



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 REPORT 2016



| DAT | BID | ASK | PRO | QUA | | |
|-----|-----|--------|-----|--------|---|--------|
| JAN | 6 | 311.00 | 6 | 558.00 | 5 | 104.00 |

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 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

RSM

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 2016 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 require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standards 34 “Interim Financial Reporting Standards” (“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 2016 and 2015, 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 Hong Kong

Certified Public Accountants

Hong Kong

9 August 2016



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

| | Note | Three months ended 30 June | | Six months ended 30 June | |
|--|------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) |
| Revenue | 5 | 21,572,982 | 16,336,180 | 35,671,791 | 31,072,674 |
| Other income | 6 | 375,240 | 370,789 | 705,877 | 737,546 |
| Other gains and losses | 7 | (898,911) | 1,700,000 | (1,598,911) | 1,700,000 |
| | | 21,049,311 | 18,406,969 | 34,778,757 | 33,510,220 |
| Administrative expenses | | (4,363,635) | (4,623,709) | (8,704,592) | (9,361,997) |
| Other operating expenses | | (4,474,991) | (3,698,765) | (8,081,034) | (7,626,295) |
| Finance costs | 8 | (94,502) | (963,754) | (191,569) | (2,284,649) |
| Profit before tax | 9 | 12,116,183 | 9,120,741 | 17,801,562 | 14,237,279 |
| Income tax expense | 10 | (2,104,961) | (1,202,869) | (3,158,172) | (2,078,404) |
| Profit for the period | | 10,011,222 | 7,917,872 | 14,643,390 | 12,158,875 |
| 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 | | 10,011,222 | 13,121,647 | 14,643,390 | 17,362,650 |
| | | HK cents | HK cents (restated) | HK cents | HK cents (restated) |
| Earnings per share | | | | | |
| Basic | 12 | 0.28 | 2.46 | 0.72 | 4.40 |
| Diluted | 12 | N/A | N/A | N/A | N/A |



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

| | Note | 30 June 2016 HK\$ (unaudited) | 31 December 2015 HK\$ (audited) |
|--|------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 13 | 3,510,398 | 694,850 |
| Investment properties | | 48,000,000 | 63,900,000 |
| Leasehold land under finance leases | | 29,034,070 | 15,425,168 |
| Loans receivable | 14 | 463,195,356 | 224,107,674 |
| Deferred tax assets | | 535,470 | 535,470 |
| Total non-current assets | | 544,275,294 | 304,663,162 |
| Current assets | | | |
| Loans receivable | 14 | 294,663,959 | 154,137,080 |
| Prepayments, deposits and other receivables | | 920,055 | 1,777,971 |
| Bank and cash balances | | 106,676,586 | 28,333,804 |
| Total current assets | | 402,260,600 | 184,248,855 |
| Current liabilities | | | |
| Accruals and other payables | | 1,930,136 | 1,887,363 |
| Interest-bearing loans | 15 | 8,859,046 | 9,553,598 |
| Loan notes | 16 | 24,875,000 | — |
| Current tax liabilities | | 4,309,234 | 1,151,062 |
| Total current liabilities | | 39,973,416 | 12,592,023 |
| Net current assets | | 362,287,184 | 171,656,832 |
| Total assets less current liabilities | | 906,562,478 | 476,319,994 |



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30 JUNE 2016

| | Note | 30 June 2016 HK\$ (unaudited) | 31 December 2015 HK\$ (audited) |
|--------------------------------|------|--|--|
| Non-current liabilities | | | |
| Deferred tax liabilities | | 154,156 | 154,156 |
| NET ASSETS | | | |
| Capital and reserves | | | |
| Share capital | 17 | 72,576,000 | 6,048,000 |
| Reserves | | 833,832,322 | 470,117,838 |
| TOTAL EQUITY | | 906,408,322 | 476,165,838 |

Approved by the Board of Directors on 9 August 2016 and are signed on its behalf by:

Sin Kwok Lam
Director

Tsang Yan Kwong
Director



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

(Unaudited)

| | Attributable to owners of the Company | | | | | | |
|---|---------------------------------------|--------------------|--------------------|---------------------|------------------------------|--------------------|--------------------|
| | Share capital | Share premium | Capital reserve | Contributed surplus | Property revaluation reserve | Retained profits | Total |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| 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 17(a)) | 43,200,000 | 59,616,000 | — | — | — | — | 102,816,000 |
| Share premium reduction | — | (168,878,070) | — | 168,878,070 | — | — | — |
| Capital reorganisation (note 17(b)) | (51,840,000) | — | — | 51,840,000 | — | — | — |
| Issue of shares on placing (note 17(c)) | 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 |
| At 1 January 2016 | 6,048,000 | 7,590,768 | 141,829,615 | 220,718,070 | 5,203,775 | 94,775,610 | 476,165,838 |
| Total comprehensive income for the period | — | — | — | — | — | 14,643,390 | 14,643,390 |
| Issue of shares on placing (note 17(e)) | 1,209,600 | 9,313,920 | — | — | — | — | 10,523,520 |
| Issue of shares under rights issue (note 17(f)) | 65,318,400 | 349,453,440 | — | — | — | — | 414,771,840 |
| Share issue expenses | — | (9,696,266) | — | — | — | — | (9,696,266) |
| Changes in equity for the period | 66,528,000 | 349,071,094 | — | — | — | 14,643,390 | 430,242,484 |
| At 30 June 2016 | 72,576,000 | 356,661,862 | 141,829,615 | 220,718,070 | 5,203,775 | 109,419,000 | 906,408,322 |



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

| | Six months ended 30 June | |
|--|-----------------------------|-----------------------------|
| | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) |
| Net cash used in operating activities | (358,700,056) | (69,800,505) |
| Net cash used in investing activities | (2,543,113) | (36,050) |
| Net cash generated from financing activities | 439,585,951 | 88,108,470 |
| Net increase in cash and cash equivalents | 78,342,782 | 18,271,915 |
| Cash and cash equivalents at beginning of period | 28,333,804 | (14,747,849) |
| Cash and cash equivalents at end of period | 106,676,586 | 3,524,066 |
| Analysis of balances of cash and cash equivalents | | |
| Bank and cash balances | 106,676,586 | 25,320,688 |
| Bank overdrafts | — | (21,796,622) |
| | 106,676,586 | 3,524,066 |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards 34 “Interim Financial Reporting Standards” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosures required by Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2015 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2015 except as stated below.

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

In the current period, the Group has adopted all the 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 2016. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed consolidated financial statements.



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 2016 and 31 December 2015

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 2016 and 31 December 2015

The investment properties were revalued on 30 June 2016 and 31 December 2015 respectively by RHL Appraisal Limited, independent professional 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 six months ended 30 June 2016 and the year ended 31 December 2015, 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 2016 and 2015, 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 2016 and 2015.

5. REVENUE

The revenue for the six months ended 30 June 2016 and 2015 represents interest income charged on loan facilities provided to borrowers.

6. OTHER INCOME

| | Three months ended 30 June | | Six months ended 30 June | |
|----------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) |
| Other fee income | 180 | 50,893 | 308 | 94,861 |
| Bank interest income | 210 | 164 | 211 | 165 |
| Gross rental income | 374,850 | 319,732 | 705,358 | 642,520 |
| | 375,240 | 370,789 | 705,877 | 737,546 |



7. OTHER GAINS AND LOSSES

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) |
| Fair value (losses)/gains on investment properties | (900,000) | 1,700,000 | (1,600,000) | 1,700,000 |
| Gain on disposal of property, plant and equipment | 1,089 | — | 1,089 | — |
| | (898,911) | 1,700,000 | (1,598,911) | 1,700,000 |

8. FINANCE COSTS

| | Three months ended 30 June | | Six months ended 30 June | |
|---|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) |
| Finance lease charges | — | 3,750 | — | 7,500 |
| Interest on bank loans and overdrafts | 94,502 | 487,333 | 191,569 | 834,752 |
| Interest on other borrowings wholly repayable within five years | — | 472,671 | — | 1,442,397 |
| | 94,502 | 963,754 | 191,569 | 2,284,649 |



9. 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 | |
|---|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) |
| Amortisation of leasehold land under finance leases | 18,690 | 17,606 | 36,098 | 35,211 |
| Depreciation | 297,011 | 209,959 | 383,865 | 423,721 |
| Directors' emoluments: | | | | |
| Salaries, bonus and allowance | 991,334 | 1,213,333 | 1,983,335 | 2,403,333 |
| Pension scheme contributions | 96,487 | 136,125 | 192,975 | 272,250 |
| | 1,087,821 | 1,349,458 | 2,176,310 | 2,675,583 |
| Employee benefits expense (excluding directors' emoluments): | | | | |
| Salaries, bonus and allowance | 2,208,441 | 2,244,904 | 4,603,739 | 4,688,425 |
| Pension scheme contributions | 126,734 | 136,717 | 279,454 | 285,651 |
| | 2,335,175 | 2,381,621 | 4,883,193 | 4,974,076 |
| Fair value losses/(gains) on investment properties | 900,000 | (1,700,000) | 1,600,000 | (1,700,000) |
| Minimum lease rental payments in respect of land and buildings under an operating lease | 241,525 | 325,050 | 518,200 | 650,100 |
| Net charge for impairment allowance for loans receivable | 1,739,902 | 1,933,872 | 3,004,893 | 3,544,204 |

10. INCOME TAX EXPENSE

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) | 2016 HK\$ (unaudited) | 2015 HK\$ (unaudited) |
| Current tax — Hong Kong Profits Tax | 2,104,961 | 1,202,869 | 3,158,172 | 2,078,404 |

Hong Kong Profits Tax has been provided at a rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the six months ended 30 June 2016 and 2015.



11. DIVIDENDS

The Directors did not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2016 and 2015.

12. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2016 attributable to owners of the Company of HK\$14,643,390 (2015: HK\$12,158,875), and the weighted average number of ordinary shares of 2,026,379,647 (2015: 276,450,449 (restated)) in issue during the period.

The weighted average number of ordinary shares for the six months ended 30 June 2015 has been retrospectively adjusted for the rights issue as described in note 17(f) 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 2016 and 2015.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment of HK\$2,545,124 (2015: HK\$36,215).

14. LOANS RECEIVABLE

| | 30 June 2016 HK\$ (unaudited) | 31 December 2015 HK\$ (audited) |
|---|--|--|
| Loans to customers | 755,028,653 | 378,923,601 |
| Accrued interest receivables | 8,352,844 | 5,883,198 |
| | 763,381,497 | 384,806,799 |
| Impairment allowance on individual assessment | (1,532,798) | (4,036,982) |
| Impairment allowance on collective assessment | (3,989,384) | (2,525,063) |
| | 757,859,315 | 378,244,754 |
| Analysed as: | | |
| Non-current assets | 463,195,356 | 224,107,674 |
| Current assets | 294,663,959 | 154,137,080 |
| | 757,859,315 | 378,244,754 |



14. LOANS RECEIVABLE (Continued)

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.

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

| | 30 June 2016 HK\$ (unaudited) | 31 December 2015 HK\$ (audited) |
|-------------------------------|--|--|
| Neither past due nor impaired | | |
| — Unsecured | 540,879,722 | 290,016,752 |
| — Secured | 169,962,921 | 62,071,009 |
| Less than 1 month past due | 16,784,841 | 8,624,643 |
| 1 to 3 months past due | 15,420,290 | 236,545 |
| Over 3 months past due | 18,775,353 | 19,817,179 |
| | 761,823,127 | 380,766,128 |
| Impaired (note) | 1,558,370 | 4,040,671 |
| | 763,381,497 | 384,806,799 |

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 of the relevant customers and hence these balances are still considered fully recoverable.

Amongst all past due but not impaired loans, the first mortgage loan of HK\$18,475,353 (At 31 December 2015: HK\$19,989,530) and second mortgage loan of HK\$652,241 (At 31 December 2015: HK\$300,000) were secured by the collaterals with fair value (based on its prevailing market price) amounted to HK\$18,550,000 (At 31 December 2015: HK\$23,750,000) and HK\$6,940,000 (At 31 December 2015: HK\$3,500,000) respectively as at 30 June 2016.



14. LOANS RECEIVABLE (Continued)

The individually impaired loans receivable relate to clients that were in financial difficulties and only a portion of the receivable is expected to be recoverable. As at 30 June 2016 and 31 December 2015, the Group did not hold any collateral in respect of the individually impaired loans receivable.

15. INTEREST-BEARING LOANS

| | 30 June 2016 HK\$ (unaudited) | 31 December 2015 HK\$ (audited) |
|------------|--|--|
| Bank loans | 8,859,046 | 9,553,598 |

The borrowings are repayable as follows:

| | 30 June 2016 HK\$ (unaudited) | 31 December 2015 HK\$ (audited) |
|--|--|--|
| In demand or within one year | 651,894 | 1,016,542 |
| In the second year | 680,145 | 665,908 |
| In the third to fifth year | 2,221,679 | 2,175,174 |
| After five years | 5,305,328 | 5,695,974 |
| | 8,859,046 | 9,553,598 |
| Portion of bank loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities) | (8,207,152) | (8,537,056) |
| Amount due for settlement within 12 months (shown under current liabilities) | 651,894 | 1,016,542 |

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

At 30 June 2016 and 31 December 2015, the bank loans were secured by charges over the Group's investment properties.



15. INTEREST-BEARING LOANS (Continued)

At 30 June 2016 and 31 December 2015, the Group had no available undrawn borrowing facility.

The average interest rate of the bank loans as at 30 June 2016 was 4.25% (At 31 December 2015: 2.75%–4.25%).

16. LOAN NOTES

| | 30 June 2016 HK\$ (unaudited) | 31 December 2015 HK\$ (audited) |
|-----------|--|--|
| On demand | 24,875,000 | — |

Pursuant to the placing agreements (the “Placing Agreements”) entered into between the Company and two placing agents, namely Convoy Asset Management Limited (“Convoy”) and Jun Yang Securities Company Limited (“Jun Yang”) (collectively as the “Placing Agents”) on 11 May 2016 and 27 June 2016 respectively, each of the Placing Agents agreed to act on behalf of the Company to procure placees, who are independent third parties, to subscribe for the 4.5% per annum (payable quarterly in arrears) loan notes (“Loan Notes”) of the Company with principal amount up to HK\$100,000,000 each at the placing price equal to 100% of the principal amount of the Loan Notes. The Loan Notes will mature on the day immediately preceding the second anniversary of the relevant date of issue. The placing period will last for a period of one year commencing from the day after the respective date of the Placing Agreements. The Company has right to early redeem, and the holders of the Loan Notes have right to request the Company to redeem, all/part of the outstanding principal amount of the Loan Notes on a day after the third month of the date of issue of the Loan Notes and before the maturity date at an amount equal to 100% of the redeemed principal amount.

On 27 June 2016, the Company issued the Loan Notes in a principal amount of HK\$25,000,000 to an independent third party procured by Convoy.

The principal amount of Loan Notes in issue, less of transaction costs, is measured at amortised cost using the effective interest rate method after initial recognition. The effective interest rate of the Loan Notes is 4.764%.



17. SHARE CAPITAL

| | Authorised | | Issued and fully paid | |
|--|-------------------|---------------|-----------------------|--------------|
| | Number of shares | Amount HK\$ | Number of shares | Amount HK\$ |
| Ordinary shares of HK\$0.1 each at 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 (a)) | — | — | 432,000,000 | 43,200,000 |
| Capital reorganisation (note (b)) | 450,000,000,000 | — | — | (51,840,000) |
| Issue of shares on placing (note (c)) | — | — | 28,800,000 | 288,000 |
| Share consolidation (note (d)) | (250,000,000,000) | — | (302,400,000) | — |
| Ordinary shares of HK\$0.02 each at 31 December 2015 and 1 January 2016, audited | 250,000,000,000 | 5,000,000,000 | 302,400,000 | 6,048,000 |
| Issue of shares on placing (note (e)) | — | — | 60,480,000 | 1,209,600 |
| Issue of shares under rights issue (note (f)) | — | — | 3,265,920,000 | 65,318,400 |
| Ordinary share of HK\$0.02 each at 30 June 2016, unaudited | 250,000,000,000 | 5,000,000,000 | 3,628,800,000 | 72,576,000 |

Note:

- (a) Pursuant to a resolution passed at the extraordinary general meeting of the Company held on 24 December 2014, the issue by way of rights issue on the basis of three rights shares of HK\$0.1 each for every share in issue and held on the record date (the “1st Rights Issue”) at the subscription price of HK\$0.238 per rights share was approved.

On 2 February 2015, the 1st Rights Issue was completed and 432,000,000 rights shares of HK\$0.1 each were allotted and issued. On the same day, the premium on the issue of rights shares of HK\$0.1 each 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.



17. SHARE CAPITAL (Continued)

Note: (Continued)

- (b) Pursuant to a resolution passed at the extraordinary general meeting of the Company held on 24 December 2014, the 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 subdivide the authorised but unissued shares of HK\$0.1 each into ten new shares of HK\$0.01 each (the "Capital Reorganisation") was approved.

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

- (c) On 24 April 2015, the Company and Jun Yang entered into a placing agreement in respect of the placing of a maximum of 28,800,000 ordinary shares of HK\$0.01 each to independent investors at a price of HK\$0.288 per share. The placing was completed on 8 May 2015 and an aggregate of 28,800,000 ordinary shares of HK\$0.01 each were allotted and issued. 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.
- (d) Pursuant to a resolution passed at the special general meeting of the Company held on 10 December 2015, every two issued and unissued shares of the Company with par value of HK\$0.01 each were consolidated into one share with par value of HK\$0.02 with effect from 11 December 2015. The consolidated shares rank pari passu in all respects with each other.
- (e) On 17 December 2015, the Company and Jun Yang entered into a placing agreement in respect of the placing of a maximum of 60,480,000 ordinary shares of HK\$0.02 each to independent investors at a price of HK\$0.174 per share. The placing was completed on 8 January 2016 and an aggregate of 60,480,000 ordinary shares of HK\$0.02 each were allotted and issued. The premium on the placing of shares amounting to HK\$9,313,920, net of share issue expenses amounting to HK\$402,518, was credited to the Company's share premium account.



17. SHARE CAPITAL (Continued)

Note: (Continued)

- (f) Pursuant to a resolution passed at the special general meeting of the Company held on 19 February 2016, the issue by way of rights issue on the basis of nine rights shares of HK\$0.02 each for every share in issue and held on the record date (the "2nd Rights Issue") at the subscription price of HK\$0.127 per rights share was approved.

On 31 March 2016, the 2nd Rights Issue was completed and 3,265,920,000 rights shares of HK\$0.02 each were allotted and issued. On the same day, the premium on the issue of rights shares of HK\$0.02 each amounting to HK\$349,453,440, net of share issue expenses amounting to HK\$9,293,748, was credited to the Company's share premium account.

18. 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 | |
|---|--------------------------|-------------|
| | 2016 | 2015 |
| | HK\$ | HK\$ |
| | (unaudited) | (unaudited) |
| Interest income from a related company (note) | 371,312 | 682,002 |

Note: The related company is indirectly controlled by a company where the chairman and an executive director of the Company is a substantial shareholder, chairman and director.



18. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties:

| | 30 June | 31 December |
|-----------------------------------|--------------------|-------------|
| | 2016 | 2015 |
| | HK\$ | HK\$ |
| | (unaudited) | (audited) |
| Loans to a related company (note) | — | 12,400,000 |

Note: The related company is indirectly controlled by a company where the chairman and an executive director of the Company is a substantial shareholder, chairman and director. The loans were fully settled during the current period upon maturity.

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

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2016 | 2015 |
| | HK\$ | HK\$ |
| | (unaudited) | (unaudited) |
| Short term employee benefits including salaries, bonuses, paid annual leaves and sick leaves | 1,983,335 | 2,403,333 |
| Post-employment benefits | 192,975 | 272,250 |
| | 2,176,310 | 2,675,583 |

19. CONTINGENT LIABILITIES

At 30 June 2016, 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 may be 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 2016, the Group's maximum exposure to such legal risk comprised its aggregate loans receivable granted to borrowers of approximately HK\$17.15 million (At 31 December 2015: HK\$21.15 million).



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 June 2016, 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 six months ended 30 June 2016, the Group recorded an increase in average loan balance of approximately 40.33% to approximately HK\$549.22 million as compared to approximately HK\$391.38 million in the corresponding period last year, which drove the revenue up to approximately HK\$35.67 million for the six months ended 30 June 2016, details of which are set out in the section headed "Financial Review" below.

In line with the Group's business development strategy, the Group has established appropriate risk management and internal control systems covering operations, financial reporting and compliance to support the achievement of business objectives and to safeguard the Group's assets. Relevant policies and manuals have been in place and have been reviewed on a regular basis.

Looking forward, the Group will continue to concentrate its efforts on the existing money lending operations in Hong Kong, riding on its experience in money lending business. Given the rapidly changing economy and challenging external operating environment, the Group will continue to focus on maintaining the growth and credit quality of its loan portfolios while closely monitoring its capital and funding base in pursuing sustainable growth and maximising value for shareholders amid the low interest rate environment.

FUND RAISING ACTIVITIES

Placing under General Mandate

To ensure that the Group has sufficient funds to satisfy the expanding market and to further develop its traditional lending business, the management of the Company considered that there was a need for fund raising.

On 17 December 2015, the Company and Jun Yang entered into a placing agreement ("JY Placing Agreement") pursuant to which the Company conditionally agreed to place through Jun Yang, on a best endeavour basis, up to 60,480,000 ordinary shares of the Company ("Placing Shares"), to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company ("Independent Third Parties") at a price of HK\$0.174 per Placing Share ("December Placing"). The placing price represented a discount of 13.00% to the closing price of HK\$0.20 per share of the Company as quoted on the Stock Exchange on the date of the JY Placing Agreement. The completion of the December Placing took place on 8 January 2016 and an aggregate of 60,480,000 Placing Shares were successfully placed. The Placing



Shares were allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 29 June 2015. The net proceeds after deduction of expenses from the December Placing were approximately HK\$10.12 million which have been fully deployed as intended for the money lending business of the Group. The net placing price for the December Placing was approximately HK\$0.167 per Placing Share and the aggregate nominal value of the Placing Shares was HK\$1,209,600.

The Directors were of the view that the December Placing represented good opportunity to broaden the shareholders' base and the capital base of the Company and was therefore in the interest of the Company and its shareholders as a whole.

Details of the December Placing are disclosed in the announcements of the Company dated 17 December 2015 and 8 January 2016.

2nd Rights Issue

Given that the net proceeds from the December Placing was not sufficient to meet the funding needs of the Group, the board of Directors ("Board") considered it necessary for the Company to conduct further fund raising and a rights issue was considered a better option when comparing to other fund raising activities as a rights issue offered all shareholders of the Company equal opportunity to subscribe for their pro-rata provisional allotment of the rights shares and participate in the growth opportunity of the Company.

On 31 March 2016, the Company completed the 2nd Rights Issue and 3,265,920,000 ordinary shares ("Rights Shares") were allotted and issued on the basis of nine Rights Shares for every one share of the Company held on the record date ("2nd Rights Issue") at a subscription price of HK\$0.127 per Rights Share. The subscription price of HK\$0.127 represented a discount of 36.5% to the closing price of HK\$0.20 per share of the Company as quoted on the Stock Exchange on 17 December 2015, being the date of the announcement of the Company in respect of the 2nd Rights Issue. The aggregate nominal value of the shares issued under the 2nd Rights Issue was approximately HK\$65.32 million. The net proceeds raised from the 2nd Rights Issue was approximately HK\$405.48 million, which have been fully deployed as intended for the money lending business of the Group, among which approximately 66% was applied towards the provision of unsecured lending and approximately 34% was applied towards the provision of secured lending.

Details of the 2nd Rights Issue are disclosed in the announcements of the Company dated 17 December 2015, 19 February 2016, 30 March 2016 and 19 April 2016, the circular of the Company dated 29 January 2016 and the prospectus of the Company dated 3 March 2016.



Placing of Notes – Convoy

On 11 May 2016, the Company and Convoy entered into a placing agreement pursuant to which Convoy agreed to act as the placing agent of the Company, on a best endeavour basis, to procure placee(s) who and whose respective ultimate beneficial owner(s), if applicable, shall be Independent Third Parties to subscribe for the 4.5% per annum notes (“May 2016 Notes”) to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000 maturing on the day immediately preceding the second anniversary of the date of issue of the notes at the placing price which equals the principal amount of the notes. The funds to be raised from the placing of the May 2016 Notes is intended to be used for the money lending business of the Group. On 27 June 2016, the May 2016 Notes in an aggregate principal amount of HK\$25,000,000 were issued raising net proceeds of approximately HK\$24.88 million. On 27 July 2016, the May 2016 Notes in an aggregate principal amount of HK\$8,000,000 were further issued by the Company raising net proceeds of HK\$7.96 million. All the net proceeds from the issue of the May 2016 Notes have been fully deployed as intended for the money lending business of the Group. Please refer to the announcements of the Company dated 11 May 2016 and 27 June 2016 for more details.

Placing of Notes – Jun Yang

On 27 June 2016, the Company and Jun Yang entered into a placing agreement pursuant to which Jun Yang agreed to act as the placing agent of the Company, on a best endeavour basis, to procure placee(s) who and whose respective ultimate beneficial owner(s), if applicable, shall be Independent Third Parties to subscribe for the 4.5% per annum notes to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000 maturing on the day immediately preceding the second anniversary of the date of issue of the notes at the placing price which equals the principal amount of the notes (“June 2016 Notes”). The funds to be raised from the placing of the June 2016 Notes is intended to be used for the money lending business of the Group. Please refer to the announcement of the Company dated 27 June 2016 for more details.

No June 2016 Notes have been issued as at the date of this report.



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 2016, revenue was approximately HK\$35.67 million, representing an increase of approximately 14.80% over the revenue of approximately HK\$31.07 million recorded in the corresponding period in 2015. The increase in revenue was mainly attributable to the Group's effort in expanding the loan portfolio by deploying the net proceeds from the 2nd Rights Issue since April 2016 which had driven up the average loan balance by approximately 40.33% to approximately HK\$549.22 million for the six months ended 30 June 2016 as compared to approximately HK\$391.38 million in the corresponding period in 2015.

Meanwhile, the average interest rate recorded a decrease from approximately 15.88% for the six months ended 30 June 2015 to approximately 12.99% for the corresponding period in 2016.

Net interest margin

The Group recorded a net interest margin of approximately 12.99% for the six months ended 30 June 2016 (six months ended 30 June 2015: approximately 14.92%). The decrease in net interest margin reflects the Group's pricing strategy under the low interest rate environment in the competitive money lending industry.

Other income and other gains and losses

The Group's other income mainly comprises income from fees received in relation to its money lending business, bank interest income derived from bank deposit, rental income and other fee income. In relation to rental income, although the amount was 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 remained relatively stable at approximately HK\$0.71 million for the six months ended 30 June 2016 as compared to approximately HK\$0.74 million for the six months ended 30 June 2015.

Meanwhile, other gains and losses recorded a loss of approximately HK\$1.60 million for the six months ended 30 June 2016, as compared to a gain of HK\$1.70 million in the corresponding period in 2015. Such loss was primarily due to a decrease in fair value of investment properties in 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 2016 recorded a decrease of approximately 7.02% to approximately HK\$8.70 million as compared to approximately HK\$9.36 million for the corresponding period in 2015 which was mainly due to the decrease of directors' emoluments, rental expenses and depreciation charges.

Other operating expenses

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

As compared to the amount of approximately HK\$7.63 million for the six months ended 30 June 2015, other operating expenses increased slightly to approximately HK\$8.08 million for the corresponding period in 2016. The increase was mainly attributable to an increase of promotion and advertising expenses for the six months ended 30 June 2016 as compared to the corresponding period in 2015.

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 drop in finance costs from approximately HK\$2.28 million for the six months ended 30 June 2015 to approximately HK\$0.19 million for the six months ended 30 June 2016 was mainly due to the Group's reduced reliance on financial assistance from banks and Independent Third Party lenders during 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\$14.64 million for the six months ended 30 June 2016, representing an increase of approximately 20.43% as compared to approximately HK\$12.16 million for the six months ended 30 June 2015.



LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2016, the Group financed its operations by (i) cash flow from operating activities; (ii) issuance of equity shares; (iii) loans and/or credit facilities from Independent Third Parties and banks; and (iv) proceeds from the May 2016 Notes issued by the Company during the period.

As at 30 June 2016, the Group had net current assets of approximately HK\$362.29 million (31 December 2015: approximately HK\$171.66 million), including bank and cash balances of approximately HK\$106.68 million (31 December 2015: approximately HK\$28.33 million). The Group's current liabilities amounted to approximately HK\$39.97 million, which comprised mainly a mortgage loan from bank of approximately HK\$8.86 million and the May 2016 Notes payable of approximately HK\$24.88 million. The current ratio, being the ratio of current assets to current liabilities, was approximately 10.06 times as at 30 June 2016 (31 December 2015: approximately 14.63 times). The decrease in the current ratio was mainly attributable to the increase of current liabilities from the issuance of the May 2016 Notes.

The capital of the Group comprised only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$906.41 million as at 30 June 2016 (31 December 2015: approximately HK\$476.17 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 905–906, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, all of which are being leased out to Independent Third Party tenants. The carrying amount is revalued at the end of each reporting period by independent professional qualified valuers. The aggregate carrying amount of investment properties decreased from HK\$63.90 million as at 31 December 2015 to HK\$48 million as at 30 June 2016 which was mainly due to the fact that certain properties were no longer categorised as investment properties as a result of the expansion of the head office of the Company.



MATERIAL ACQUISITIONS AND DISPOSALS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the six months ended 30 June 2016, there had been no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group and the Group had no specific plan for material investments or capital assets as at 30 June 2016.

INFORMATION ON EMPLOYEES

As at 30 June 2016, the Group employed a total of 36 staff (31 December 2015: 44 staff). Total remuneration paid for the six months ended 30 June 2016 (including Directors' emoluments) was approximately HK\$7.06 million (30 June 2015: approximately HK\$7.65 million). The Company's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and by making reference to the prevailing market conditions. The remuneration packages offered by the Group comprise monthly fixed salaries, double-pay, medical insurance, contributions to statutory mandatory provident fund scheme for employees, share option scheme and directors' bonus shares scheme, etc. Discretionary year-end bonus may also be paid to employees according to their individual performance as recognition of and reward for their contributions.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2016, the Group had pledged its property at 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, whereby the outstanding principal amount of the said mortgage loan was approximately HK\$8.86 million as at 30 June 2016 and approximately HK\$9.17 million as at 31 December 2015.

GEARING RATIO

The Group had a net cash position as at 30 June 2016 which was primarily attributable to the increase of funds raised from the December Placing, the 2nd Rights Issue and the May 2016 Notes. Therefore the gearing ratio, which is calculated as net debt divided by the adjusted capital plus net debt, was not applicable.

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 19 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 2016, 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 (the "SFO")) which were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules 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) | 889,056,000 | 24.50% |

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 849,856,000 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 39,200,000 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.

Save as disclosed above, as at 30 June 2016, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.



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

As at 30 June 2016, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required 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) | 849,856,000 | 23.42% |
| GET Holdings Limited | Interest of controlled corporations (Note 2) | 720,000,000 | 19.84% |
| Lucky Famous Limited | Interest of controlled corporations (Note 2) | 720,000,000 | 19.84% |
| Perfect Growth Limited | Beneficial owner (Note 2) | 720,000,000 | 19.84% |
| Jun Yang Financial Holdings Limited | Interest of controlled corporations (Note 3) | 350,000,000 | 9.65% |

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: These shares are held by Perfect Growth Limited, which is a company incorporated in Hong Kong with limited liability. Perfect Growth Limited is wholly-owned by Lucky Famous Limited, which is in turn wholly-owned by GET Holdings Limited (stock code: 08100), whose shares are listed on GEM. By virtue of the SFO, Lucky Famous Limited and GET Holdings Limited are deemed to be interested in all the shares in which Perfect Growth Limited is interested.

Note 3: These shares are held by Classictime Investments Limited, which is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Jun Yang Financial Holdings Limited. Jun Yang Financial Holdings Limited (stock code: 0397) is a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange. By virtue of the SFO, Jun Yang Financial Holdings Limited is deemed to be interested in all the shares in which Classictime Investments Limited is interested.



Save as disclosed above, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who, as at 30 June 2016, had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) 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 of its subsidiaries; (b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any of its 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 of its subsidiaries who, at the sole determination of the Board, have contributed or will contribute to the Company and/or any of its subsidiaries.

No share option had been granted under the Share Option Scheme since its adoption on 24 November 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

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 has confirmed that he/she has 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 2016. No incident of non-compliance was noted by the Company during this period.

UPDATE ON DIRECTORS' BIOGRAPHICAL DETAILS

Mr. Fung Kam Man was appointed as an independent non-executive director of DX.com Holdings Limited (stock code: 08086), whose shares are listed on GEM, with effect from 1 August 2016.



Ms. Ho Siu Man has become an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries since June 2016.

Save as disclosed above, there is no other change or update to the Directors' information that is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

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 shareholders' interests. To the best knowledge of the Board, throughout the six months ended 30 June 2016, the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules.

COMPETING INTERESTS

Ms. Chan Lai Yee, a former non-executive Director who retired by rotation on 28 June 2016, had been a senior management of a company where one of its subsidiaries was principally engaged in money lending business.

The Directors confirm that save as disclosed above, none of the Directors, controlling shareholders and their respective close associates had any business or interest which competes or may compete with the business of the Group or had any other conflicts of interest with the Group during the six months ended 30 June 2016.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three existing independent non-executive Directors of the Company, namely, Mr. Tai Man Hin Tony, Mr. Yu Wan Hei and Mr. Fung Kam Man. The Group's unaudited condensed consolidated results for the six months ended 30 June 2016 have been reviewed by the Audit Committee. The Board is of opinion that the preparation of such financial information has 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, 9 August 2016