (pages 40 to 108)
<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0629/2020062901841.pdf>

II. INDEBTEDNESS**Statement of indebtedness**

As at the close of business on 31 July 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had a total outstanding borrowings of approximately HK\$13,528,000, comprising borrowings of approximately HK\$3,000,000 and lease liabilities of approximately HK\$10,528,000.

Save as aforesaid and apart from intra-group liabilities, the Group did not, at the close of the business on 31 July 2022, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, loans or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptance (other than normal trade bills and payables), acceptance credits, or any guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the applicable rates of exchange prevailing at the close of business on 31 July 2022.

III. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including the existing cash and bank balances, available facilities and the estimated net proceeds from the Rights Issue and the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this Prospectus.

IV. MATERIAL ADVERSE CHANGE

The Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2022, being the date to which the latest published audited financial statements of the Company were made up, up to the Latest Practicable Date:

- as disclosed in the first quarterly report of the Group, the Group recorded an unaudited loss attributable to shareholders of the Company of approximately HK\$4.0 million for the three months ended 30 June 2022 as compared to the corresponding period a loss of

approximately HK\$1.3 million in 2021. Such result is mainly due to revenue from sale of goods decrease of approximately HK\$4.8 million and increase in legal and professional fee in relation to Offer of approximately HK\$1.2 million.

V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in money lending business, retail and wholesale business in Hong Kong.

Money Lending Business

The money lending business is the core business of the Group and generate stable income to the Group. The Group has been engaging actively in money lending business for more than ten years and a solid client base was built.

For the three months ended 30 June 2022, turnover generated from money lending business amounted to approximately HK\$9.6 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. The Company is going to expand its money lending business and set up more branches in Hong Kong.

Retail and Wholesale Business

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 conditions of our customers.

The Group is operating 4 retail shops 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 on the in-house ready-to-eat products for the public. 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 relax 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. Furthermore, there are many competitors with similar business forms in the market, entering the stage of oversupply. Turnover from the retail and wholesale business for the three months ended 30 June 2022 was approximately HK\$12.4 million when compared with the corresponding period in 2021 was of HK\$17.2 million, representing a decrease of approximately 28%.

Outlook

The Group will proceed to seek investment opportunities for further improving the business and explore new investments to boarder the business scope of the Group with the ultimate goal to maximise the return to shareholders.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the GEM operated by The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 31 March 2022.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Rights Issue or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022, as extracted from the published audited consolidated statement of financial position as at 31 March 2022, and is adjusted for the effect of the Rights Issue described below:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue <i>HK\$'000</i>
Rights issue of 60,398,955 Rights Shares at a Subscription Price of HK\$0.12 per Rights Share	<u>203,370</u>	<u>5,448</u>	<u>208,818</u>
Rights issue of 120,179,677 Rights Shares at a Subscription Price of HK\$0.12 per Rights Share	<u>203,370</u>	<u>12,622</u>	<u>215,992</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

HK\$

Audited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 March 2022 before the completion of the Rights Issue (<i>Note 3</i>)	0.85
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue per adjusted Share (<i>Note 4</i>)	
Based on 60,398,955 Rights Shares to be issued	0.69
Based on 120,179,677 Rights Shares to be issued	0.60

Notes:

1. The amount of audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022 is extracted from the Group's published audited consolidated financial statement for the year ended 31 March 2022.
2. Best Richest, as at the date of this Prospectus, has in an aggregate of 120,797,911 Shares and Best Richest has undertaken to accept in full the Rights Shares to be provisionally allotted to it under the Rights Issue of 60,398,955 Rights Shares.

The estimated net proceeds from the Rights Issue of approximately HK\$5,448,000 are based on 60,398,955 Right Shares to be issued, assuming only Best Richest has taken up its Right Shares entitlement at the subscription price of HK\$0.12 each, after deduction of the estimated related expenses of approximately HK\$1,800,000 to be incurred by the Company, which include underwriting commission and professional fees payable to lawyers, reporting accountants, financial printer and other parties involved in the Rights Issue.

The estimated net proceeds from the Rights Issue of approximately HK\$12,622,000 are calculated based on 120,179,677 Rights Shares to be issued at Subscription Price of HK\$0.12 per Rights Share, after deduction of estimated expenses of approximately HK\$1,800,000 to be incurred by the Company, which include underwriting commission and professional fees payable to lawyers, reporting accountants, financial printer and other parties involved in the Rights Issue.

3. The calculation of the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022 per Share in issue is determined based on the audited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$203,370,000 divided by the number of Shares in issue of 240,359,354 as at 31 March 2022.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022 immediately after the completion of the Right Issue per adjusted Share is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue of approximately HK\$208,818,000 or HK\$215,992,000 divided by the adjusted number of Shares of 300,758,309 Shares or 360,539,031 Shares, which represents:
- (i) 240,359,354 Shares in issue as at 31 March 2022; and
 - (ii) 60,398,955 Rights Shares to be issued, assuming only Best Richest has taken up its Rights Shares entitlement; or 120,179,677 Rights Shares to be allotted and issued pursuant to the Rights Issue assuming that the Rights Issue had been completed on 31 March 2022.
5. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2022.

B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this Prospectus, from the independent reporting accountant, Moore Stephens CPA Limited.



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Independent Reporting Accountants’ Assurance Report on the Compilation of Unaudited Pro Forma Financial Information

To the directors of Easy Repay Finance & Investment Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Easy Repay Finance & Investment Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022, and related notes as set out on pages II-1 to II-3 of the prospectus dated 29 August 2022 (the “**Prospectus**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-7 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 120,179,677 rights shares (the “**Rights Shares**”) at the subscription price of HK\$0.12 per Rights Shares on the basis of one Rights Share for every two existing shares in issue held on the record date on a non-underwritten basis (the “**Rights Issue**”) on the Group’s financial position as at 31 March 2022 as if the Rights Issue had taken place at 31 March 2022. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s audited consolidated financial statements for the year ended 31 March 2022, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the GEM operated by The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 Preparation of “Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Moore Stephens CPA Limited

Certified Public Accountants

Hong Kong, 29 August 2022

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately after the completion of the Rights Issue (assuming (i) no change in the number of issued Shares on or before the Record Date; and (ii) full acceptance of Rights Shares by all Qualifying Shareholders) are as follows:

(a) As at the Latest Practicable Date

Authorised share capital:		HK\$
<u>30,000,000,000</u>	Shares of HK\$0.01 each	<u>300,000,000.00</u>
Issued and fully paid:		
<u>240,359,354</u>	Shares of HK\$0.01 each	<u>2,403,593.54</u>

(b) Immediately after the completion of the Rights Issue (assuming (i) no change in the number of issued Shares on or before the Record Date; and (ii) full acceptance of Rights Shares by all Qualifying Shareholders)

Authorised share capital:		HK\$
<u>30,000,000,000</u>	Shares of HK\$0.01 each	<u>300,000,000.00</u>
Issued and fully paid:		
240,359,354	As at the Latest Practicable Date	2,403,593.54
120,179,677	Rights Shares to be allotted and issued under the Rights Issue	1,201,796.77
<u>360,539,031</u>	Shares in issue immediately upon completion of the Rights Issue	<u>3,605,390.31</u>

All issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Rights Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares. The Company has applied to the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange. Accordingly, there are no dealing and settlement arrangements for securities of the Company between the Stock Exchange and any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants or other similar rights which confer any right to convert into or subscribe for Shares and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executives of the Company or their associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 and short positions which they have taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) have to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

Name	Capacity	Nature of interests		Approximate percentage of total issued Shares (Note 1)
		Registered Shareholder	Underlying Interest	
Mr. Chan	Interest in controlled corporation (Note 2)	120,797,911 (L)	0	50.26%

Notes:

1. As at the Latest Practicable Date, the total number of Shares in issue was 240,359,354 Shares.
2. The 120,797,911 Shares are held by Best Richest, which is wholly-owned by Mr. Chan, the chairman and an executive Director of the Company. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Chan is deemed to have an interest in all shares in which Best Richest has, or deemed to have an interest.

(b) Interests of substantial shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as was known to any Director or chief executive of the Company, the following persons or companies (not being a Director or chief executive of the Company) had, or was deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity and	Nature of interests and number of Shares held		Approximate percentage of total issued Shares (Note)
Mr. Chan Hung Kai	Beneficial owner	12,220,000 (registered shareholder)		5.08%

Notes: As at the Latest Practicable Date, the total number of Shares in issue was 240,359,354 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other persons who had an interests or a short position in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered into in the register required to be kept by the Company pursuant to section 336 of the SFO.

4. LITIGATIONS

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which was not determinable within one year without payment of compensation, other than statutory compensation.

6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or the controlling Shareholders of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group. As at the Latest Practicable Date, save as disclosed in this Prospectus, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 March 2022 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) of the Group have been entered into by the members of the Group during the period commencing two years preceding the date of this Prospectus and are or may be material:

- (i) a subscription agreement dated 17 January 2022 between Yvonne Credit Service Co., Limited, a subsidiary of the Company (“**Yvonne Credit**”) as subscriber and Albany Creek Fund SPC as issuer for the subscription of Class A Shares in the Albany Creek Bond Series Segregated Portfolio, a segregated portfolio of Albany Creek Fund SPC of up to approximately HK\$10,000,000;
- (ii) a sale and purchase agreement dated 24 March 2021 entered into between Perfect Catering Group Limited, a subsidiary of the Company as vendor and Widely Investment Development Limited as purchaser in relation to the disposal of 100% equity interest in Head Captain Limited at the consideration of HK\$2,100,000;
- (iii) a sale and purchase agreement dated 15 September 2020 entered into between Century Forever Limited, a subsidiary of the Company (“**Century Forever**”), as vendor, Topwise Global Holdings Limited (“**Topwise**”) as purchaser and Mr. Wong Hei Yan as purchaser guarantor in respect of the disposal of 2,200 shares of Topwise, representing 22% of the issued share capital of Topwise at a consideration of HK\$7,180,000;
- (iv) a subscription agreement dated 31 August 2020 entered into between Yvonne Credit as subscriber and Albany Creek Fund SPC as issuer, for the subscription of Class A Shares in the Class A Shares in the Albany Creek Bond Series SP, a segregated portfolio of Albany Creek Fund SPC, of up to approximately HK\$16,000,000; and
- (v) the Placing Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions, letters or advice contained in this Prospectus:

Name	Qualifications
Moore Stephens CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been, since 31 March 2022 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
Head Office and Principal Place of Business in Hong Kong	Unit 02, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Authorised Representatives	Mr. Chan Yan Tak Mr. Lim Ming Shing, Tony

Company Secretary	Mr. To Chi (<i>CPA, FCCA</i>)
Legal Adviser to the Company	C&T Legal LLP 10/F & 22/F, Shum Tower 268 Des Voeux Road Central Sheung Wan, Hong Kong
Reporting Accountant of the Company	Moore Stephens CPA Limited
Principal Bankers	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Central Hong Kong DBS Bank (Hong Kong) Limited 11/F, The Center 99 Queen's Road Central Hong Kong
Principal share registrar and transfer office	Ocorian Management (Bermuda) Limited Victoria Place, 5 th Floor 31 Victoria Street Hamilton HM 10 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Standard Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Placing agent	Raffaello Securities (HK) Limited 7/F Central 88 88–98 Des Voeux Road Central Central, Hong Kong

Auditor and reporting accountant

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors
801–806 Silvercord, Tower 1
30 Canton Road
Tsim Sha Tsui, Hong Kong

11. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the printing, registration, translation and legal and accounting fees are estimated to be approximately HK\$1.8 million and are payable by the Company.

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT*Executive Directors*

Mr. CHAN Yan Tak (“Mr. Chan”), aged 53, joined the Company on 22 July 2022. He is the Chairman and the Controlling Shareholder of the Company. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company.

Mr. Chan is the chairman and chief executive officer of Wisdomcome Group. The group engaged in different businesses including pet related products, health food and pharmaceutical trading business as well as property investment and development. Mr. Chan was the chairman of the board of directors of Shunten International (Holdings) Limited, a company the shares of which are listed on the Stock Exchange until 1 April 2019. Mr. Chan has acted as the honorary president of the Federation of Beauty Industry (H.K.). He has been a member of the Association of Hong Kong and Kowloon Practitioners of Chinese Medicine Limited since 2004 and was then appointed as the advisor of the abovementioned association in 2008. Mr. Chan is currently a director of Yan Oi Tong and a founding member of Affectionate World Charitable Foundation Limited (人間有情慈善基金有限公司) since May 2017, both are registered non-profit making charitable organisations.

Mr. Chan is the brother-in-law of Mr. Lim Ming Shing, Tony, an executive Director of the Company.

Mr. LIM Ming Shing, Tony (“Mr. Lim”), aged 61, joined the Company on 22 July 2022. He is a member of the Nomination Committee and the Remuneration Committee of the Company.

Mr. Lim is a senior official of Wisdomcome Group. The group engaged in different businesses including pet related products, health food and pharmaceutical trading business as well as property investment and development. From 2014 to March, 2020, he served as Director and Chief Financial Officer of the Shunten Holdings Limited. Mr Lim has over 22 years of experience in financial and management accounting. He was awarded a professional diploma in management accountancy from the Hong Kong Polytechnic University (previously known as Hong Kong Polytechnic) in 1985 and he obtained his Master Degree in Business Administration from Heriot-Watt University, United Kingdom in 1999. He is a member of Hong Kong Institute of Certified Public Accountants; Association of Chartered Certified Accountants and Chartered Institute of Management Accountants.

Mr. Lim is the brother-in-law of Mr. Chan Yan Tak, the Chairman and an executive Director of the Company.

Ms. SIU Yeuk Hung, Clara (“Ms. Siu”), aged 57, joined the Company on 9 August 2017. She is compliance officer, a member of the Nomination Committee and Remuneration Committee of the Company.

Ms. Siu has extensive experience in marketing and business development. Prior to joining the Company, Ms. Siu has worked in a company listed on the Stock Exchange, responsible for the marketing and business development since 2006.

Mr. LAW Ka Kei (“Mr. Law”), aged 45, is a director of several subsidiaries of the Company. Mr. Law joined the Group as the General Manager of People’s Market in 2012 and appointed as executive director of the Company with effect from 2 July 2020. Mr. Law has over 18 years’ retail chain management experience. Mr. Law obtained a Degree of Business Administration from Lingnan University, Hong Kong.

Independent non-executive Directors

Mr. LEE King Fui (“Mr. Lee”), aged 43, joined the Company in July 2019. Mr. Lee is the Chairman of the Audit Committee and Remuneration Committee, the member of Nomination Committee of the Company. Mr. Lee is a director of Visionwide Consultancy Limited since October 2017. Mr. Lee has more than 20 years of experience in accounting, audit and corporate finance and advisory services in Malaysia, Hong Kong and Mainland China. He worked at Enesoon Technology Limited from January 2016 to December 2016, and his last position was vice president of strategic investment. Mr. Lee had been the chief financial officer of different companies in Hong Kong and China namely, Legend Oilfield Services Limited, Aujet Industry

Limited, and Wellable Marine Biotech Holding Limited for the period from August 2011 to April 2015. Prior to the abovementioned positions, Mr. Lee worked in KPMG Hong Kong from October 2006 to March 2011 and the last position that he held was senior manager.

Mr. Lee obtained a master's degree in accountancy from The Hong Kong Polytechnic University in October 2012. He was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants since January 2012 and became a fellow member since September 2020. Mr. Lee was admitted as a member of the Association of Chartered Certified Accountants in September 2003 and became a fellow member since September 2008. Mr. Lee was also admitted as a chartered accountant of the Malaysian Institute of Accountants since March 2004.

Mr. Lee is an independent non-executive director of China Creative Digital Entertainment Limited (Stock code 8078), a company listed on the GEM.

Mr. HO Tak Yin (“**Mr. Ho**”), aged 50, joined the Company in August 2020. Mr. Ho is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Ho is a director of a design company since 2002. Mr. Ho has over 18 years of experience in design industry and has sufficient experience in company operational management. Mr. Ho obtained a Degree of Arts in Graphic Design from University of Lincolnshire & Humberside, UK.

Mr. LEE Wing Lun (“**Mr. Lee**”), aged 38, joined the Company in September 2020. Mr. Lee is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Lee is a technical advisor in technology ventures, start-ups and consulting industry. He holds a Bachelor of Computer Engineering from the University of Hong Kong. Mr. Lee is a partner in an information technology company and responsible to provide IT infrastructure services to corporate clients. Mr. Lee is an independent non-executive director of China Creative Digital Entertainment Limited (Stock code 8078), a company listed on the GEM of The Stock Exchange of Hong Kong Limited.

Mr. Joseph Rodrick LAW (“**Mr. Joseph Law**”), aged 42, joined the Company on 22 July 2022. He is also a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Joseph Law is an entrepreneur, investor, bestselling author, visiting professor and philanthropist. He is the Chairman of J Global Limited, a consulting firm serving companies across Australia, Hong Kong, China, Southeast Asia, India, the United States, and Europe. He is a mentor for Cyberport Hong Kong and Tasmu Smart Qatar, an initiative aligned to the Ministry of Communications and Information Technology of Qatar. He is a visiting professor for the school of entrepreneurship at the Rishihood University.

Mr. Joseph Law is an Amazon best-selling author and columnist for the Forbes Magazine in China. He is the author of *The Chill Panda: Dealing with Change in Work and Life* and *Authentic Power and Greatness*. He has been interviewed by international media outlets, such as Yahoo! Finance, The Australian Financial Review, Sky News, the Financial Times, and the Wall Street Journal.

Mr. Joseph Law was invited by the former Foreign Minister of Australia to the advisory board of the think tank, Australia-China Relations Institute at the University of Technology Sydney. He has worked with the Sustainable Stock Exchange Initiative, co-organized by the United Nations Conference on Trade and Development. Mr. Joseph Law is the Chairman of the International Association of Mental Health Hong Kong and cofounder of JC Happiness Charity Foundation. He is also a member of the advisory committee of The Fred Hollows Foundation (HK).

Senior Management

Mr. TO Chi (“**Mr. To**”) has been the company secretary of the Company since 7 August 2014. Mr. To holds a Master of Finance from RMIT University. He is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. To has over 33 years of experience in company management, accounting, taxation as well as corporate finance.

Business address of the Directors

The business address of the Directors is the same as the Company’s head office and principal place of business in Hong Kong at Unit 02, 11/F, Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

13. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As the Group carried out a major portion of its operations in the PRC and Hong Kong and substantially all of its business transactions, assets and liabilities are denominated in either Renminbi or HK\$, the foreign exchange risk of the Group was considered minimal.
- (c) The English text of this Prospectus shall prevail over the respective Chinese text in the case of inconsistency.

14. BINDING EFFECT

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies Miscellaneous Provisions Ordinance, so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “Expert and Consent” in this Appendix, have been registered by the Companies Registry in Hong Kong pursuant to section 342C of the Companies Miscellaneous Provisions Ordinance.

16. DOCUMENTS ON DISPLAY

Copies of the following documents are available on display on the websites of the Company (<http://www.ecrepay.com/>) and the Stock Exchange (www.hkexnews.hk), for 14 days from the date of this Prospectus:

- (a) the memorandum of association and the articles of association of the Company;
- (b) the annual reports of the Group for the three years ended 31 March 2020, 2021 and 2022;
- (c) the first quarterly report of the Company for the three months ended 30 June 2022;
- (d) the report from Moore Stephens CPA Limited on the unaudited pro forma financial information of the Group as set out in Appendix II of this Prospectus;
- (e) the material contracts referred to in the section headed “Material Contracts” to this appendix;
- (f) the written consent referred to in the section headed “Expert and Consent” in this appendix; and
- (g) this Prospectus and the PAL(s).

The whole of this Provisional Allotment Letter must be returned to be valid.

本暫定配額通知書必須整份交回，方為有效。

IMPORTANT

重要提示

Reference is made to the prospectus issued by Easy Repay Finance & Investment Limited dated 29 August 2022 in relation to the Rights Issue (the “**Prospectus**”). Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless the context requires otherwise.

茲提述易還財務投資有限公司所刊發日期為二零二二年八月二十九日有關供股的章程（「**章程**」）。除文義另有界定外，本文件所用詞彙與章程所界定者具有相同涵義。

THIS PROVISIONAL ALLOTMENT LETTER (“PAL”) IS VALUABLE AND TRANSFERABLE AND REQUIRES YOUR IMMEDIATE ATTENTION. THE OFFER CONTAINED IN THIS PAL WILL EXPIRE AT 4:00 P.M. ON TUESDAY, 13 SEPTEMBER 2022 (OR SUCH LATER DATE AND/OR TIME AS MENTIONED IN THE PARAGRAPH HEADED “EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS” BELOW).

本暫定配額通知書（「暫定配額通知書」）具有價值及可轉讓，並請即處理。本暫定配額通知書所載之要約將於二零二二年九月十三日（星期二）下午四時正（或下文「惡劣天氣及／或極端情況之影響」一段所述之有關較後日期及／或時間）屆滿。

IF YOU ARE IN ANY DOUBT ABOUT THIS PAL OR AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, A LICENSED DEALER IN SECURITIES OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

閣下對本暫定配額通知書或將採取之行動如有任何疑問，應諮詢閣下之股票經紀、持牌證券交易商或註冊證券機構、銀行經理、律師、專業會計師或其他專業顧問。

A copy of this PAL, together with a copy of the Prospectus and the other documents specified in the paragraph headed “15. Documents Delivered to the Registrar of Companies” in Appendix III to the Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility as to the contents of any of these documents.

本暫定配額通知書連同章程及章程附錄三「15.送呈公司註冊處處長之文件」一段所述之其他文件，已依據香港法例第32章公司（清盤及雜項條文）條例第342C條規定向香港公司註冊處處長登記。香港公司註冊處處長、聯交所及證監會對任何此等文件之內容概不負責。

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this PAL, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

香港交易及結算所有限公司、聯交所及香港結算對本暫定配額通知書之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本文件全部或任何部份內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

Dealings in the Shares, the Rights Shares in their nil-paid form and fully-paid form may be settled through CCASS and you should consult your stockbroker, a licensed dealer in securities or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

股份、未繳股款及繳足股款之供股股份之買賣可透過中央結算系統進行交收，閣下應諮詢閣下之股票經紀、持牌證券交易商或註冊證券機構、銀行經理、律師、專業會計師或其他專業顧問有關該等交收安排之詳情，以及有關安排對閣下之權利及權益可能構成之影響。

Subject to the granting of listing on the Stock Exchange of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

待未繳股款及繳足股款供股股份獲批准於聯交所上市及買賣以及符合香港結算之股份收納規定後，未繳股款及繳足股款供股股份將獲香港結算接納為合資格證券以於中央結算系統寄存、結算及交收，由未繳股款及繳足股款供股股份各自於聯交所之開始買賣日期（或香港結算釐定之有關其他日期）起生效。聯交所參與者之間於任何交易日之交易須於其後第二個結算日在中央結算系統交收。於中央結算系統項下之一切活動須遵守不時生效之《中央結算系統一般規則》及《中央結算系統運作程序規則》。

Form A
表格甲

Hong Kong branch Share
Registrar:
Tricor Standard Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

香港股份過戶登記分處：
卓佳標準有限公司
香港
夏慤道16號
遠東金融中心17樓

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

(Continued into Bermuda with limited liability)
(於百慕達存續之有限公司)
(Stock code: 8079)
(股份代號：8079)

Head office and
principal place
of business in Hong
Kong:
總辦事處及香港主要
營業地點：
Unit 02, 11/f.,
Eastmark,
21 Sheung Yuet Road,
Kowloon Bay, Kowloon,
Hong Kong
香港
九龍九龍灣
常悅道21號
Eastmark
11樓02室

RIGHTS ISSUE OF 120,179,677 RIGHTS SHARES
ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY
TWO (2) EXISTING SHARES HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS
AT A SUBSCRIPTION PRICE OF HK\$0.12 PER RIGHTS
SHARE PAYABLE IN FULL ON
ACCEPTANCE BY NOT LATER THAN 4:00 P.M. ON
TUESDAY, 13 SEPTEMBER 2022

以供股方式按非包銷基準發行120,179,677股供股
股份基準為於記錄日期每持有兩(2)股現有股份
可獲發一(1)股供股股份
認購價為每股供股股份0.12港元
股款須於接納時
(即不遲於二零二二年九月十三日(星期二)下午四時正)繳足

29 August 2022
二零二二年
八月二十九日

PROVISIONAL ALLOTMENT LETTER
暫定配額通知書

Name(s) and address of Qualifying Shareholder(s)
合資格股東姓名／名稱及地址

Provisional Allotment Letter No.
暫定配額通知書編號

BOX A 甲欄 (Note 1 附註1)

BOX B 乙欄 (Note 2 附註2)

BOX C 丙欄 HK\$ 港幣 (Note 3 附註3)

- Note 1 Total number of Shares registered in your name(s) on Friday, 26 August 2022
附註1 於二零二二年八月二十六日(星期五)以閣下名義登記之股份總數
- Note 2 Number of Rights Shares provisionally allotted to you subject to payment in full on acceptance by no later than 4:00 p.m. on Tuesday, 13 September 2022
附註2 暫定配發予閣下之供股股份數目，惟須不遲於二零二二年九月十三日(星期二)下午四時正前接納時全數繳足股款
- Note 3 Total subscription monies payable in full upon acceptance
附註3 於接納時全數應繳之認購款項總額

Name of bank on which cheque/banker's cashier order is drawn:

支票／銀行本票付款銀行名稱：_____

Cheque/banker's cashier order number:

支票／銀行本票號碼：_____

Please insert your contact telephone no.:

請填上閣下聯絡電話號碼：_____

IN THE EVENT OF TRANSFER OF RIGHT(S) TO SUBSCRIBE FOR RIGHTS SHARE(S), HONG KONG AD VALOREM STAMP DUTY IS PAYABLE ON EACH SALE AND EACH PURCHASE. A GIFT OR TRANSFER OF BENEFICIAL INTERESTS OTHER THAN BY WAY OF SALE IS ALSO LIABLE TO HONG KONG AD VALOREM STAMP DUTY. EVIDENCE OF PAYMENT OF HONG KONG AD VALOREM STAMP DUTY WILL BE REQUIRED BEFORE REGISTRATION OF THE ENTITLEMENT(S) TO THE RIGHTS SHARE(S) REPRESENTED BY THIS DOCUMENT.

在轉讓供股股份的認購權時，每項買賣均須繳納香港從價印花稅。以出售以外方式餽贈或轉讓實益權益亦須繳納香港從價印花稅。在辦理本文件所載供股股份配額任何轉讓登記之前，須出示已繳納香港從價印花稅之證明。

Form B
表格乙

FORM OF TRANSFER AND NOMINATION
轉讓及提名表格

(To be completed and signed only by the Qualifying Shareholder(s) who wish(es) to transfer all of his/her/its/their right(s) to subscribe for the Rights Share(s) set out in Box B of Form A)
(僅供擬將其／彼等於表格甲內乙欄所列認購供股股份之權利全數轉讓之合資格股東填寫及簽署)

To: The Directors
Easy Repay Finance & Investment Limited

致： 易還財務投資有限公司
 列位董事

Dear Sirs and Madams,
I/We hereby transfer all of my/our rights to subscribe for the Rights Shares comprised in this PAL to the person(s) accepting the same and signing the registration application form (Form C) below.
敬啟者：
本人／吾等茲將本暫定配額通知書所列本人／吾等可認購供股股份之權利全數轉讓予接受此權利並簽署以下登記申請表格（表格丙）之人士。

1. _____ 2. _____ 3. _____ 4. _____

Signature(s) of Qualifying Shareholder(s) (all joint Shareholders must sign)
合資格股東簽署（所有聯名股東均須簽署）

Date：日期：_____

Note： Hong Kong ad valorem stamp duty is payable by the transferor(s) and the transferee(s) if this form is completed.

附註： 填妥此表格後，轉讓人及承讓人須支付香港從價印花稅。

Form C
表格丙

REGISTRATION APPLICATION FORM
登記申請表格

(To be completed and signed only by the person(s) to whom the rights to subscribe for the Rights Shares have been transferred)
(僅供承讓認購供股股份權利之人士填寫及簽署)

To: The Directors
Easy Repay Finance & Investment Limited

致： 易還財務投資有限公司
 列位董事

Dear Sirs and Madams,
I/We request you to register the number of Rights Shares mentioned in Box B of Form A in my/our name(s). I/We agree to accept the same on the terms embodied in this PAL and the Prospectus and subject to the memorandum of association and bye-laws of the Company.
敬啟者：
本人／吾等謹請 閣下將表格甲內乙欄所列數目之供股股份以本人／吾等名義登記。本人／吾等同意按照本暫定配額通知書及章程所載之條款，並在 貴公司之組織章程大綱及細則限制下接納該等股份。

Existing Shareholder(s) Please mark “X” in this box
現有股東請於此欄內填上「X」符號

To be completed in BLOCK letters in ENGLISH. Joint applicants should give the address of the first-named applicant only.
請用英文大楷填寫。聯名申請人只須填報排名首位之申請人地址。
For Chinese applicant(s), please provide your name in both English and Chinese.
華籍申請人請填寫中英文姓名。

Name of applicant in English 申請人英文姓名	Family name/Company name 姓氏／公司名稱	Other name(s) 名字	Name in Chinese 中文姓名
Name continuation and/or names of joint applicant(s) (if any) 續姓名及／或聯名申請人姓名 (如有)			
Address in English (joint applicants should give the address of the first-named applicant only) 英文地址（聯名申請人只須填報排名首位之申請人地址）			
Occupation 職業		Telephone no. 電話號碼	
Dividend instructions 派息指示			
Name and address of bank 銀行名稱及地址			Bank account no. 銀行賬戶號碼

1. _____ 2. _____ 3. _____ 4. _____

Signature(s) of applicant(s) (all joint applicants must sign)
申請人簽署（所有聯名申請人均須簽署）

Date: 日期：_____

Note： Hong Kong ad valorem stamp duty is payable in connection with the acceptance of the rights to subscribe for the Rights Shares.

附註： 閣下須就接納可認購供股股份之權利繳納香港從價印花稅。

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The Rights Issue will proceed on a non-underwritten basis. The Prospectus Documents have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

供股將按非包銷基準進行。章程文件並無亦將不會根據香港以外任何司法權區之適用證券法例登記或存檔。

If you wish to exercise your right to subscribe for all the Rights Shares specified in this PAL, you should lodge this PAL in accordance with the instructions printed herein, together with a remittance for the full amount as shown in Box C of Form A payable on acceptance, with the Company's branch share registrar in Hong Kong, Tricor Standard Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:00 p.m. on Tuesday, 13 September 2022. All remittances must be made by cheque or banker's cashier order in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to **"EASY REPAY FINANCE & INVESTMENT LIMITED"** and crossed **"Account Payee Only"**.

閣下如欲行使閣下之權利認購本暫定配額通知書指定之全部供股股份，必須不遲於二零二二年九月十三日（星期二）下午四時正，按照本暫定配額通知書印備之指示將本暫定配額通知書連同表格甲之丙欄所示接納時須繳付之全數股款，送呈本公司之香港股份過戶登記分處卓佳標準有限公司，地址為香港夏慤道16號遠東金融中心17樓。所有股款必須以港元之支票或銀行本票支付。支票須由香港持牌銀行戶口開出，銀行本票亦須由香港持牌銀行發出，並註明抬頭人為「**EASY REPAY FINANCE & INVESTMENT LIMITED**」及以「只准入抬頭人賬戶」方式劃線開出。

Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 31 August 2022 to Wednesday, 7 September 2022 (both dates inclusive).

未繳股款供股股份將於二零二二年八月三十一日（星期三）至二零二二年九月七日（星期三）（包括首尾兩日）進行買賣。

It should be noted that the Rights Shares will be dealt in their nil-paid form from Wednesday, 31 August 2022 to Wednesday, 7 September 2022 (both dates inclusive). Shareholders should note that dealings in such Rights Shares in their nil-paid form and dealings in the Shares may take place while certain conditions to which the Rights Issue (as specified in the section headed "Letter from the Board — Conditions of the Rights Issue" in the Prospectus) are subject remain unfulfilled and/or not waived (where applicable). Any Shareholder or other person dealing in the Rights Shares in their nil-paid form or dealing in the Shares up to the date on which all conditions to which the Rights Issue are subject are fulfilled and/or waived (where applicable), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating selling or purchasing or dealing in the Shares or the Rights Shares in their nil-paid form, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

謹請注意，供股股份將於二零二二年八月三十一日（星期三）至二零二二年九月七日（星期三）（包括首尾兩日）以未繳股款方式買賣。股東應注意，該等未繳股款供股股份及股份可能會在供股之某些條件（即章程內「董事會函件—供股的條件」一節所述之條件）尚未達成及／或未獲豁免（如適用）之情況下進行買賣。因此，於供股之所有條件達成及／或獲豁免（如適用）當日前買賣未繳股款供股股份或股份之任何股東或其他人士，均須相應承擔供股可能無法成為無條件或未必會進行之風險。任何有意買賣或交易股份或未繳股款供股股份之股東或其他人士，如對本身之狀況有任何疑問，應諮詢其專業顧問。

A SEPARATE CHEQUE OR BANKER'S CASHIER ORDER MUST ACCOMPANY EACH ACCEPTANCE

每份接納須隨附一張獨立開出之支票或銀行本票

NO RECEIPT WILL BE GIVEN

本公司將不另發收據

EASY REPAY FINANCE & INVESTMENT LIMITED

易還財務投資有限公司

(Continued into Bermuda with limited liability)

(Stock code: 8079)

29 August 2022

Dear Qualifying Shareholders,

INTRODUCTION

In accordance with the terms set out in the Prospectus accompanying the PAL, the Directors have provisionally allotted to you the number of Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held and registered in your name(s) as at the close of business on Friday, 26 August 2022. Your holding of Shares as at the close of business on Friday, 26 August 2022 is set out in Box A of Form A of the PAL and the number of Rights Shares provisionally allotted to you is set out in Box B of Form A of the PAL. Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless the context requires otherwise.

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with the then existing Shares in issue on the date of allotment of the Rights Shares in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

The Prospectus Documents have not been and will not be registered or filed under any applicable securities or equivalent legislation of any jurisdictions other than Hong Kong.

No action has been taken to permit the offering of the Rights Shares, or the distribution of the Prospectus Documents, in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving a copy of any of the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements.

It is the responsibility of any person (including but without limitation to nominees, agents and trustees) receiving a copy of any of the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares under the Prospectus to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance in relation to the Rights Issue by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to the representations and warranties.

EASY REPAY FINANCE & INVESTMENT LIMITED

易還財務投資有限公司

(於百慕達存續之有限公司)

(股份代號：8079)

敬啟者：

緒言

根據暫定配額通知書隨附的章程所載條款，董事按二零二二年八月二十六日（星期五）營業時間結束時登記於閣下名下之每持有兩(2)股現有股份獲發一(1)股供股股份之基準，已暫定向閣下配發供股股份。閣下於二零二二年八月二十六日（星期五）營業時間結束時所持股份數目載於暫定配額通知書表格甲之甲欄，而暫定配發予閣下之供股股份數目則載於暫定配額通知書表格甲之乙欄。除文義另有指明者外，本暫定配額通知書所用詞彙與章程所界定之詞彙具有相同涵義。

供股股份經配發、發行及繳足股款後，將在所有方面與配發供股股份當日之已發行現有股份享有同等權利。該等供股股份之持有人將有權收取於配發及發行供股股份日期或之後所宣派、作出或支付之一切未來股息及分派。

章程文件並無及將不會根據香港以外任何司法權區之任何適用證券或相關法例登記或存檔。

本公司並無於香港以外任何地區或司法權區就准許提呈發售供股股份或派發章程文件採取任何行動。因此，於香港以外任何地區或司法權區接獲任何章程文件之任何人士不可將其視作申請認購供股股份之要約或邀請，惟於有關司法權區內可毋須遵守任何登記手續或其他法律或監管規定即可合法提出該要約或邀請除外。

在香港以外地區接獲任何章程文件之任何人士（包括但不限於代名人、代理及受託人）如欲承購章程項下供股股份，須自行全面遵守有關地區或司法權區之法律及法規，包括遵守該地區或司法權區可能規定之任何其他正式手續而取得任何政府或其他同意，以及在該等地區或司法權區支付就此所需支付之任何稅項、關稅及其他款項。任何人士對有關供股作出之任何接納，將被視為構成該名人士就已遵守該等當地法律及規定向本公司作出之聲明及保證。為免除疑慮，香港結算及香港中央結算（代理人）有限公司概不受上述聲明及保證條文所規限。

PROCEDURE FOR ACCEPTANCE AND PAYMENT

To take up your provisional allotment in full you must lodge the whole of the PAL intact and in accordance with the instructions printed thereon with the Registrar, Tricor Standard Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with a remittance for the full amount payable on acceptance, as set out in Box C of Form A of the PAL, so as to be received by the Registrar not later than 4:00 p.m. on Tuesday, 13 September 2022 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed “Effect of Bad Weather and/or Extreme Conditions” below). All remittances must be made by cheque or banker’s cashier order in Hong Kong dollars. Cheques must be drawn on an account with, and banker’s cashier orders must be issued by, a licensed bank in Hong Kong and made payable to **“EASY REPAY FINANCE & INVESTMENT LIMITED”** and crossed **“Account Payee Only”**. Such payment will constitute acceptance of provisional allotment of Right Shares on the terms of the PAL and the Prospectus and subject to the memorandum of association and articles of association of the Company. No receipt will be issued for sums received on application. All enquiries in connection with this PAL should be addressed to the Registrar at the above address.

It should be noted that unless the duly completed PAL, together with the appropriate remittance for the amount shown in Box C of Form A of the PAL, has been received as described above by not later than 4:00 p.m. on Tuesday, 13 September 2022 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed “Effect of Bad Weather and/or Extreme Conditions” below), the PAL and all rights and entitlements hereunder will be deemed to have been declined and the relevant Rights Shares will be cancelled. The Company may (at its sole discretion but without obligation) treat a PAL (lodged as mentioned above) as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

TRANSFER

If you wish to transfer all of your rights to subscribe for the Rights Shares provisionally allotted to you hereunder, you must complete and sign the form of transfer and nomination (Form B) and hand the PAL to the person(s) to or through whom you are transferring your rights. The transferee(s) must then complete and sign the registration application form (Form C) and lodge the PAL intact together with a remittance for the full amount payable on acceptance as set out in Box C of Form A of the PAL with the Registrar, Tricor Standard Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, so as to be received by the Registrar not later than 4:00 p.m. on Tuesday, 13 September 2022 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed “Effect of Bad Weather and/or Extreme Conditions” below). It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares and the acceptance by the transferee(s) of such rights. If you are an Overseas Shareholder, please refer to the section headed “Letter from the Board — Rights Issue — Excluded Shareholder(s) (if any)” in the Prospectus for details of the restrictions which may be applicable to you.

接納及付款手續

閣下如欲承購全數暫定配額，則須不遲於二零二二年九月十三日（星期二）下午四時正（或在惡劣天氣情況下，下文「惡劣天氣及／或極端情況之影響」一節所述之有關較後日期及／或時間），將整份暫定配額通知書按其列印之指示連同暫定配額通知書表格甲之丙欄所載接納時應付之全數股款交回過戶登記處卓佳標準有限公司，地址為香港夏慤道16號遠東金融中心17樓。所有股款必須以支票或銀行本票以港元支付。支票須由香港持牌銀行戶口開出，銀行本票亦須由香港持牌銀行發出，並註明抬頭人為「**EASY REPAY FINANCE & INVESTMENT LIMITED**」及劃線註明「**只准入抬頭人賬戶**」。有關付款將構成按暫定配額通知書及章程之條款，並受本公司之組織章程大綱及組織章程細則所規限下接納供股股份暫定配額。申請時收訖之股款將不會獲發收據。所有有關本暫定配額通知書之查詢應按上述地址送交過戶登記處。

務請注意，除非已填妥的暫定配額通知書連同暫定配額通知書表格甲之丙欄所示之適當股款已如上文所述不遲於二零二二年九月十三日（星期二）下午四時正（或在惡劣天氣情況下，下文「惡劣天氣及／或極端情況之影響」一節所述之有關較後日期及／或時間）收到，否則將被視作放棄暫定配額通知書及據此享有之所有權利及權益，而有關供股股份將會被註銷。即使按上述規定交回之暫定配額通知書並未按有關指示填妥，本公司可（全權酌情決定但並無責任）將其視為有效，並對遞交表格之人士或其代表具約束力。本公司可要求有關申請人於稍後階段填妥未填妥之暫定配額通知書。

轉讓

閣下如欲將全部暫定配發予閣下之供股股份認購權轉讓，須填妥及簽署轉讓及提名表格（表格乙），並將暫定配額通知書交予認購權之承讓人或轉讓經手人。其後，承讓人須不遲於二零二二年九月十三日（星期二）下午四時正（或在惡劣天氣情況下，下文「惡劣天氣及／或極端情況之影響」一節所述之有關較後日期及／或時間）將登記申請表格（表格丙）填妥及簽署，然後將暫定配額通知書連同暫定配額通知書表格甲之丙欄所示接納時應付之全數股款交回過戶登記處卓佳標準有限公司，地址為香港夏慤道16號遠東金融中心17樓。謹請注意，閣下轉讓有關供股股份之認購權予承讓人時，須繳付香港從價印花稅，而承讓人於接納有關權利時亦須繳付香港從價印花稅。倘閣下為海外股東，有關可能適用於閣下的限制詳情，請參閱章程內「董事會函件—供股—除外股東（如有）」一節。

SPLITTING

If you wish to accept only part of your provisional allotment or to transfer part of your rights to subscribe for the Rights Shares provisionally allotted hereunder, or to transfer all or part of your rights to more than one person, the original PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Friday, 2 September 2022 with the Registrar, Tricor Standard Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, who will cancel the original PAL and issue new PALs in the denominations as required, which will be available for collection from the Registrar at the aforementioned address after 9:00 a.m. on the second Business Day after the date of your surrender of the original PAL.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or extreme conditions caused by super typhoons as announced by the Government of Hong Kong: (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 13 September 2022. Instead, the latest time of acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 13 September 2022. Instead the latest time of acceptance of and payment for the Rights Shares will be re-scheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance and payment for the Rights Shares does not take place on or before 4:00 p.m. on Tuesday, 13 September 2022, the dates mentioned in the expected timetable in the Prospectus may be affected. The Company will notify the Shareholders by way of announcement(s) on any changes to the expected timetable as soon as practicable in this regard.

FRACTIONAL ENTITLEMENTS

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any of the Rights Shares remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

WARNING OF THE RISK OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

It should be noted that the Shares have been dealt in on an ex-rights basis since Thursday, 18 August 2022. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 31 August 2022 to Wednesday, 7 September 2022 (both dates inclusive). If any of the conditions of the Rights Issue is not fulfilled, the Rights Issue will not proceed.

Any dealings in the Shares prior to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors contemplating any dealings in the Shares or Rights Shares in nil-paid form are recommended to consult their professional advisers if in doubt.

CHEQUES AND BANKER’S CASHIER ORDERS

All cheques and banker’s cashier orders will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of this PAL together with a cheque or banker’s cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker’s cashier order will be honoured upon first presentation. If any cheque or banker’s cashier order is not honoured upon first presentation, this PAL is liable to be rejected and/or deemed invalid by the Company in its absolute discretion and your assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

分拆

閣下如僅欲接納部份暫定配額或欲轉讓暫定配額通知書所述獲暫定配發以認購供股股份之部份權利，或將所有或部份權利轉讓予一名以上之人士，則須不遲於二零二二年九月二日（星期五）下午四時三十分將原有暫定配額通知書交回及呈交過戶登記處卓佳標準有限公司，地址為香港夏慤道16號遠東金融中心17樓，以便過戶登記處註銷原有暫定配額通知書，並按所需數額發出新暫定配額通知書。新暫定配額通知書可於閣下交回原有暫定配額通知書之日期後第二個營業日上午九時正後在過戶登記處之上述地址領取。

惡劣天氣及／或極端情況之影響

於以下情況下，接納供股股份及繳付股款之最後時限將不會生效：倘八號或以上熱帶氣旋警告信號或「黑色」暴雨警告或由香港政府所公佈超強颱風引致的極端情況：(i)於二零二二年九月十三日（星期二）任何本地時間中午十二時正前在香港生效，並於當日中午十二時正後解除，否則接納供股股份及繳付股款之最後時限將順延至同一個營業日下午五時正；或(ii)於二零二二年九月十三日（星期二）任何本地時間中午十二時正至下午四時正期間在香港生效，否則接納供股股份及繳付股款之最後時限將更改為於上午九時正至下午四時正期間任何時間並無發出上述任一警告之下一個營業日下午四時正。

倘接納供股股份及繳付股款之最後時限並無於二零二二年九月十三日（星期二）下午四時正或之前生效，則章程中之預期時間表所述日期或會受到影響。倘預期時間表出現任何變動，本公司將就此於實際可行情況下盡快作出公佈知會股東。

零碎配額

本公司將不會暫定配發任何零碎供股股份，亦不會接受任何零碎供股股份之申請。倘經扣除開支後可獲得溢價，本公司將會匯集所有零碎供股股份並於公開市場上出售。本公司將不會發行任何在市場上未售出的供股股份，而會相應減少供股的規模。

買賣股份及未繳股款供股股份之風險警告

敬請留意，股份已自二零二二年八月十八日（星期四）起以除權基準買賣。未繳股款供股股份將於二零二二年八月三十一日（星期三）至二零二二年九月七日（星期三）（包括首尾兩日）進行買賣。倘供股之任何條件未能達成，則供股將不會進行。

於供股之所有條件達成之日前之任何股份買賣，以及買賣未繳股款供股股份之任何股東，將相應承擔供股可能不會成為無條件或可能不會進行之風險。

任何擬買賣股份或未繳股款供股股份之股東及潛在投資者如有疑問，務請諮詢彼等之專業顧問。

支票及銀行本票

所有支票及銀行本票將會於收訖後隨即過戶，而該等款項所賺取之利息（如有）將全數撥歸本公司所有。填妥及交回本暫定配額通知書連同支付所申請之供股股份股款之支票或銀行本票，即表示保證支票或銀行本票可於首次過戶時兌現。倘任何支票或銀行本票於首次過戶時不獲兌現，則本公司全權酌情拒絕受理本暫定配額通知書及／或視其為無效，在此情況下，閣下之保證配額及其項下所有權利將被視作已被放棄而予以撤銷。

CERTIFICATES FOR THE RIGHTS SHARES

It is expected that certificates for the fully-paid Rights Shares will be despatched by ordinary post to you to your registered addresses at your own risk on or before Thursday, 22 September 2022. One share certificate will be issued for all the Rights Shares (if any) allotted to you, except HKSCC Nominees Limited.

GENERAL

Lodgement of this PAL purporting to have been signed by the person(s) in whose favour it has been issued, shall be conclusive evidence of the title of the party or parties lodging it to deal with the same and to receive split PALs and/or certificates for the Rights Shares.

All documents, including cheques for the amounts due, will be sent by ordinary post to their registered address at the risk of the person(s) entitled thereto.

The terms and conditions relating to application for the Rights Shares as contained in the Prospectus shall apply. This PAL and any application for the Rights Shares pursuant to it shall be governed by, and construed in accordance with, the laws of Hong Kong.

Further copies of the Prospectus are available at the Registrar.

PERSONAL DATA COLLECTION — PAL

By completing, signing and submitting the forms accompanying this PAL, you agree to disclose to the Company, the Registrar and/or their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the acceptance of the provisional allotment of the Rights Shares. The Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) provides the holders of securities with rights to ascertain whether the Company or the Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. In accordance with the Personal Data (Privacy) Ordinance, the Company and the Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and the kinds of data held should be addressed to the Company, at its principal place of business at Unit 02, 11/f., Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong or as notified from time to time in accordance with applicable law, for the attention of the Company Secretary, or (as the case may be) to the Registrar, Tricor Standard Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for the attention of Privacy Compliance Officer.

Yours faithfully
For and on behalf of the Board
Easy Repay Finance & Investment Limited
Chan Yan Tak
Executive Director and Chairman

供股股份之股票

預期繳足股款之供股股份之股票將於二零二二年九月二十二日（星期四）或之前以普通郵遞方式寄予閣下之登記地址，郵誤風險概由閣下自行承擔。本公司將就閣下獲配發之全部供股股份（如有）發出一張股票（不包括香港中央結算（代理人）有限公司）。

一般事項

交回已由應獲發本暫定配額通知書之人士簽署之暫定配額通知書，即為交回上述文件之人士有權處理暫定配額通知書，並有權收取暫定配額分拆函件及／或供股股份之股票之最終憑證。

所有文件（包括應付款項之支票）將以普通郵遞方式寄予收件人登記地址，郵誤風險概由彼等自行承擔。

章程所載有關申請供股股份之條款及條件將適用。本暫定配額通知書及任何據此作出之供股股份申請均受香港法例管轄，並按其詮釋。

閣下如需要額外之章程，可於過戶登記處索取。

個人資料收集 — 暫定配額通知書

倘填妥、簽署及交回表格及本暫定配額通知書，閣下同意向本公司、過戶登記處及／或彼等各自之顧問及代理披露個人資料及彼等所需而有關閣下或閣下為其利益而接納供股股份之暫定配額之人士之任何資料。《個人資料（私隱）條例》（香港法例第486章）給予證券持有人權利可確定本公司或過戶登記處是否持有其個人資料、索取有關資料之副本以及改正任何不準確之資料。根據《個人資料（私隱）條例》，本公司及過戶登記處有權就處理任何查閱資料之要求收取合理費用。有關查閱資料或改正資料或有關政策及慣例以及持有資料種類之資料的所有要求，應寄往本公司之主要營業地點，地址為香港九龍九龍灣常悅道21號Eastmark 11樓02室或根據適用法律不時通知之地點並以公司秘書為收件人，或（視情況而定）過戶登記處卓佳標準有限公司（地址為香港夏慤道16號遠東金融中心17樓）並以私隱事務主任為收件人。

此 致

列位合資格股東 台照

代表董事會
易還財務投資有限公司
執行董事兼主席
陳恩德
謹啟

二零二二年八月二十九日