

2016

Third Quarterly  
Report



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

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



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 2016 together with the comparative unaudited figures for the corresponding period in 2015, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Three months ended 30 September		Nine months ended 30 September	
		2016 HK\$ (unaudited)	2015 HK\$ (unaudited)	2016 HK\$ (unaudited)	2015 HK\$ (unaudited)
<b>Revenue</b>	3	<b>22,631,651</b>	16,545,006	<b>58,303,442</b>	47,617,680
Other income	4	<b>372,793</b>	491,966	<b>1,078,670</b>	1,229,512
Other gains and losses	5	—	1,514,742	<b>(1,598,911)</b>	3,214,742
		<b>23,004,444</b>	18,551,714	<b>57,783,201</b>	52,061,934
Administrative expenses		<b>(5,021,695)</b>	(4,474,135)	<b>(13,726,287)</b>	(13,836,132)
Other operating expenses		<b>(3,996,487)</b>	(2,837,184)	<b>(12,077,521)</b>	(10,463,479)
Finance costs	6	<b>(453,270)</b>	(690,481)	<b>(644,839)</b>	(2,975,130)
<b>Profit before tax</b>	7	<b>13,532,992</b>	10,549,914	<b>31,334,554</b>	24,787,193
Income tax expense	8	<b>(2,318,652)</b>	(1,483,736)	<b>(5,476,824)</b>	(3,562,140)
<b>Profit for the period</b>		<b>11,214,340</b>	9,066,178	<b>25,857,730</b>	21,225,053
<b>Other comprehensive income, net of tax</b>					
<i>Items that may be reclassified to profit or loss:</i>					
Gain on property revaluation		—	—	—	5,203,775
		—	—	—	5,203,775
<b>Total comprehensive income for the period</b>		<b>11,214,340</b>	9,066,178	<b>25,857,730</b>	26,428,828
		<b>HK cents</b>	HK cents (Restated)	<b>HK cents</b>	HK cents (Restated)
<b>Earnings per share</b>					
Basic	10	<b>0.31</b>	2.77	<b>1.01</b>	7.22
Diluted	10	<b>N/A</b>	N/A	<b>N/A</b>	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 2016 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, 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 2015 except for the adoption of all the new and revised HKFRSs issued by the HKICPA that are relevant to its operation and effective for its accounting year beginning on 1 January 2016. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed consolidated financial statements.

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 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 nine months ended 30 September 2016 and 2015.

### 3. REVENUE

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



#### 4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$ (unaudited)	2015 HK\$ (unaudited)	2016 HK\$ (unaudited)	2015 HK\$ (unaudited)
Other fee income	103	57,127	411	151,988
Bank interest income	64	—	275	165
Gross rental income	372,626	434,839	1,077,984	1,077,359
	<b>372,793</b>	491,966	<b>1,078,670</b>	1,229,512

#### 5. OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$ (unaudited)	2015 HK\$ (unaudited)	2016 HK\$ (unaudited)	2015 HK\$ (unaudited)
Fair value (losses)/gains on investment properties	—	1,300,000	(1,600,000)	3,000,000
Gain on disposal of property, plant and equipment	—	214,742	1,089	214,742
	—	1,514,742	(1,598,911)	3,214,742

#### 6. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$ (unaudited)	2015 HK\$ (unaudited)	2016 HK\$ (unaudited)	2015 HK\$ (unaudited)
Finance lease charges	—	3,750	—	11,250
Interest on bank loans and overdrafts	93,839	421,731	285,408	1,256,483
Interest on other borrowings wholly repayable within five years	359,431	265,000	359,431	1,707,397
	<b>453,270</b>	690,481	<b>644,839</b>	2,975,130

## 7. PROFIT BEFORE TAX

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

	Three months ended		Nine months ended	
	30 September	2015	30 September	2015
	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Amortisation of leasehold				
land under finance leases	18,690	14,844	54,788	50,055
Depreciation	400,249	140,650	784,114	564,371
Directors' emoluments:				
Salaries, bonus and allowance	962,324	1,260,000	2,945,659	3,663,333
Pension scheme contributions	96,488	136,125	289,463	408,375
	1,058,812	1,396,125	3,235,122	4,071,708
Employee benefits expense (excluding directors' emoluments):				
Salaries, bonus and allowance	2,265,212	2,242,616	6,868,951	6,931,041
Pension scheme contributions	100,772	104,125	380,226	389,776
	2,365,984	2,346,741	7,249,177	7,320,817
Fair value losses/(gains) on investment properties	—	(1,300,000)	1,600,000	(3,000,000)
Minimum lease rental payments in respect of land and buildings under an operating lease	221,175	290,800	739,375	940,900
Net charge for impairment allowance for loans receivable	1,888,585	1,186,517	4,893,478	4,730,721

## 8. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax –				
Hong Kong Profits tax	<b>2,318,652</b>	1,483,736	<b>5,476,824</b>	3,562,140

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

## 9. DIVIDENDS

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

## 10. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the nine months ended 30 September 2016 attributable to owners of the Company of HK\$25,857,730 (2015: HK\$21,225,053), and the weighted average number of ordinary shares of 2,564,418,598 (2015: 293,780,400 (restated)) in issue during the period.

The weighted average number of ordinary shares for the nine months ended 30 September 2015 has been retrospectively adjusted for the rights issue completed in March 2016.

### (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 2016 and 2015.

## 11. MOVEMENT OF RESERVES

(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	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 placing	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
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	—	—	—	—	—	25,857,730	25,857,730
Issue of shares on placing	1,209,600	9,313,920	—	—	—	—	10,523,520
Issue of shares under rights issue	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	—	—	—	25,857,730	441,456,824
At 30 September 2016	72,576,000	356,661,862	141,829,615	220,718,070	5,203,775	120,633,340	917,622,662



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

For the nine months ended 30 September 2016 (“Review Period”), 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 Review Period, the Group’s average loan balance recorded a satisfactory growth of approximately 51.24% as compared to the corresponding period in the preceding year and achieved approximately HK\$609.47 million for the Review Period, details of which are set out in the section headed “Financial Review” below.

On 5 October 2016, the Company entered into a share subscription agreement with Asia Wealth Financial Holdings Limited (“Asia Wealth”), pursuant to which the Company agreed to subscribe for and purchase from Asia Wealth, and Asia Wealth agreed to issue to the Company one (1) ordinary share of par value of US\$1.00 in the share capital of Asia Wealth at the price of HK\$900,000 (“Share Subscription”). Asia Wealth Securities Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Asia Wealth, holds the licence to carry on Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) and is principally engaged in dealing in securities. The Directors considered that the Share Subscription would allow the Group to invest in the securities business. Details of the Share Subscription are disclosed in the announcement of the Company dated 5 October 2016.

The Company is proactively exploring further potential investment opportunities, subject to the prevailing market condition and taking into account the interest of the Company and its shareholders as a whole.

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 strive for maintaining revenue growth and credit quality on the back of its experience in money lending business.

Meanwhile, the Group will closely monitor its capital and funding base and explore potential opportunities in pursuing sustainable growth and maximising value for shareholders.

## FUND RAISING ACTIVITIES

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.

### *Placing under General Mandate*

On 17 December 2015, the Company and Jun Yang Securities Company Limited (“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 places 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.

### *Rights Issue*

Given that the net proceeds from the December Placing was not sufficient to meet the funding needs of the Group, the 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 allotted and issued 3,265,920,000 ordinary shares of HK\$0.02 each (“Rights Shares”) by way of rights issue on the basis of nine Rights Shares for every one share of the Company held on the record date (“2016 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 2016 Rights Issue. The aggregate nominal value of the shares issued under the 2016 Rights Issue was approximately HK\$65.32 million. The net proceeds raised from the 2016 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 2016 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 Asset Management Limited (“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 raised from the placing of the May 2016 Notes was 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 raised from the placing of the June 2016 Notes was 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 Review Period, revenue was approximately HK\$58.30 million, representing an increase of approximately 22.44% over the revenue of approximately HK\$47.62 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 2016 Rights Issue since April 2016, which had driven up the average loan balance by approximately 51.24% to approximately HK\$609.47 million for the Review Period as compared to approximately HK\$402.99 million in the corresponding period in 2015.

Meanwhile, the average interest rate recorded a decrease from approximately 15.75% for the nine months ended 30 September 2015 to approximately 12.76% for the Review Period.

### *Net interest margin*

The Group recorded a net interest margin of approximately 12.68% for the Review Period (nine months ended 30 September 2015: approximately 14.97%). 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 the Group with a steady source of income and has always formed part of the Group's activities. Other income recorded a slight decrease of approximately 12.27% from approximately HK\$1.23 million for the nine months ended 30 September 2015 to approximately HK\$1.08 million for the Review Period.

Meanwhile, other gains and losses recorded a loss of approximately HK\$1.60 million for the Review Period as compared to a gain of approximately HK\$3.21 million for the nine months ended 30 September 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 expenses, general insurance expenses and depreciation charges, etc.

The Group's administrative expenses for the Review Period remained relatively stable at approximately HK\$13.73 million as compared to approximately HK\$13.84 million for the corresponding period in 2015.



### *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 the amount of approximately HK\$10.46 million for the nine months ended 30 September 2015, other operating expenses increased to approximately HK\$12.08 million for the Review Period. The increase was mainly attributable to an increase in advertising and promotion expenses for the Review Period 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\$2.98 million for the nine months ended 30 September 2015 to approximately HK\$0.64 million for the Review Period was mainly due to the Group's reduced reliance on financial assistance from banks and Independent Third Party lenders during the Review 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\$25.86 million for the nine months ended 30 September 2016, representing an increase of approximately 21.83% as compared to approximately HK\$21.23 million for the nine months ended 30 September 2015.

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

As at 30 September 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 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 September 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 AND UNDERLYING SHARES

As at 30 September 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%
Convoy Global Holdings Limited	Interest of controlled corporations (Note 3)	707,280,000	19.49%
Convoy (BVI) Limited	Interest of controlled corporations (Note 3)	707,280,000	19.49%
Convoy Collateral Limited	Beneficial owner (Note 3)	707,280,000	19.49%
Jun Yang Financial Holdings Limited	Interest of controlled corporations (Note 4)	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 Convoy Collateral Limited, which is a company incorporated in Hong Kong with limited liability. Convoy Collateral Limited is wholly-owned by Convoy (BVI) Limited, which is in turn wholly-owned by Convoy Global Holdings Limited (stock code: 01019), whose shares are listed on the Main Board of the Stock Exchange. By virtue of the SFO, Convoy (BVI) Limited and Convoy Global Holdings Limited are deemed to be interested in all the shares in which Convoy Collateral Limited is interested.

Note 4: The 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 September 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 Review Period.

## **UPDATE ON DIRECTORS' BIOGRAPHICAL DETAILS**

Mr. Fung Kam Man, an independent non-executive Director, resigned as an independent non-executive director of Jia Meng Holdings Limited (stock code: 8101), the shares of which are listed on GEM, with effect from 21 September 2016. Besides, Mr. Fung obtained a degree of Doctor of Philosophy awarded by the University of Nottingham in October 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 Review Period, 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 is principally engaged in money lending business.

The Directors confirm that save as disclosed above, none of the Directors, controlling shareholders of the Company 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 Review Period.



## AUDIT COMMITTEE

As at the date of this report, the audit committee of the Company (the "Audit Committee") comprises three existing independent non-executive Directors, namely, Mr. Fung Kam Man, Mr. Wang Zhiwei and Mr. Yu Wan Hei. The Group's unaudited condensed consolidated results for the nine months ended 30 September 2016 have been reviewed by the Audit Committee. The Board is of the 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, 7 November 2016