



First Quarterly Report

2013

FIRST CREDIT FINANCE GROUP LIMITED
第一信用金融集團有限公司

(Formerly known as "First Credit Holdings Limited 第一信用控股有限公司")

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8215



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

Growth Enterprise Market (“GEM”) has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 ended 31 March 2013 together with the comparative unaudited figures for the corresponding period in 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Three months ended | |
|--|------|---------------------------|-------------|
| | | 31 March | |
| | Note | 2013 | 2012 |
| | | HK\$ | HK\$ |
| | | (unaudited) | (unaudited) |
| Revenue | 3 | 13,971,598 | 11,663,973 |
| Other income and gains | 3 | 3,035,070 | 422,104 |
| | | 17,006,668 | 12,086,077 |
| Administrative expenses | | (4,920,246) | (5,323,662) |
| Other operating expenses | | (2,134,712) | (4,595,384) |
| Finance costs | 4 | (300,581) | (68,688) |
| Profit before tax | 5 | 9,651,129 | 2,098,343 |
| Income tax expense | 6 | (1,225,433) | (614,669) |
| Profit for the period attributable to owners of the Company | | 8,425,696 | 1,483,674 |
| Other comprehensive (loss)/income, net of tax | | | |
| Fair value changes of available-for-sale investments | | 96,000 | 1,383,900 |
| Cumulative losses reclassified to profit or loss on impairment of available-for-sale investments | | — | 22,500 |
| Cumulative gains reclassified to profit or loss on disposal of available-for-sale investments | | (337,410) | — |
| | | (241,410) | 1,406,400 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

| | | Three months ended | |
|--|------|--------------------|-------------|
| | | 31 March | 2012 |
| | Note | 2013 | 2012 |
| | | HK\$ | HK\$ |
| | | (unaudited) | (unaudited) |
| <hr/> | | | |
| Total comprehensive income for the period attributable to owners of the Company | | 8,184,286 | 2,890,074 |
| <hr/> | | | |
| | | HK cents | HK cents |
| Earnings per share | | | |
| Basic | 8 | 0.84 | 0.15 |
| <hr/> | | | |
| Diluted | 8 | N/A | N/A |
| <hr/> | | | |

Notes:

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2013 have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. They have been prepared under the historical cost convention, except for investment properties and available-for-sale investments, which have been measured at fair value. These unaudited condensed consolidated results of the Group are presented in Hong Kong dollars (“HK\$”).

The principal accounting policies used in the preparation of these unaudited condensed results are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2012 except for the adoption of certain new and revised HKFRSs issued by the HKICPA that are relevant to its operation and effective for its accounting year beginning on 1 January 2013. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s unaudited condensed consolidated results and amounts reported for the current period and prior years.

The Group has not early applied any new HKFRSs that have been issued but are not yet effective.

2. SEGMENT INFORMATION

During the three months ended 31 March 2013, all of the Group’s revenue is generated from the provision and arrangement of credit facilities in Hong Kong. Revenue represents interest income earned from loans offered to the Group’s customers. Information reported to the Group’s chief operating decision maker, for the purpose of resources allocation and assessment of the Group’s performance, is focused on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete financial information is available. Accordingly, no segment analysis or information about the Group’s products and services is presented.

All of the Group’s revenue from external customers and assets was generated from and located in Hong Kong during the three months ended 31 March 2013 and 2012.

3. REVENUE, OTHER INCOME AND GAINS

The Group's revenue, other income and gains recognised during the period are as follows:

| | Three months ended 31 March | |
|--|--|-----------------------------|
| | 2013 HK\$ (unaudited) | 2012 HK\$ (unaudited) |
| Revenue: | | |
| Interest income on loans | 13,971,598 | 11,464,555 |
| Interest income on impaired loans | — | 199,418 |
| | 13,971,598 | 11,663,973 |
| Other income: | | |
| Other fee income | 59,291 | 205,140 |
| Bank interest income | 1 | 2 |
| Gross rental income | 268,278 | 133,100 |
| Dividend income | — | 83,862 |
| | 327,570 | 422,104 |
| Gains: | | |
| Fair value gains on investment properties | 1,700,000 | — |
| Gain on disposal of available-for-sale investments (note) | 1,007,500 | — |
| | 2,707,500 | — |
| Other income and gains | 3,035,070 | 422,104 |
| Total revenue, other income and gains | 17,006,668 | 12,086,077 |

Note: In regard of the available-for-sale investments, China Minsheng Banking Corp., Ltd (stock code: 1988) has been divested during the three months ended 31 March 2013 for aggregate gross sale proceeds of approximately HK\$8.90 million (excluding transaction costs) for general working capital use.

4. FINANCE COSTS

| | Three months ended | |
|--|--------------------|-------------|
| | 31 March | |
| | 2013 | 2012 |
| | HK\$ | HK\$ |
| | (unaudited) | (unaudited) |
| Finance lease charges | 3,750 | — |
| Interest on bank loans and overdrafts | 257,379 | 68,688 |
| Interest on other borrowings wholly repayable within five years | 39,452 | — |
| | 300,581 | 68,688 |

5. PROFIT BEFORE TAX

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

| | Three months ended | |
|--|--------------------|-------------|
| | 31 March | |
| | 2013 | 2012 |
| | HK\$ | HK\$ |
| | (unaudited) | (unaudited) |
| Auditor's remuneration | 187,500 | 212,500 |
| Depreciation | 384,992 | 126,529 |
| Amortisation of leasehold land under finance leases | 17,605 | 14,844 |
| Legal and professional fees | 391,026 | 475,578 |
| Directors' emoluments: | | |
| Salaries, bonus and allowance | 1,213,611 | 1,055,500 |
| Bonus share expenses | — | 1,500,000 |
| Pension scheme contributions | 136,125 | 119,175 |
| | 1,349,736 | 2,674,675 |
| Employee benefit expense (excluding directors' emoluments): | | |
| Salaries, bonus and allowance | 2,412,200 | 1,875,490 |
| Pension scheme contributions | 165,338 | 127,454 |
| | 2,577,538 | 2,002,944 |
| Impairment loss on available-for-sale investments | — | 22,500 |
| Gain on disposal of available-for-sale investments | (1,007,500) | — |
| Fair value gains on investment properties | (1,700,000) | — |
| Minimum lease rental payments in respect of land and buildings under an operating lease | 295,868 | 316,800 |
| Net (reversal)/charge for impairment allowance for loans receivable | (208,449) | 1,953,985 |

6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the period.

| | Three months ended 31 March | |
|-------------------------------------|--|-------------|
| | 2013 | 2012 |
| | HK\$ | HK\$ |
| | (unaudited) | (unaudited) |
| Current tax — Hong Kong Profits Tax | 1,225,433 | 639,363 |
| Deferred tax | — | (24,694) |
| Income tax expense | 1,225,433 | 614,669 |

7. DIVIDENDS

The Directors do not recommend the payment of any interim dividend to shareholders for the three months ended 31 March 2013 (2012: Nil).

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

| | Three months ended 31 March | |
|--|--|---------------|
| | 2013 | 2012 |
| | HK\$ | HK\$ |
| | (unaudited) | (unaudited) |
| Earnings | | |
| Profit attributable to owners of the Company | 8,425,696 | 1,483,674 |
| Number of shares | | |
| Weighted average number of ordinary shares | 1,000,000,000 | 1,000,000,000 |

(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 three months ended 31 March 2013 and 2012.

9. MOVEMENT OF RESERVES

| | (Unaudited) | | | | | |
|--|---------------------------|--------------------------|----------------------------|--|-----------------------------|--------------------|
| | Issued capital HK\$ | Share premium HK\$ | Capital reserve HK\$ | Available- for-sale investment revaluation reserve HK\$ | Retained profits HK\$ | Total HK\$ |
| At 1 January 2012 | 10,000,000 | 44,002,607 | 148,309,615 | (4,609,164) | 59,896,358 | 257,599,416 |
| Total comprehensive income for the period | — | — | — | 1,406,400 | 1,483,674 | 2,890,074 |
| Bonus share expenses | — | 1,500,000 | — | — | — | 1,500,000 |
| Changes in equity for the period | — | 1,500,000 | — | 1,406,400 | 1,483,674 | 4,390,074 |
| At 31 March 2012 | 10,000,000 | 45,502,607 | 148,309,615 | (3,202,764) | 61,380,032 | 261,989,490 |
| At 1 January 2013 | 10,000,000 | 78,552,607 | 148,309,615 | 170,555 | 29,903,926 | 266,936,703 |
| Total comprehensive income for the period | — | — | — | (241,410) | 8,425,696 | 8,184,286 |
| Changes in equity for the period | — | — | — | (241,410) | 8,425,696 | 8,184,286 |
| At 31 March 2013 | 10,000,000 | 78,552,607 | 148,309,615 | (70,855) | 38,329,622 | 275,120,989 |

10. BONUS SHARE SCHEME

The Company operates a bonus share scheme (the "Bonus Share Scheme") for the purpose of providing incentives for a chairman and a Director of the Company, Mr. Sin Kwok Lam ("Mr. Sin") to remain in service within the Group and contribute to the Group's growth. Mr. Sin is entitled to 160,000,000 remuneration shares ("Remuneration Shares") under the Bonus Share Scheme. The Remuneration Shares have a vesting period of five years commencing from 13 December 2011 (the "Vesting Period"), the day on which the Company listed on the GEM of the Stock Exchange.

The fair value of the Remuneration Shares was amortised in straight-line method over the Vesting Period, at HK\$500,000 per month. As a result, the Company had recognised bonus share expenses of HK\$1,500,000 for the three months ended 31 March 2012.

On 29 November 2012, the Company and Mr. Sin entered into a new service contract (the "New Service Contract"), whereby both parties agreed to, amongst other things, modify the terms attached to the Bonus Share Scheme. Under the New Service Contract, Mr. Sin is entitled to enjoy or exercise all the unfettered rights, benefits and interests attached to the Bonus Share Scheme. Pursuant to the independent shareholder resolution passed on 19 December 2012, the New Service Contract was approved and ratified and the Company recognised a one-off expense of HK\$34,550,000 for the year ended 31 December 2012. Accordingly, there were no bonus share expenses recognised in profit or loss in connection with the Bonus Share Scheme for the three months ended 31 March 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

For the three months ended 31 March 2013, the Group continued with its money lending business objective in providing secured and unsecured loans to customers comprising individuals, corporations and foreign domestic workers.

In line with our expansion plan of branch network described in the prospectus of the Company dated 30 November 2011 (the "Prospectus"), we have rented a property in Yuen Long as our branch office. The new branch commenced operations during the first quarter of 2013. Our objectives of expanding loan portfolio and improving customer coverage could be sustained.

To enhance customer awareness of our brand, we continued monitoring the business performance and the changing market condition and took advantage of every possible opportunity created from evolving customers. In view of the stricter requirements imposed on property loans by banks in the first quarter of 2013, we emphasised and focused on the promotion of property loans where the performance of such loans was improved for the first quarter of 2013 as compared to the same period in the previous year. Nevertheless, under the recent market condition, the management of the Company expects that such improved performance of property loans may not be sustained.

Moving on to business plan in Mainland China, the Company continues to deliberate on details of the application for setting up a consumer loan financing company in Tianjin through communicating and meeting with Tianjin Municipal People's Government. The Board and the management team of the Company will keep on overseeing and supporting such plan.

Given the current market condition, the Directors had evaluated the Group's business objectives stated in the Prospectus and considered that no modification of business objectives was required save for the aforesaid plan in Mainland China.

Also, to enhance the Company's shareholders' base and raise additional funds at a reasonable cost for the Company, on 17 April 2013, a subscription agreement was entered into between the Company as issuer and Convoy Financial Services Holdings Limited as subscriber in relation to the subscription of 200,000,000 new shares by Convoy Financial Services Holdings Limited ("Subscription"). The Company completed the Subscription ("Completion of Subscription") on 24 April 2013 for aggregate gross proceeds of HK\$18 million. Relevant information of which is set out in the joint announcement and announcement of the Company dated 17 April 2013 and 24 April 2013 respectively.

Additionally, the Company has changed its name and was registered as “First Credit Finance Group Limited 第一信用金融集團有限公司” with effect from 29 April 2013 where a special resolution was passed by the shareholders of the Company at the annual general meeting of the Company held on 29 April 2013 and the Certificate of Incorporation on Change of Name dated 29 April 2013 was issued by the Registrar of Companies in the Cayman Islands.

Looking ahead, the funds raised from the Subscription will help strengthen the Group’s capital position by widening our customer base to include more previously untapped market segments. Additional revenue sources may be expected to be generated through future business cooperation with other enterprises by developing new loan products and services. On top of that, implementing marketing strategies based on the latest development plans and prevailing market trend will be continued to effectively and feasibly secure and boost our loan portfolio. The Board will continue to evaluate the overall performance and business opportunity of the Company to improve shareholders’ value and strengthen the financial position of the Company.

FINANCIAL REVIEW

Revenue

The Group’s revenue is derived from interest received from provision of various types of loan products to our customers. For the three months ended 31 March 2013, our revenue increased by approximately 19.78% from approximately HK\$11.66 million for the corresponding period last year to approximately HK\$13.97 million.

The rise was mainly attributable to the increase in average loan balance by approximately 11.12% from approximately HK\$195.63 million for the three months ended 31 March 2012 to approximately HK\$217.38 million for the corresponding period in 2013. Meanwhile, the average interest rate recorded an increase from approximately 23.85% for the three months ended 31 March 2012 to approximately 25.71% for the corresponding period in 2013.

Net interest margin

The Group recorded a relatively stable net interest margin of approximately 25.62% for the three months ended 31 March 2013 (2012: 23.85%).

Other income

The Group’s other income includes income from fees received incidental to its money lending business, bank interest income and rental income. Other income (excluding the rise in fair value gains on investment properties of HK\$1.70 million and gain on disposal of available-for-sale investments of approximately HK\$1.01 million) decreased slightly from approximately HK\$0.42 million for the three months ended 31 March 2012 to approximately HK\$0.33 million for the corresponding period in 2013.

Administrative expenses

The Group's administrative expenses mainly comprise employment expenses and occupancy costs for our 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, depreciation charges etc.

The Group's administrative expenses for the three months ended 31 March 2013 and 2012 were approximately HK\$4.92 million and HK\$5.32 million respectively. The decrease of approximately 7.58% was mainly attributable to the absence of the share-based payment to Mr. Sin for which HK\$1.50 million was recognised in the corresponding period last year as detailed in note 10 above.

Other operating expenses

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

As compared to approximately HK\$4.60 million for the corresponding period in 2012, other operating expenses for the three months ended 31 March 2013 decreased to approximately HK\$2.13 million. This was mainly attributable to the decrease in net charge for impairment allowance for loans receivable of approximately HK\$2.16 million from a net charge of approximately HK\$1.95 million for the corresponding period in 2012 to a net reversal of approximately HK\$0.21 million. A net reversal was attributable to the fact that an impairment allowance for loans receivable of approximately HK\$5.40 million was offset by reversal of provision for loans receivable of approximately HK\$5.60 million for the period.

Finance costs

The Group's finance costs comprise interest payments for loans from independent third party lenders and mortgage loans from banks for its buildings, investment properties and motor vehicles. Finance costs for the three months ended 31 March 2013 increased from approximately HK\$0.07 million for the corresponding period in 2012 to approximately HK\$0.30 million. The rise of approximately 337.60% was mainly due to the increase in bank loans for its buildings, investment properties and motor vehicles for the three months ended 31 March 2013.

Profit for the period

As a result of the above, the Group recorded profit attributable to owners of the Company of approximately HK\$8.43 million for the three months ended 31 March 2013, representing an approximately 467.89% increase as compared to approximately HK\$1.48 million for the three months ended 31 March 2012.

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

As at 31 March 2013 and upon Completion of Subscription, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in the Company:

| Name of Director | Capacity | Long position in ordinary shares held | Number of underlying shares subject to the Pre-IPO Share Option Scheme | Approximate percentage of the Company's issued share capital | |
|------------------|--|---------------------------------------|--|--|--|
| | | | | As at 31 March 2013 | Immediately after Completion of Subscription |
| Mr. Sin | Interest of controlled corporations (note) | 230,880,000 | — | 23.09% | 19.24% |

Note: Best Year Enterprises Limited and Enhance Pacific Limited are the registered and beneficial owners of these shares. Best Year Enterprises Limited is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Sin. Upon completion of the initial public offering of the Company involving the placing of 200,000,000 new shares and 100,000,000 existing shares each a price of HK\$0.30 per share (the "IPO"), Best Year Enterprises Limited is interested in 211,280,000 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 is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Sin. Upon completion of the IPO, Enhance Pacific Limited is interested in 19,600,000 shares. By virtue of the provisions of Part XV of the SFO, Mr. Sin is deemed to be interested in all the shares in which Enhance Pacific Limited is interested.

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

As at 31 March 2013 and upon Completion of Subscription, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the shares and the underlying shares as recorded in the register to be kept under Section 336 of the SFO were as follows:

Interests in the Company:

| Name of substantial shareholder | Capacity | Long position in ordinary shares held | Approximate percentage of the Company's issued share capital | |
|--|--|---------------------------------------|--|--|
| | | | As at 31 March 2013 | Immediately after Completion of Subscription |
| Best Year Enterprises Limited | Beneficial owner (note 1) | 211,280,000 | 21.13% | 17.61% |
| Tse Young Lai ("Mr. Tse") | Beneficial owner (note 2) | 131,940,000 | 13.19% | — |
| Easy Finance Management Limited | Beneficial owner (note 3) | 94,680,000 | 9.47% | 7.89% |
| Wong Ching Ping Alex | Interest of controlled corporation (note 3) | 94,680,000 | 9.47% | 7.89% |
| Gomes Maria Da Silva Rubi Angela | Interest of controlled corporation (note 3) | 94,680,000 | 9.47% | 7.89% |
| Convoy Collateral Limited | Beneficial owner (note 4) | 200,000,000 | — | 16.67% |
| Convoy Financial Group Limited | Interest of controlled corporations (note 4) | 200,000,000 | — | 16.67% |
| Convoy Financial Services Holdings Limited | Interest of controlled corporations (note 4) | 200,000,000 | — | 16.67% |
| Convoy Inc. | Interest of controlled corporations (note 4) | 200,000,000 | — | 16.67% |
| Perfect Team Group Limited | Interest of controlled corporations (note 4) | 200,000,000 | — | 16.67% |

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: Mr. Tse ceased to be a substantial shareholder of the Company on 18 April 2013.

Note 3: Easy Finance Management Limited is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Wong Ching Ping Alex. By virtue of the provisions of Part XV of the SFO, Mr. Wong Ching Ping Alex is deemed to be interested in all the shares in which Easy Finance Management Limited is interested. Ms. Gomes Maria Da Silva Rubi Angela is the spouse of Mr. Wong Ching Ping Alex and is deemed under the SFO to be interested in all the shares in which Mr. Wong Ching Ping Alex is deemed or taken to be interested.

Note 4: Convoy Collateral Limited is a company incorporated in Hong Kong with limited liability and is wholly-owned by Convoy Financial Services Holdings Limited, which is in turn owned as to 75% by Convoy Financial Group Limited immediately after Completion of Subscription. Convoy Financial Group Limited is owned as to approximately 43.79% by Convoy Inc. and approximately 56.21% by Perfect Team Group Limited. By virtue of the SFO, Convoy Financial Services Holdings Limited, Convoy Financial Group Limited, Convoy Inc. and Perfect Team Group Limited are deemed to be interested in all the shares in which Convoy Collateral Limited is interested.

Save as disclosed above, the Directors are not aware of any other corporation or person (other than a Director or the chief executive of the Company) who, as at 31 March 2013, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

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

No share option has been granted under the Share Option Scheme during the period.

ADVANCES TO ENTITIES

1. On 16 February 2012, First Credit Limited ("First Credit"), an indirect wholly-owned subsidiary of the Company, entered into a revolving loan agreement with Mr. Tse, a substantial shareholder of the Company, which constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. The revolving loan facility has a term of 3 years and for a principal amount of HK\$12 million at interest rate of 14.4% per annum. During the 3-year period, the revolving loan facility can be drawn down and repaid at any time, and any undrawn or repaid amount may be drawn down again with the principal amount. This transaction was approved by the shareholders by way of poll at the extraordinary general meeting (the "EGM") held on 26 March 2012. As at 31 March 2013, Mr. Tse has drawn down approximately HK\$11.37 million from the revolving facility.
2. On 17 February 2012, First Credit entered into two revolving loan agreements, which constituted a major transaction of the Company under Chapter 19 of the GEM Listing Rules, with independent third parties, Mr. Wong Chun Loong ("Mr. Wong") and Topazman Holdings Limited ("Topazman"). Pursuant to these agreements, First Credit has granted:
 - i) a 3-year revolving facility to Mr. Wong with a limit of HK\$16.5 million with annual interest rate of 22.68%; and
 - ii) a 3-year revolving facility to Topazman with a limit of HK\$9 million with annual interest rate of 13.2%. This revolving facility is guaranteed by Mr. Wong, who is a director and controlling shareholder of Topazman.

During the 3-year period, the revolving loan facilities can be drawn down and repaid at any time, and any undrawn or repaid amount may be drawn down again with the principal amount. This transaction was approved by the shareholders by way of poll at the EGM held on 26 March 2012. As at 31 March 2013, Mr. Wong and Topazman have drawn down HK\$14 million and HK\$4.5 million from the revolving facilities respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2013.

CORPORATE GOVERNANCE

The Company is committed to adopting a high standard of corporate governance practices and procedures throughout the Group. The Directors firmly believe that sound and reasonable corporate governance practices are essential for the steady growth of the Group and for safeguarding the shareholders' interests. To the best knowledge of the Board, throughout the three months ended 31 March 2013, the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

COMPETING INTERESTS

As at 31 March 2013, the spouse of Mr. Tai Kwok Leung Alexander, a non-executive Director who retired on 29 April 2013, wholly-owns a company which is engaged in money lending business. Since April 2013, Ms. Chan Lai Yee, a non-executive Director, is a senior management of a company where one of its subsidiaries is principally engaged in money lending business.

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

INTEREST OF COMPLIANCE ADVISER

As notified by Altus Capital Limited ("Altus"), the Company's compliance adviser, neither Altus nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2013.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises three existing independent non-executive Directors of the Company, namely, Mr. Chan Hoi Wan, Mr. Chan Tung Tak Alain and Mr. Li Kit Chee. The Group’s unaudited condensed consolidated results for the three months ended 31 March 2013 have been reviewed by the Audit Committee. The Board is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 10 May 2013

As at the date of this report, the Board comprises Mr. Sin Kwok Lam (Chairman), Mr. Tsang Yan Kwong (Chief Executive Officer), Mr. Leung Wai Hung and Ms. Ho Siu Man as executive Directors; Ms. Chan Lai Yee as non-executive Director; and Mr. Chan Hoi Wan, Mr. Chan Tung Tak Alain and Mr. Li Kit Chee as independent non-executive Directors.