



First Credit Finance Group Limited
第一信用金融集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code : 8215



INTERIM **2015**
REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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



INDEPENDENT REVIEW REPORT



TO THE BOARD OF DIRECTORS OF FIRST CREDIT FINANCE GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information of First Credit Finance Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 4 to 21 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the condensed consolidated statement of profit or loss and other comprehensive income for each of the three months ended 30 June 2015 and 2014, and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of Entity".

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong
7 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Three months ended 30 June		Six months ended 30 June	
		2015 HK\$ (unaudited)	2014 HK\$ (unaudited)	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Revenue	5	16,336,180	12,950,024	31,072,674	27,132,770
Other income and gains	5	2,070,789	366,735	2,437,546	723,700
		18,406,969	13,316,759	33,510,220	27,856,470
Administrative expenses		(4,623,709)	(4,910,820)	(9,361,997)	(9,847,282)
Other operating expenses		(3,698,765)	(4,857,500)	(7,626,295)	(11,676,649)
Finance costs	6	(963,754)	(675,026)	(2,284,649)	(1,601,235)
Profit before tax	7	9,120,741	2,873,413	14,237,279	4,731,304
Income tax expense	8	(1,202,869)	(460,763)	(2,078,404)	(762,235)
Profit for the period		7,917,872	2,412,650	12,158,875	3,969,069
Other comprehensive income, net of tax					
<i>Items that may be reclassified to profit or loss:</i>					
Gain on property revaluation		5,203,775	—	5,203,775	—
		5,203,775	—	5,203,775	—
Total comprehensive income for the period		13,121,647	2,412,650	17,362,650	3,969,069
		HK cents	HK cents (restated)	HK cents	HK cents (restated)
Earnings per share					
Basic	10	1.34	1.68	2.38	2.92
Diluted	10	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Note	30 June 2015 HK\$ (unaudited)	31 December 2014 HK\$ (audited)
Non-current assets			
Property, plant and equipment	11	2,487,059	3,364,450
Investment properties		62,600,000	45,400,000
Intangible assets		792,448	792,448
Leasehold land under finance leases		15,454,856	25,296,408
Loans receivable	12	249,373,070	223,903,767
Deferred tax assets		378,007	378,007
Total non-current assets		331,085,440	299,135,080
Current assets			
Loans receivable	12	176,947,418	112,965,068
Prepayments, deposits and other receivables		1,702,414	3,665,776
Bank and cash balances		25,320,688	7,134,632
Current tax receivable		—	578,953
Total current assets		203,970,520	124,344,429
Current liabilities			
Accruals and other payables		2,192,599	1,866,673
Interest-bearing loans	13	65,625,596	82,274,376
Finance lease payable		137,500	150,000
Current tax liabilities		3,520,454	—
Total current liabilities		71,476,149	84,291,049
Net current assets		132,494,371	40,053,380
Total assets less current liabilities		463,579,811	339,188,460

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 JUNE 2015

	Note	30 June 2015 HK\$ (unaudited)	31 December 2014 HK\$ (audited)
Non-current liabilities			
Finance lease payable		—	62,500
Deferred tax liabilities		127,804	127,804
Total non-current liabilities		127,804	190,304
NET ASSETS			
Capital and reserves			
Share capital	14	6,048,000	14,400,000
Reserves		457,404,007	324,598,156
TOTAL EQUITY		463,452,007	338,998,156

Approved by the Board of Directors on 7 August 2015.

Sin Kwok Lam
Director

Tsang Yan Kwong
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	(Unaudited)							
	Attributable to owners of the Company							
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Contributed surplus HK\$	Property revaluation reserve HK\$	Retained profits HK\$	Proposed final dividend HK\$	Total HK\$
At 1 January 2014	12,000,000	94,429,089	142,309,615	—	—	44,905,226	2,400,000	296,043,930
Total comprehensive income for the period	—	—	—	—	—	3,969,069	—	3,969,069
Issue of shares on placement (note 14(a))	2,400,000	19,200,000	—	—	—	—	—	21,600,000
Share issue expenses	—	(763,452)	—	—	—	—	—	(763,452)
Final dividend paid	—	—	(480,000)	—	—	—	(2,400,000)	(2,880,000)
Changes in equity for the period	2,400,000	18,436,548	(480,000)	—	—	3,969,069	(2,400,000)	21,925,617
At 30 June 2014	14,400,000	112,865,637	141,829,615	—	—	48,874,295	—	317,969,547
At 1 January 2015	14,400,000	112,865,637	141,829,615	—	—	69,902,904	—	338,998,156
Total comprehensive income for the period	—	—	—	—	5,203,775	12,158,875	—	17,362,650
Issue of shares under rights issue (note 14(c))	43,200,000	59,616,000	—	—	—	—	—	102,816,000
Share premium reduction (note)	—	(168,878,070)	—	168,878,070	—	—	—	—
Capital reorganisation (note 14(d))	(51,840,000)	—	—	51,840,000	—	—	—	—
Issue of shares on placement (note 14(e))	288,000	8,006,400	—	—	—	—	—	8,294,400
Share issue expenses	—	(4,019,199)	—	—	—	—	—	(4,019,199)
Changes in equity for the period	(8,352,000)	(105,274,869)	—	220,718,070	5,203,775	12,158,875	—	124,453,851
At 30 June 2015	6,048,000	7,590,768	141,829,615	220,718,070	5,203,775	82,061,779	—	463,452,007

Note:

Pursuant to a resolution passed in the extraordinary general meeting held on 24 December 2014, the Company announced the proposed cancellation of share premium account by cancelling the entire amount standing to the credits of the share premium account of the Company on the day immediately before the despatch of certificate for fully-paid rights shares (note 14(c)) and to transfer the credits arising from such cancellation to an account designated as the contributed surplus account of the Company.

The certificates for the fully-paid rights shares were despatched to the then entitled shareholders of the Company on 2 February 2015 and the credit balance of HK\$168,878,070 standing to the Company's share premium account immediately before such day was transferred to the contributed surplus account accordingly.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Net cash used in operating activities	(69,800,505)	(1,745,875)
Net cash used in investing activities	(36,050)	(118,487)
Net cash generated from financing activities	88,108,470	12,335,616
Net increase in cash and cash equivalents	18,271,915	10,471,254
Cash and cash equivalents at beginning of period	(14,747,849)	4,656,511
Cash and cash equivalents at end of period	3,524,066	15,127,765
Analysis of balances of cash and cash equivalents		
Bank and cash balances	25,320,688	15,127,765
Bank overdrafts	(21,796,622)	—
	3,524,066	15,127,765



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with HKAS 34 issued by the HKICPA and the applicable disclosures required by the GEM Listing Rules.

These condensed financial statements should be read in conjunction with the 2014 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014 except as stated below.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015 was adopted by the Group.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2015. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.



3. FAIR VALUE MEASUREMENTS

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 following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosure of level in fair value hierarchy at 30 June 2015 and 31 December 2014

The fair value measurements of the Group's investment properties are recurring and are determined using level 2 inputs.

Disclosure of valuation techniques and inputs used in fair value measurements at 30 June 2015 and 31 December 2014

The investment properties were revalued on 30 June 2015 and 31 December 2014 respectively by RHL Appraisal Limited, independent professionally qualified valuer, on direct comparison of price properties of similar size, character and location (level 2 measurement). The key input used in the valuation is the price per square feet.

During the two period/year, there were no changes in the valuation techniques used.

Fair values of financial assets and liabilities not carried at fair value

The carrying amounts of the Group's financial assets and liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

4. SEGMENT INFORMATION

During the six months ended 30 June 2015 and 2014, all of the Group's revenue has been generated from the provision and arrangement of credit facilities in Hong Kong. Revenue represents interest income earned from loans offered to the Group's customers. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and assessment of the Group's performance, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis or information about the Group's products and services is presented.

All of the Group's revenue from external customers and assets was generated from and located in Hong Kong during the six months ended 30 June 2015 and 2014.

5. REVENUE, OTHER INCOME AND GAINS

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue:				
Interest income on loans	16,336,180	12,950,024	31,072,674	27,132,770
Other income:				
Other fee income	50,893	64,087	94,861	118,559
Bank interest income	164	70	165	71
Gross rental income	319,732	302,578	642,520	605,070
	370,789	366,735	737,546	723,700
Gains:				
Fair value gains on investment properties	1,700,000	—	1,700,000	—
Other income and gains	2,070,789	366,735	2,437,546	723,700
Total revenue, other income and gains	18,406,969	13,316,759	33,510,220	27,856,470

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Finance lease charges	3,750	3,750	7,500	7,500
Interest on bank loans and overdrafts	487,333	244,098	834,752	629,118
Interest on other borrowings wholly repayable within five years	472,671	427,178	1,442,397	964,617
	963,754	675,026	2,284,649	1,601,235

7. PROFIT BEFORE TAX

The Group's profit before tax is stated after charging/(crediting) the following:

	Three months ended 30 June		Six months ended 30 June	
	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Depreciation	209,959	397,066	423,721	791,370
Amortisation of leasehold land under finance leases	17,606	17,606	35,211	35,211
Directors' emoluments:				
Salaries, bonus and allowance	1,213,333	1,202,500	2,403,333	2,395,137
Pension scheme contributions	136,125	136,125	272,250	272,250
	1,349,458	1,338,625	2,675,583	2,667,387
Employee benefits expense (excluding directors' emoluments):				
Salaries, bonus and allowance	2,244,904	2,449,036	4,688,425	4,905,020
Pension scheme contributions	136,717	130,994	285,651	281,347
	2,381,621	2,580,030	4,974,076	5,186,367
Fair value gains on investment properties	1,700,000	—	1,700,000	—
Minimum lease rental payments in respect of land and buildings under an operating lease	325,050	304,500	650,100	609,000
Net charge for impairment allowance for loans receivable	1,933,872	2,867,062	3,544,204	7,530,817

8. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax — Hong Kong				
Profits Tax	1,202,869	460,763	2,078,404	762,235

Hong Kong Profits Tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the six months ended 30 June 2015 and 2014.

9. DIVIDENDS

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
2013 Final of HK0.2 cent per ordinary share paid	—	2,880,000	—	2,880,000

The Directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2015.

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$12,158,875 (2014: HK\$3,969,069) of the Company, and the weighted average number of ordinary shares of 509,941,693 (2014: 135,918,409 (restated)) in issue during the period.

The weighted average number of ordinary shares has been retrospectively adjusted for the share consolidation and rights issue as described in notes 14(b) and (c) to the condensed consolidated financial statements.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2015 and 2014.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment of HK\$36,215 (2014: HK\$118,558).

12. LOANS RECEIVABLE

	30 June 2015 HK\$ (unaudited)	31 December 2014 HK\$ (audited)
Loans to customers	424,685,875	336,862,414
Accrued interest receivables	6,187,011	4,060,434
	430,872,886	340,922,848
Impairment allowance on individual assessment	(2,327,335)	(2,128,950)
Impairment allowance on collective assessment	(2,225,063)	(1,925,063)
	426,320,488	336,868,835
Analysed as:		
Non-current assets	249,373,070	223,903,767
Current assets	176,947,418	112,965,068
	426,320,488	336,868,835

The Group seeks to maintain strict control over its outstanding loans receivable to minimise credit risk. Overdue balances are reviewed regularly by management.

The loans receivable above were denominated in Hong Kong dollars.

12. LOANS RECEIVABLE (Continued)

The credit quality analysis of the loans receivable is as follows:

	30 June 2015 HK\$ (unaudited)	31 December 2014 HK\$ (audited)
Neither past due nor impaired		
— Unsecured	327,431,459	220,720,795
— Secured	69,710,853	64,846,116
Less than 1 month past due	5,407,813	9,328,135
1 to 3 months past due	301,274	36,675,493
Over 3 months past due	25,584,379	7,076,188
	428,435,778	338,646,727
Impaired (note)	2,437,108	2,276,121
	430,872,886	340,922,848

Note: Represents the gross amount of individually impaired loans receivable for which impairment loss has been provided partially or in full as at period/year end date.

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of individual customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment on these individual loans is necessary as these loans receivable were substantially/fully settled subsequent to the reporting period or there has not been a significant change in credit quality that these balances are still considered fully recoverable.

Amongst all past due but not impaired loans, the first mortgage loan of HK\$26,088,888 (At 31 December 2014: HK\$30,429,790) and second mortgage loan of HK\$1,168,808 (At 31 December 2014: HK\$10,396,761) were secured by the collaterals with fair value (based on its prevailing market price) amounted to HK\$32,410,000 (At 31 December 2014: HK\$40,570,000) and HK\$11,390,000 (At 31 December 2014: HK\$37,370,000) respectively as at 30 June 2015.

The individually impaired loans receivable relate to clients that were in financial difficulties and only a portion of the receivable is expected to be recovered. As at 30 June 2015 and 31 December 2014, the Group did not hold any collateral in respect of the individually impaired loans receivable.

13. INTEREST-BEARING LOANS

	30 June 2015 HK\$ (unaudited)	31 December 2014 HK\$ (audited)
Bank loans	23,828,974	21,891,895
Bank overdrafts	21,796,622	21,882,481
Loans from independent third parties	20,000,000	38,500,000
	65,625,596	82,274,376

The borrowings are repayable as follows:

	30 June 2015 HK\$ (unaudited)	31 December 2014 HK\$ (audited)
On demand or within one year	45,865,282	61,792,557
In the second year	1,480,613	1,454,906
In the third to fifth year	4,742,896	4,667,237
After five years	13,536,805	14,359,676
	65,625,596	82,274,376
Portion of bank loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	(19,760,314)	(20,481,819)
Amount due for settlement within 12 months (shown under current liabilities)	45,865,282	61,792,557

The carrying amounts of the Group's borrowings are denominated in Hong Kong dollars.

At 30 June 2015 and 31 December 2014, the bank loans and overdrafts are secured by charges over the Group's buildings classified as property, plant and equipment, leasehold land under finance leases and investment properties.

13. INTEREST-BEARING LOANS (Continued)

The average interest rates at the end of the reporting period were as follows:

	30 June 2015 (unaudited)	31 December 2014 (audited)
Bank loans	2.5%–4.25%	2.5%–4.25%
Bank overdrafts	5.25%–5.75%	5.25%–5.75%
Loans from independent third parties	8%–8.5%	8%–8.5%

14. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares	Amount HK\$	Number of shares	Amount HK\$
Ordinary share of HK\$0.01 each at 1 January 2014, audited	500,000,000,000	5,000,000,000	1,200,000,000	12,000,000
Issue of shares on placement (note (a))	—	—	240,000,000	2,400,000
Share consolidation (note (b))	(450,000,000,000)	—	(1,296,000,000)	—
Ordinary share of HK\$0.1 each at 31 December 2014 and 1 January 2015, audited	50,000,000,000	5,000,000,000	144,000,000	14,400,000
Issue of shares under rights issue (note (c))	—	—	432,000,000	43,200,000
Capital reorganisation (note (d))	450,000,000,000	—	—	(51,840,000)
Issue of shares on placement (note (e))	—	—	28,800,000	288,000
Ordinary share of HK\$0.01 each at 30 June 2015, unaudited	500,000,000,000	5,000,000,000	604,800,000	6,048,000

Note:

- (a) On 25 April 2014, the Company and Trinity Finance Investment Limited entered into a placing agreement in respect of the placement of 240,000,000 ordinary shares of HK\$0.01 each to independent investors at a price of HK\$0.09 per share. The placement was completed on 7 May 2014 and the premium on the placing of shares amounting to HK\$19,200,000, net of share issue expenses amounting to HK\$763,452, was credited to the Company's share premium account.



14. SHARE CAPITAL *(Continued)*

Note: *(continued)*

- (b) Pursuant to a resolution passed in the extraordinary general meeting held on 24 December 2014, every ten shares of the Company's issued and unissued shares with par value of HK\$0.01 per share have been consolidated into one share with par value of HK\$0.1 with effect from 29 December 2014. The consolidated shares rank *pari passu* in all respects with each other. The implementation did not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the shareholders, save for any fractional consolidated shares (i.e. less than one consolidated share) to which shareholders may be entitled.
- (c) Pursuant to a resolution passed in the extraordinary general meeting held on 24 December 2014, the Company announced the proposed rights issue (the "Rights Issue") by way of issue of rights on the basis of three rights shares of HK\$0.1 each (the "Rights Share") for every share in issue and held on the record date at the subscription price of HK\$0.238 per Rights Share.

On 2 February 2015, the Rights Issue was completed and 432,000,000 Rights Shares were issued and allotted as a result of the Rights Issue. On the same day, the premium on the issue of Rights Shares amounting to HK\$59,616,000, net of share issue expenses amounting to HK\$3,603,567, was credited to the Company's share premium account.

- (d) Pursuant to a resolution passed in the extraordinary general meeting held on 24 December 2014, the Company announced the proposed capital reorganisation (i) to reduce the par value of each issued share of the Company from HK\$0.1 to HK\$0.01 by cancelling the capital paid-up thereon to the extent of HK\$0.09 on each of its issued shares and (ii) to sub-divide the authorised but unissued shares of HK\$0.1 each into ten new shares of HK\$0.01 each (the "Capital Reorganisation").

On 2 March 2015, the Company announced that all conditions precedent of the implementation of the Capital Reorganisation had been fulfilled and had become effective on 2 March 2015.

- (e) On 24 April 2015, the Company and Jun Yang Securities Company Limited entered into a placing agreement in respect of the placement of 28,800,000 ordinary shares of HK\$0.01 each to independent investors at a price of HK\$0.288 per share. The placement was completed on 8 May 2015 and the premium on the placing of shares amounting to HK\$8,006,400, net of share issue expenses amounting to HK\$415,632, was credited to the Company's share premium account.

15. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with its related parties during the period:

	Six months ended 30 June	
	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Interest income from a related company (note)	682,002	683,090

Note: The related company is indirectly wholly-owned by a company where the chairman and director of the Company, is a substantial shareholder, chairman and director.

- (b) Balances with related parties:

	30 June 2015 HK\$ (unaudited)	31 December 2014 HK\$ (audited)
	Loans to a related company (note)	12,400,000

Note: The related company is indirectly wholly-owned by a company where the chairman and director of the Company is a substantial shareholder, chairman and director. The loans to the related party as at 30 June 2015 bear effective interest rate of 11% per annum and are repayable on 8 April 2016 (At 31 December 2014: bear effective interest rate of 11% per annum and are repayable on 8 April 2016).

15. RELATED PARTY TRANSACTIONS *(Continued)*

(c) The Group had paid compensation to key management personnel during the period as follows:

	Six months ended 30 June	
	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Short term employee benefits including salaries, bonuses, paid annual leaves and sick leaves	2,403,333	2,395,137
Post-employment benefits	272,250	272,250
	2,675,583	2,667,387

16. CONTINGENT LIABILITIES

At 30 June 2015, the Group and the Company had the following significant contingent liabilities:

The Group's external legal counsel advised that the Group's loan agreements which involve charging an interest rate at a rate more than 48%, but less than 60% per annum shall be presumed to be extortionate and such portion of extortionate interest is potentially unenforceable as determined by the court. Subject to the court's consideration of facts relevant to individual borrowers, this presumption may be rebutted if the court, having regard to all circumstances is satisfied that such rate is not unreasonable or unfair. As at 30 June 2015, the Group's maximum exposure to such legal risk comprised its aggregate loans receivable granted to borrowers of approximately HK\$24.84 million (At 31 December 2014: HK\$25.27 million).

17. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 7 August 2015.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 June 2015, the Company and its subsidiaries (collectively the “Group”) continued with its money lending business in providing secured and unsecured loans to customers comprising individuals, corporations and foreign domestic workers.

During the period, due to the continuous effort in expanding the Group’s loan portfolio and on the back of funds raised from a rights issue in February 2015 and a placing in May 2015, the average loan balance increased by approximately 31.39% as compared to the corresponding period in the preceding year and amounted to approximately HK\$391.38 million for the six months ended 30 June 2015, which drove the revenue up to approximately HK\$31.07 million for the six months ended 30 June 2015.

In early February 2015, the Company raised net proceeds of approximately HK\$99.21 million by issuing 432,000,000 rights shares of HK\$0.238 each on the basis of three rights shares for every one share. Up to 7 August 2015, the actual net proceeds from the rights issue was used entirely as intended as lending related business and general working capital of the Group respectively. Relevant information of which was stated in the announcement regarding change in use of proceeds from rights issue dated 19 March 2015. Subsequently, as part of the Company’s efforts to broaden its shareholder base, the Company has successfully completed a placing on 8 May 2015 which raised net proceeds of approximately HK\$7.88 million as described in the announcements dated 24 April 2015 and 8 May 2015 respectively. As at 7 August 2015, the net proceeds from the placing was fully deployed for money lending business as intended.

The Group will continue to monitor the status of the application for setting up business in Tianjin which is still under processing. In view of the considerable effort and time required to be devoted to formulate the business development plan in Tianjin, the Directors will continue to review the potential benefits relative to the efforts so far expended on the plan and may consider other scenarios or opportunities subject to the prevailing market condition and the position of the Group.

Moving ahead and in response to the challenging market conditions, the Group is mindful on maintaining the growth and credit quality of its loan portfolio. The Group will strive to support its business development across a broader customer base on the strength of flexibility in business operations, by providing competitively priced products, as well as efficient customer service.



FINANCIAL REVIEW

Revenue

The Group's revenue is derived from interest received from the provision of various types of loan products to its customers.

For the six months ended 30 June 2015, revenue was approximately HK\$31.07 million, representing an increase of approximately 14.52% over the revenue of approximately HK\$27.13 million recorded in the corresponding period in 2014. The increase in revenue was mainly attributable to the growth in average loan balance on the account of the Group's effort in expanding loan portfolio from the completion of a rights issue in February 2015 and a placing in May 2015. In this respect, the Group's average loan balance increased by approximately 31.39% to approximately HK\$391.38 million for the six months ended 30 June 2015 as compared to approximately HK\$297.87 million in the corresponding period in 2014.

Meanwhile, the average interest rate recorded a decrease from approximately 18.22% for the six months ended 30 June 2014 to approximately 15.88% for the corresponding period in 2015.

Net interest margin

The Group recorded a net interest margin of approximately 14.92% for the six months ended 30 June 2015 (30 June 2014: approximately 17.40%). The decrease in net interest margin reflects the Group's pricing strategy under the low interest rate environment of the competitive money lending industry and pressure from finance costs in line with the increase in the financial assistance obtained.

Other income and gains

The Group's other income and gains mainly comprise income from fees received in relation to its money lending business, bank interest income derived from bank deposit, rental income and fair value gains on investment properties. Other fee income mainly includes extension fee for extension of first loan repayment dates beyond the original due date calculated at the effective interest rate of the loan. In relation to rental income, although the amount is relatively low as compared to the Group's interest income derived from loans, rental income has provided steady income and has always been part of the Group's activities. Other income and gains increased from approximately HK\$0.72 million for the six months ended 30 June 2014 to approximately HK\$2.44 million for the six months ended 30 June 2015 due to fair value gains on investment properties of HK\$1.70 million for the review period.



Administrative expenses

The Group's administrative expenses mainly comprise employment expenses and occupancy costs for its offices and branches. Employment expenses include directors' emoluments, employees' salaries and bonuses, mandatory and voluntary provident fund contributions, employees', directors' and officers' insurance, etc. Occupancy costs include rental expenses and management fees, government rent and rates and utilities. Administrative expenses also include repair and maintenance, general insurance expenses and depreciation charges, etc.

The Group's administrative expenses for the six months ended 30 June 2015 recorded a slight drop of approximately 4.93% to approximately HK\$9.36 million as compared to approximately HK\$9.85 million for the corresponding period in 2014.

Other operating expenses

The Group's other operating expenses comprise impairment allowance for loans receivable, advertising and promotion expenses, legal and professional fees and other general expenses.

As compared to approximately HK\$11.68 million for the six months ended 30 June 2014, other operating expenses for the period decreased to approximately HK\$7.63 million. The decrease was mainly attributable to the decrease of the net charge for impairment allowance for loans receivable by approximately HK\$3.99 million for the six months ended 30 June 2015 compared to the corresponding period in 2014 which related to impairment allowance for loans receivable in respect of specific customers.

Finance costs

The Group's finance costs comprise interest payments for loans from independent third party lenders and banks and mortgage loans from banks with collaterals on its buildings, investment properties and motor vehicle. The increase in finance costs from approximately HK\$1.60 million for the six months ended 30 June 2014 to approximately HK\$2.28 million for the six months ended 30 June 2015 was mainly due to the increase in financial assistance from banks and independent third party lenders for the period.

Profit for the period

As a result of the above, the Group recorded a profit attributable to owners of the Company of approximately HK\$12.16 million for the six months ended 30 June 2015, representing an approximately 206.34% increase as compared to approximately HK\$3.97 million for the six months ended 30 June 2014.



LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2015, the Group financed its operations by (i) cash flow from operating activities; (ii) issuance of equity shares; and (iii) loans and/or credit facilities from independent third parties and banks. As at 30 June 2015, the Group had net current assets of approximately HK\$132.49 million (31 December 2014: HK\$40.05 million), including bank and cash balances of approximately HK\$25.32 million (31 December 2014: HK\$7.13 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.85 times as at 30 June 2015 (31 December 2014: 1.48 times). The increase in the current ratio was mainly attributable to increase of funds raised from a rights issue in February 2015 and a placing in May 2015.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$463.45 million as at 30 June 2015 (31 December 2014: HK\$339.00 million).

SIGNIFICANT INVESTMENTS HELD

The Group's investment properties relate to its properties at (i) Units 901–902, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong; (ii) Unit 903, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong; and (iii) Units 905–908, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong which are being leased out to independent third party tenants. The carrying amount is revalued at the end of each reporting period by independent professionally qualified valuers. The aggregate carrying amount of investment properties increased from HK\$45.40 million as at 31 December 2014 to HK\$62.60 million as at 30 June 2015 due to appreciation of properties' values in the market and new leasing of a property of item (ii) above.



MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS


During the six months ended 30 June 2015, there had been no material acquisition or disposal of subsidiaries and affiliated companies. Save as disclosed under the paragraph headed "Business Review and Prospects" on page 22 of this report, there was no specific plan for material investments or capital assets as at 30 June 2015.

INFORMATION ON EMPLOYEES

As at 30 June 2015, the Group employed a total of 44 staff (31 December 2014: 53 staff). Total remuneration for the six months ended 30 June 2015 (including Directors' emoluments) was approximately HK\$7.65 million (30 June 2014: HK\$7.85 million). The Company's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and making reference to the prevailing market conditions. The remuneration packages of the Group comprise monthly fixed salaries, medical insurance, contributions to statutory mandatory provident fund scheme to employees, share option scheme and directors' bonus shares scheme, etc. Discretionary year-end bonus based on individual performance will also be paid to employees as recognition of and reward for their contributions.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2015, in addition to a motor vehicle with carrying amount of approximately HK\$0.13 million (31 December 2014: HK\$0.21 million) held under the finance lease obligation, the Group had pledged its properties at (i) Units 901–903, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong for a 15-year mortgage installment loan of drawdown value of HK\$11.25 million; (ii) Units 905–911, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong for a 15-year mortgage installment loan of drawdown value of approximately HK\$12.73 million; and (iii) Factory Unit B, 4th Floor, Cantake Factory Building, 172 Wai Yip Street, Kwun Tong for a 15-year mortgage installment loan of drawdown value of approximately HK\$0.92 million, whereby the outstanding amounts of the said mortgage loans were approximately HK\$9.48 million, HK\$10.92 million and HK\$0.79 million as at 30 June 2015 respectively and approximately HK\$9.79 million, HK\$11.29 million and HK\$0.81 million as at 31 December 2014 respectively.



Other than the abovementioned mortgage installment loans, the Group has been granted with overdraft credit facilities amounting to a total of HK\$22 million (31 December 2014: HK\$22 million) from banks in respect of the pledged properties with total outstanding amount of approximately HK\$21.80 million as at 30 June 2015 (31 December 2014: HK\$21.88 million).

GEARING RATIO

As at 30 June 2015, the Group had a net debt of approximately HK\$46.28 million (31 December 2014: HK\$77.35 million), based on which the gearing ratio (net debt divided by the adjusted capital plus net debt) was approximately 9.08% as at 30 June 2015 (31 December 2014: 18.58%). The lower gearing ratio was mainly the result of increase of funds raised from a rights issue in February 2015 and a placing in May 2015.

FOREIGN EXCHANGE EXPOSURE

The Group is principally engaged in the money lending business in Hong Kong. As the revenue and cost of business are principally denominated in Hong Kong dollars, the exposure to the risk of foreign exchange rate fluctuations for the Group is minimal. Hence, no financial instrument for hedging was employed.

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities are set out in note 16 to the condensed consolidated financial statements.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests 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 (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 and short positions which they were taken or deemed to have taken under such provisions of the SFO), or were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in the Company:

Name of Director	Capacity	Long position in ordinary shares held	Approximate percentage of the Company's issued share capital
Sin Kwok Lam ("Mr. Sin")	Interest of controlled corporations (Note)	92,352,000	15.27%

Note: Best Year Enterprises Limited and Enhance Pacific Limited are the registered and beneficial owners of these shares. Best Year Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Sin, is interested in 84,512,000 shares. By virtue of the provisions of Part XV of the SFO, Mr. Sin is deemed to be interested in all the shares in which Best Year Enterprises Limited is interested. Enhance Pacific Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Sin, is interested in 7,840,000 shares. By virtue of the provisions of Part XV of the SFO, Mr. Sin is deemed to be interested in all the shares in which Enhance Pacific Limited is interested.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, so far as it was known by or otherwise notified to any Directors or chief executive of the Company, the particulars of the corporations or persons (other than the Directors or chief executive of the Company) which had 5% or more interests in the shares and the underlying shares as recorded in the register to be kept under Section 336 of the SFO were as follows:

Interests in the Company:

Name of substantial shareholder	Capacity	Long position in ordinary shares held	Approximate percentage of the Company's issued share capital
Best Year Enterprises Limited	Beneficial owner (Note 1)	84,512,000	13.97%
Convoy Collateral Limited	Beneficial owner (Note 2)	80,000,000	13.23%
Convoy Financial Holdings Limited	Interest of controlled corporations (Note 2)	80,000,000	13.23%

Note 1: Best Year Enterprises Limited is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Sin.

Note 2: Convoy Collateral Limited is a company incorporated in Hong Kong with limited liability and is wholly-owned by Convoy Financial Holdings Limited (previously known as Convoy Financial Services Holdings Limited), the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1019). By virtue of the SFO, Convoy Financial Holdings Limited is deemed to be interested in all the shares in which Convoy Collateral Limited is interested.

Save as disclosed above, the Directors are not aware of any other corporation or person (other than the Directors or chief executive of the Company) who, as at 30 June 2015, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept under the provisions of Divisions 2 and 3 of Part XV of the SFO.



SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") pursuant to the written resolution of the shareholders on 24 November 2011 for the purpose of rewarding the eligible participants for their contribution to the Group. Such scheme also enables the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants of the Share Option Scheme include (a) any full-time or part-time employee of the Company and/or any subsidiaries; (b) any director (including executive, non-executive and independent non-executive Director) of the Company and/or any subsidiaries; and (c) any consultant or adviser (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any subsidiaries who, at the sole determination of the board of Directors (the "Board"), have contributed or will contribute to the Company and/or any subsidiaries.

No share option had been granted under the Share Option Scheme during the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.



DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all the Directors, each of them have confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the six months ended 30 June 2015. No incident of non-compliance was noted by the Company during this period.

CORPORATE GOVERNANCE

The Company is committed to adopting a high standard of corporate governance practices and procedures throughout the Group. The Directors firmly believe that sound and reasonable corporate governance practices are essential for the steady growth of the Group and for safeguarding the shareholders' interests. To the best knowledge of the Board, throughout the six months ended 30 June 2015, the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

COMPETING INTERESTS

As at 30 June 2015, Ms. Chan Lai Yee, a non-executive Director, is a senior management of a company where one of its subsidiaries is principally engaged in money lending business.

The Directors confirm that save for as disclosed above, none of the business or interest of the Directors, substantial shareholders and their respective associates had any material conflicts of interest, either directly or indirectly, with the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 June 2015.



AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises three existing independent non-executive Directors of the Company, namely, Mr. Lee Kin Fai, Mr. Tai Man Hin Tony and Mr. Yu Wan Hei. The Group’s unaudited condensed consolidated results for the six months ended 30 June 2015 have been reviewed by the Audit Committee. The Board is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
First Credit Finance Group Limited
Sin Kwok Lam
Chairman

Hong Kong, 7 August 2015

As at the date of this report, the Board comprises Mr. Sin Kwok Lam (Chairman), Mr. Tsang Yan Kwong (Chief Executive Officer), Mr. Leung Wai Hung and Ms. Ho Siu Man as executive Directors; Ms. Chan Lai Yee as non-executive Director; and Mr. Lee Kin Fai, Mr. Tai Man Hin Tony and Mr. Yu Wan Hei as independent non-executive Directors.