



Third Quarterly Report 2015



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

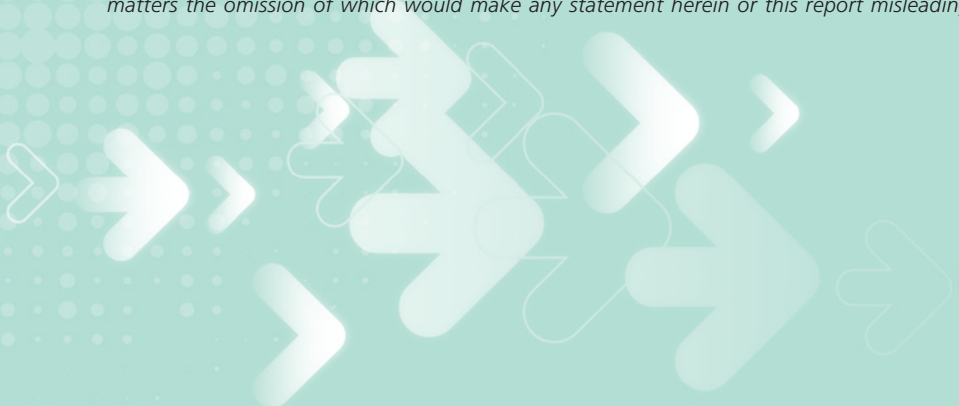
CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Growth Enterprise Market (“GEM”) has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited (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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 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.



The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 30 September 2015 together with the comparative unaudited figures for the corresponding period in 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Three months ended 30 September		Nine months ended 30 September	
		2015 HK\$ (unaudited)	2014 HK\$ (unaudited)	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Revenue	3	16,545,006	12,903,926	47,617,680	40,036,696
Other income and gains	3	2,006,708	367,568	4,444,254	1,091,268
		18,551,714	13,271,494	52,061,934	41,127,964
Administrative expenses		(4,474,135)	(4,834,512)	(13,836,132)	(14,681,794)
Other operating expenses		(2,837,184)	(3,367,132)	(10,463,479)	(15,043,781)
Finance costs	4	(690,481)	(986,431)	(2,975,130)	(2,587,666)
Profit before tax	5	10,549,914	4,083,419	24,787,193	8,814,723
Income tax expense	6	(1,483,736)	(634,845)	(3,562,140)	(1,397,080)
Profit for the period		9,066,178	3,448,574	21,225,053	7,417,643
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	—
Total comprehensive income for the period		9,066,178	3,448,574	26,428,828	7,417,643
		HK cents	HK cents (restated)	HK cents	HK cents (restated)
Earnings per share					
Basic	8	1.50	2.24	3.92	5.23
Diluted	8	N/A	N/A	N/A	N/A

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2015 have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. They have been prepared under the historical cost convention, except for investment properties and available-for-sale investments, which have been measured at fair value. These unaudited condensed consolidated results of the Group are presented in Hong Kong dollars (“HK\$”).

The principal accounting policies used in the preparation of these unaudited condensed results are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2014 except for the adoption of certain new and revised HKFRSs issued by the HKICPA that are relevant to its operation and effective for its accounting year beginning on 1 January 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of these unaudited condensed consolidated results and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. SEGMENT INFORMATION

During the nine months ended 30 September 2015 and 2014, the Group’s revenue is 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 nine months ended 30 September 2015 and 2014.

3. REVENUE, OTHER INCOME AND GAINS

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Revenue:				
Interest income on loans	16,545,006	12,903,926	47,617,680	40,036,696
Other income:				
Other fee income	57,127	55,732	151,988	174,291
Bank interest income	—	1	165	72
Gross rental income	434,839	311,835	1,077,359	916,905
	491,966	367,568	1,229,512	1,091,268
Gains:				
Fair value gains on investment properties	1,300,000	—	3,000,000	—
Gain on disposal of property, plant and equipment	214,742	—	214,742	—
	1,514,742	—	3,214,742	—
Other income and gains	2,006,708	367,568	4,444,254	1,091,268
Total revenue, other income and gains	18,551,714	13,271,494	52,061,934	41,127,964

4. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Finance lease charges	3,750	3,750	11,250	11,250
Interest on bank loans and overdrafts	421,731	279,668	1,256,483	908,786
Interest on other borrowings wholly repayable within five years	265,000	703,013	1,707,397	1,667,630
	690,481	986,431	2,975,130	2,587,666

5. PROFIT BEFORE TAX

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

	Three months ended		Nine months ended	
	30 September	2014	30 September	2014
	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation	140,650	336,519	564,371	1,127,889
Amortisation of leasehold land under finance leases	14,844	17,605	50,055	52,816
Directors' emoluments:				
Salaries, bonus and allowance	1,260,000	1,190,000	3,663,333	3,585,137
Pension scheme contributions	136,125	136,125	408,375	408,375
	1,396,125	1,326,125	4,071,708	3,993,512
Employee benefits expense (excluding directors' emoluments):				
Salaries, bonus and allowance	2,242,616	2,461,146	6,931,041	7,366,166
Pension scheme contributions	104,125	114,292	389,776	395,639
	2,346,741	2,575,438	7,320,817	7,761,805
Fair value gains on investment properties	(1,300,000)	—	(3,000,000)	—
Minimum lease rental payments in respect of land and buildings under an operating lease	290,800	306,250	940,900	915,250
Net charge for impairment allowance for loans receivable	1,186,517	1,730,331	4,730,721	9,261,148

6. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Current tax — Hong Kong				
Profits tax	1,483,736	634,845	3,562,140	1,397,080

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

7. DIVIDENDS

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
2013 Final of HK\$0.2 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 nine months ended 30 September 2015 and 2014.

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings				
Profit attributable to owners of the Company	9,066,178	3,448,574	21,225,053	7,417,643
Number of shares				
Weighted average number of ordinary shares used in basic earnings per share calculation	604,800,000	153,757,700	541,908,595	141,930,185

(b) Diluted earnings per share

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

9. MOVEMENT OF RESERVES

	(Unaudited)							
	Share capital	Share premium	Capital reserve	Contributed surplus	Property revaluation reserve	Retained profits	Proposed final dividend	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	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	—	—	—	—	—	7,417,643	—	7,417,643
Issue of shares on placement	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)	—	—	7,417,643	(2,400,000)	25,374,191
At 30 September 2014	14,400,000	112,865,637	141,829,615	—	—	52,322,869	—	321,418,121
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	21,225,053	—	26,428,828
Issue of shares under rights issue	43,200,000	59,616,000	—	—	—	—	—	102,816,000
Share premium reduction	—	(168,878,070)	—	168,878,070	—	—	—	—
Capital reorganisation	(51,840,000)	—	—	51,840,000	—	—	—	—
Issue of shares on placement	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	21,225,053	—	133,520,029
At 30 September 2015	6,048,000	7,590,768	141,829,615	220,718,070	5,203,775	91,127,957	—	472,518,185

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

For the nine months ended 30 September 2015, 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, the Group's average loan balance recorded a satisfactory growth of approximately 30.08% as compared to the corresponding period in the preceding year and amounted to approximately HK\$402.99 million for the nine months ended 30 September 2015, attributable to the Company's effort in expanding its loan portfolio on the back of funds raised from a right issue and a placing, which drove the revenue up to approximately HK\$47.62 million.

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 ("Rights Issue"). Up to 7 August 2015, the actual net proceeds from the Rights Issue was fully deployed as intended for lending related business and general working capital of the Group. Relevant information have been disclosed 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 had 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 ("Placing"). As at 7 August 2015, the net proceeds from the Placing was fully deployed for money lending business as intended.

In September 2015, the Group proposed a rights issue on the basis of twelve rights shares for every one consolidated share at the subscription price of HK\$0.174 per rights share ("Proposed Rights Issue"), upon the completion of the proposed consolidation of every two issued and unissued shares of HK\$0.01 each into one consolidated share of HK\$0.02 each ("Proposed Share Consolidation"). The Proposed Rights Issue is expected to raise approximately HK\$631.4 million (before expenses) by issuing 3,628,800,000 rights shares. The net proceeds from the Proposed Rights Issue is intended to be used mainly for providing secured lending depending on the market situation in expansion of the Group's loan portfolio. Relevant information of the Proposed Rights Issue is set out in the announcements of the Company dated 18 September 2015 and 26 October 2015.

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.

Looking forward, the Group will continue to strive to maintain revenue growth and credit quality on the back of flexibility in business operations and effective customer service. Against the tense competition in the customer financing market, the Group will provide competitively priced products to face the challenges ahead so as to secure sustainable return for investors.

FINANCIAL REVIEW

Revenue

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

For the nine months ended 30 September 2015, revenue increased from approximately HK\$40.04 million recorded in the corresponding period last year to approximately HK\$47.62 million. The increase in revenue was mainly attributable to the growth in average loan balance from the completion of the Rights Issue and the Placing. In this respect, the Group's average loan balance increased by approximately 30.08% to approximately HK\$402.99 million for the nine months ended 30 September 2015 as compared to approximately HK\$309.80 million in the corresponding period in 2014.

Meanwhile, the average interest rate recorded a decrease from approximately 17.23% for the nine months ended 30 September 2014 to approximately 15.75% for the corresponding period in 2015 due to market conditions.

Net interest margin

The Group recorded a net interest margin of approximately 14.97% for the nine months ended 30 September 2015 (30 September 2014: approximately 16.36%). 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.

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\$1.09 million for the nine months ended 30 September 2014 to approximately HK\$4.44 million for the nine months ended 30 September 2015 due to fair value gains on investment properties of HK\$3 million for the review period.

Administrative expenses

The Group's administrative expenses mainly comprise employment expenses and occupancy costs for 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 nine months ended 30 September 2015 recorded a slight decrease of approximately 5.76% to approximately HK\$13.84 million as compared to approximately HK\$14.68 million for the corresponding period in 2014.

Other operating expenses

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

As compared to approximately HK\$15.04 million for the nine months ended 30 September 2014, other operating expenses for the period decreased to approximately HK\$10.46 million. The decrease was mainly attributable to the decrease of the net charge for impairment allowance for loans receivable by approximately HK\$4.53 million for the nine months ended 30 September 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\$2.59 million for the nine months ended 30 September 2014 to approximately HK\$2.98 million for the nine months ended 30 September 2015 was mainly due to the increase in financial assistance from the banks 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\$21.23 million for the nine months ended 30 September 2015, representing an approximately 186.14% increase as compared to approximately HK\$7.42 million for the nine months ended 30 September 2014.

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

As at 30 September 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	982,800,000 (Note 1)	25.00% (Note 2)

- Note 1: Best Year Enterprises Limited (“Best Year”) and Enhance Pacific Limited (“Enhance Pacific”) are the registered and beneficial owners of these shares. Best Year, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Sin, is interested in 931,840,000 consolidated shares upon the completion of the Proposed Share Consolidation and Proposed Rights Issue. These 931,840,000 consolidated shares comprise (i) the 42,256,000 consolidated shares held by Best Year as at 30 September 2015 (assuming the Proposed Share Consolidation had become effective); (ii) the 507,072,000 rights shares which Best Year undertook to apply for pursuant to the shareholders’ undertaking under the underwriting agreement dated 18 September 2015 and entered into among Best Year, Haitong International Securities Company Limited (“Haitong”) and Jun Yang Securities Company Limited (“Jun Yang”) (“Underwriters”) and the Company in relation to the Proposed Rights Issue (“Underwriting Agreement”); and (iii) the 382,512,000 rights shares under the Best Year underwriting commitment under the Underwriting Agreement. 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 is interested. Enhance Pacific, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Sin, is interested in 50,960,000 shares (assuming the Proposed Share Consolidation had become effective). These 50,960,000 consolidated shares comprise (i) the 3,920,000 consolidated shares held by Enhance Pacific as at 30 September 2015 (assuming the Proposed Share Consolidation had become effective); and (ii) the 47,040,000 rights shares which Enhance Pacific undertook to apply for pursuant to the shareholders’ undertaking under the Underwriting Agreement. 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 is interested.
- Note 2: The approximate percentage is calculated based on the enlarged issued share capital of the Company upon the completion of the Proposed Share Consolidation and the Proposed Rights Issue, being 3,931,200,000 consolidated shares.

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

As at 30 September 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	Number of Shares and underlying Shares held (Note 1, 2)	Approximate percentage of the Company's issued share capital (Note 3)
Best Year	Beneficial owner	931,840,000 (L) (Note 4)	23.70%
Convoy Collateral Limited	Beneficial owner	80,000,000 (L) (Note 5)	13.23%
Convoy Financial Holdings Limited	Interest of controlled corporation	80,000,000 (L) (Note 5)	13.23%
Jun Yang	Beneficial owner	2,500,576,000 (L) (Note 6) 1,718,267,200 (S) (Note 7)	63.61% (L) 43.71% (S)
Jun Yang Financial Holdings Limited ("Jun Yang Financial")	Interest of controlled corporation	2,500,576,000 (L) (Note 6) 1,718,267,200 (S) (Note 7)	63.61% (L) 43.71% (S)
Astrum Capital Management Limited ("Astrum")	Other	389,188,800 (L) (Note 8) 389,188,800 (S) (Note 8)	9.90 (L) 9.90 (S)
Major Harvest Investments Limited ("Major Harvest")	Interest of controlled corporation	389,188,800 (L) 389,188,800 (S) (Note 8)	9.90 (L) 9.90 (S)
Autumn Ocean Limited ("Autumn Ocean")	Interest of controlled corporation	389,188,800 (L) 389,188,800 (S) (Note 8)	9.90 (L) 9.90 (S)
Pan Chik ("Mr. Pan")	Interest of controlled corporation	389,188,800 (L) 389,188,800 (S) (Note 8)	9.90 (L) 9.90 (S)
Liu Ming Lai Lorna ("Ms. Liu")	Spouse interest	389,188,800 (L) 389,188,800 (S) (Note 8)	9.90 (L) 9.90 (S)
Fordjoy Securities and Futures Limited ("Fordjoy")	Other	389,188,800 (L) 350,000,000 (S) (Note 9)	9.90 (L) 8.90 (S)
Yuen Shu Ming ("Mr. Yuen")	Interest of controlled corporation	389,188,800 (L) 350,000,000 (S) (Note 9)	9.90 (L) 8.90 (S)

Note 1: The number of shares stated in the table above is based on the latest notice of disclosure of interests filed by the relevant Shareholders as at 30 September 2015.

Note 2: "L" denotes a long position whilst the letter "S" denotes a short position.

- Note 3: The approximate percentage is calculated based on the enlarged issued share capital of the Company upon the completion of the Proposed Share Consolidation and the Proposed Rights Issue, being 3,931,200,000 shares, except that the approximate percentage for Convoy Collateral Limited and Convoy Financial Holdings Limited is calculated based on the issued share capital as at 30 September 2015.
- Note 4: These 931,840,000 consolidated shares comprises (i) the 42,256,000 shares held by Best Year as at 30 September 2015 (assuming the Proposed Share Consolidation had become effective); (ii) the 507,072,000 rights shares which Best Year undertook to apply for pursuant to the shareholders' undertaking under the Underwriting Agreement; and (iii) the 382,512,000 rights shares under the Best Year underwriting commitment under the Underwriting Agreement.
- Note 5: Convoy Collateral Limited is a company incorporated in Hong Kong with limited liability and is wholly-owned by Convoy Financial 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. The number of 80,000,000 shares is adjusted by the Company based on the latest notices of disclosure of interests filed by the relevant Shareholders taking into account the effect of (i) the share consolidation of the Company which took effect on 29 December 2014 and (ii) the rights shares allotted and issued by the Company on 2 February 2015.
- Note 6: These 2,500,576,000 shares represent the number of underwritten shares committed by Jun Yang, as one of the Underwriters, pursuant to the Underwriting Agreement. Based on the notice of disclosure of interest filed with the Stock Exchange, Jun Yang is an indirect wholly-owned subsidiary of Jun Yang Financial. By virtue of the SFO, Jun Yang Financial is deemed to be interested in all the shares in which Jun Yang is interested.
- Note 7: As at 30 September 2015, Jun Yang has sub-underwritten/placed 1,718,267,200 shares to various sub-underwriter/subscribers.
- Note 8: Based on the notices of disclosure of interest filed with the Stock Exchange, Astrum is wholly owned by Major Harvest, which is in turn owned as to 80% by Autumn Ocean. Mr. Pan owns 100% of Autumn Ocean. By virtue of the SFO, Mr. Pan is deemed to be interested in all the shares in which Astrum is interested. Since Ms. Liu is the spouse of Mr. Pan, Ms. Liu is also deemed to be interested in all the shares in which Astrum is interested by virtue of the SFO.
- Note 9: Based on the notices of disclosure of interest filed with the Stock Exchange, Fordjoy is owned as to 76% by Mr. Yuen. By virtue of the SFO, Mr. Yuen is deemed to be interested in all the shares in which Fordjoy 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 September 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 nine months ended 30 September 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 nine months ended 30 September 2015.

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 nine months ended 30 September 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 September 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 and except for the competing interests 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 period under review.

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 nine months ended 30 September 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, 10 November 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.