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

Interim Report
2012

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

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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 of First Credit Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with 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.

TO THE BOARD OF DIRECTORS OF
FIRST CREDIT HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 20 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2012 and the related condensed consolidated statement of 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 Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquires, 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 comparative condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period ended 30 June 2011, the condensed consolidated statement of comprehensive income for each of the three months periods ended 30 June 2012 and 2011, and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong
6 August 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Three months ended 30 June		Six months ended 30 June	
		2012	2011	**2012**	2011
		HK$	HK$	**HK$**	HK$
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	4	**12,325,227**	11,299,350	**23,989,200**	22,255,170
Other income and gains	4	**1,328,851**	1,377,660	**1,750,955**	3,236,284
		13,654,078	12,677,010	**25,740,155**	25,491,454
Administrative expenses		**(5,801,413)**	(3,711,822)	**(11,125,075)**	(7,501,498)
Other operating expenses		**(4,493,698)**	(7,937,401)	**(9,089,082)**	(11,875,374)
Finance costs	5	**(181,645)**	(527,536)	**(250,333)**	(1,005,164)
Profit before tax	6	**3,177,322**	500,251	**5,275,665**	5,109,418
Income tax expense	7	**(637,892)**	(58,861)	**(1,252,561)**	(1,185,208)
Profit for the period attributable to owners of the Company		**2,539,430**	441,390	**4,023,104**	3,924,210
Other comprehensive income, net of tax					
Fair value (loss)/gain on available-for-sale investments		**(140,500)**	(1,103,240)	**1,243,400**	(1,471,020)
Transfer from available-for-sale investment revaluation reserves to profit or loss on impairment		**45,000**	3,733,166	**67,500**	3,733,166
		(95,500)	2,629,926	**1,310,900**	2,262,146
Total comprehensive income for the period attributable to owners of the Company		**2,443,930**	3,071,316	**5,334,004**	6,186,356
		HK cents	HK cents	**HK cents**	HK cents
Earnings per share	9				
Basic		**0.25**	0.06	**0.40**	0.49
Diluted		**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2012

	Note	**30 June 2012 HK$ (unaudited)**	31 December 2011 HK$ (audited and restated)
Non-current assets			
Property, plant and equipment	10	**2,567,277**	1,472,555
Intangible assets		**792,448**	—
Investment properties		**32,180,000**	18,570,000
Leasehold land under finance lease		**25,472,491**	15,662,674
Available-for-sale investments		**16,565,080**	15,321,680
Loans receivable	11	**82,562,685**	41,525,391
Deferred tax assets		**658,956**	590,516
Total non-current assets		**160,798,937**	93,142,816
Current assets			
Loans receivable	11	**129,328,065**	144,835,789
Prepayments, deposits and other receivables		**1,599,704**	1,042,309
Bank and cash balances		**12,657,740**	34,935,908
Current tax assets		**—**	263,866
Total current assets		**143,585,509**	181,077,872
Current liabilities			
Accruals and other payables		**1,446,767**	1,950,751
Interest-bearing loans	12	**35,350,794**	14,661,691
Finance lease payable		**150,000**	—
Current tax liabilities		**1,065,965**	—
Total current liabilities		**38,013,526**	16,612,442
Net current assets		**105,571,983**	164,465,430
Total assets less current liabilities		**266,370,920**	257,608,246

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 JUNE 2012

	Note	30 June 2012 HK$ (unaudited)	31 December 2011 HK$ (audited and restated)
Non-current liabilities			
Finance lease payable		437,500	—
Deferred tax liabilities		—	8,830
Total non-current liabilities		437,500	8,830
NET ASSETS		265,933,420	257,599,416
Capital and reserves			
Issued capital	13	10,000,000	10,000,000
Reserves		255,933,420	247,599,416
TOTAL EQUITY		265,933,420	257,599,416

Sin Kwok Lam

Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	(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 2011, as previously reported	240,385	—	148,309,615	(4,291,791)	52,061,181	196,319,390
Effect of changes in accounting policies (note 2)	—	—	—	—	839,619	839,619
At 1 January 2011, as restated	240,385	—	148,309,615	(4,291,791)	52,900,800	197,159,009
Total comprehensive income and changes in equity for the period	—	—	—	2,262,146	3,924,210	6,186,356
At 30 June 2011, as restated	240,385	—	148,309,615	(2,029,645)	56,825,010	203,345,365
At 1 January 2012, as previously reported	**10,000,000**	**44,002,607**	**148,309,615**	**(4,609,164)**	**57,800,921**	**255,503,979**
Effect of changes in accounting policies (note 2)	**—**	**—**	**—**	**—**	**2,095,437**	**2,095,437**
At 1 January 2012, as restated	**10,000,000**	**44,002,607**	**148,309,615**	**(4,609,164)**	**59,896,358**	**257,599,416**
Total comprehensive income for the period	**—**	**—**	**—**	**1,310,900**	**4,023,104**	**5,334,004**
Bonus share expenses	**—**	**3,000,000**	**—**	**—**	**—**	**3,000,000**
Changes in equity for the period	**—**	**3,000,000**	**—**	**1,310,900**	**4,023,104**	**8,334,004**
At 30 June 2012	**10,000,000**	**47,002,607**	**148,309,615**	**(3,298,264)**	**63,919,462**	**265,933,420**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012	2011
	HK$	HK$
	(unaudited)	(unaudited)
Net cash (used in)/generated from operating activities	**(18,823,444)**	5,137,650
Net cash (used in)/generated from investing activities	**(12,881,327)**	166,354
Net cash generated from financing activities	**9,426,603**	9,488,497
Net (decrease)/increase in cash and cash equivalents	**(22,278,168)**	14,792,501
Cash and cash equivalents at beginning of period	**34,935,908**	1,848,377
Cash and cash equivalents at end of period	**12,657,740**	16,640,878
Analysis of balances of cash and cash equivalents		
Bank and cash balances	**12,657,740**	16,640,878

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

1. BASIS OF PREPARATION

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

These condensed financial statements should be read in conjunction with the 2011 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011 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 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

Amendments to HKAS 12 "Income Taxes"

Under the amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets, investment properties that are measured using the fair value model are presumed to be recovered through sale for the purposes of measuring deferred tax unless the presumption is rebutted. The Group measures its investment properties using the fair value model. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred tax on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties. Previously, the Group recognised deferred tax on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties are recovered through use.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to HKAS 12 "Income Taxes" *(Continued)*

Amendments to HKAS 12 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	At 30 June 2012 HK$	At 31 December 2011 HK$	At 1 January 2011 HK$
Decrease in deferred tax liabilities	**(2,217,608)**	(2,095,437)	(839,619)
Increase in retained profits	**2,217,608**	2,095,437	839,619

	Three months ended 30 June		**Six months ended 30 June**	
	2012 HK$	2011 HK$	**2012 HK$**	2011 HK$
Decrease in income tax expense and increase in profit for the period	**69,595**	401,318	**122,171**	1,040,396
Increase in EPS (HK cents)	**0.01**	0.05	**0.01**	0.13

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.

3. SEGMENT INFORMATION

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. All of the Group's revenue from external customers and assets was generated from and located in Hong Kong. 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.

4. REVENUE, OTHER INCOME AND GAINS

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue:				
Interest income on loans	**12,275,569**	11,246,462	**23,740,124**	22,091,463
Interest income on impaired loans	**49,658**	52,888	**249,076**	163,707
	12,325,227	11,299,350	**23,989,200**	22,255,170
Other income:				
Other fee income	**325,290**	83,056	**530,430**	156,355
Bank interest income	**907**	174	**909**	177
Gross rental income	**199,324**	130,526	**332,424**	263,264
Dividend income	**130,379**	111,904	**214,241**	186,488
	655,900	325,660	**1,078,004**	606,284
Gains:				
Fair value gains on investment properties	**672,951**	1,052,000	**672,951**	2,630,000
Other income and gains	**1,328,851**	1,377,660	**1,750,955**	3,236,284
Total revenue, other income and gains	**13,654,078**	12,677,010	**25,740,155**	25,491,454

5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest on bank loans	**140,943**	67,646	**209,631**	134,726
Interest on other loans	**39,452**	459,890	**39,452**	870,438
Finance lease charges	**1,250**	—	**1,250**	—
	181,645	527,536	**250,333**	1,005,164

6. PROFIT BEFORE TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Depreciation of property, plant and equipment and leasehold land	**171,068**	248,747	**312,441**	498,391
Directors' remuneration	**2,838,625**	1,098,975	**5,513,300**	2,197,950
Employee benefits expenses (excluding directors' remuneration)				
Wages and salaries	**2,067,563**	1,758,503	**3,943,053**	3,503,132
Pension scheme contributions	**153,389**	120,445	**280,843**	248,014
	2,220,952	1,878,948	**4,223,896**	3,751,146
Operating lease charges	**316,800**	307,914	**633,600**	614,231
Impairment loss on available-for-sale investments	**45,000**	3,733,166	**67,500**	3,733,166
Fair value gains on investment properties	**(672,951)**	(1,052,000)	**(672,951)**	(2,630,000)
Net charge for impairment allowances for loans receivable	**2,056,838**	1,997,669	**4,010,823**	4,230,551

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at a rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the period.

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax	**690,468**	700,400	**1,329,831**	1,214,526
Deferred tax	**(52,576)**	(641,539)	**(77,270)**	(29,318)
Income tax expense	**637,892**	58,861	**1,252,561**	1,185,208

8. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2012 (2011: Nil).

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the following:

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Earnings				
Profit attributable to owners of the Company	**2,539,430**	441,390	**4,023,104**	3,924,210
Number of shares				
Weighted average number of ordinary shares except for capitalisation issue	**1,000,000,000**	24,038,459	**1,000,000,000**	24,038,459
Effect of capitalisation issue (Note)	**—**	775,961,541	**—**	775,961,541
Weighted average number of ordinary shares	**1,000,000,000**	800,000,000	**1,000,000,000**	800,000,000

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share for the three months period and six months period ended 30 June 2011 had been adjusted assuming that the capitalisation issue (as described in note 13) have been effective from 1 January 2011.

9. EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the three months periods and six months periods ended 30 June 2012 and 2011.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired property, plant and equipment of approximately HK$1,375,725 (2011: HK$20,311).

11. LOANS RECEIVABLE

	30 June 2012 HK$ (unaudited)	31 December 2011 HK$ (audited)
Loans to customers	**217,700,903**	192,141,185
Accrued interest receivables	**2,362,316**	2,491,131
	220,063,219	194,632,316
Impairment allowance on individual assessment	**(5,933,005)**	(6,331,672)
Impairment allowance on collective assessment	**(2,239,464)**	(1,939,464)
	211,890,750	186,361,180

A maturity profile of the loans receivable as at the end of the reporting period, based on the maturity date and net of provision, is as follows:

	30 June 2012 HK$ (unaudited)	31 December 2011 HK$ (audited)
Current	**129,328,065**	144,835,789
1 to 5 years	**62,546,761**	22,324,547
Over 5 years	**20,015,924**	19,200,844
	211,890,750	186,361,180

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

11. LOANS RECEIVABLE *(Continued)*

The credit quality analysis of the loans receivable (before impairment loss) is as follows:

	30 June 2012 HK$ (unaudited)	31 December 2011 HK$ (audited)
Neither past due nor impaired		
— Secured loans	**43,437,811**	34,990,127
— Unsecured loans	**145,661,979**	133,115,783
Past due but not impaired		
— Less than 1 month past due	**10,941,073**	5,849,559
— 1 to 3 months past due	**1,187,622**	3,588,055
— Over 3 months past due	**2,209,302**	—
	203,437,787	177,543,524
Impaired loans	**16,625,432**	17,088,792
	220,063,219	194,632,316

Loans receivable that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. Among all loans receivable that were neither past due nor impaired, collateral is obtained from mortgage loans and secured fixed loans with carrying amount of HK$43,437,811 as at 30 June 2012 (At 31 December 2011: HK$34,990,127) which comprised residential and commercial properties. As at 30 June 2012, the fair value of collateral for the first mortgage loans which are mainly residential flats at its prevailing market prices amounted to HK$32.6 million (At 31 December 2011: HK$27.1 million). The fair value of properties collateralised for the second mortgage loans before discounting credit protections available to the first mortgagees amounted to HK$165.5 million (At 31 December 2011: HK$125.8 million).

Loans receivable that were past due but not impaired relate to a number of individual customers that have a good track record with the Group. Among all loans receivable past due but not impaired, collateral is obtained from mortgage loans with carrying amount of HK$2,366,998 as at 30 June 2012 (At 31 December 2011: HK$3,109,686). The fair value of collateral at its prevailing market price as at 30 June 2012 amounted to HK$4.4 million (At 31 December 2011: HK$4.8 million) of the residential flats for the first mortgage loans and HK$6.4 million (At 31 December 2011: HK$9.5 million) for the second mortgage loans.

The individually impaired loans receivable relate to clients that were in financial difficulties and only a portion of the receivables is expected to be recovered. As at 30 June 2012, the Company did not hold any collateral among the individually impaired loans receivable (At 31 December 2011: Nil).

11. LOANS RECEIVABLE *(Continued)*

In general, the loans department of First Credit Limited proposes to the management of the Company in the Group on a monthly basis the amount of provision to be made. The Group also performs collective assessment of the loans receivable by grouping together all its receivables with similar credit risk characteristics. The impairment review is carried out on all those loans receivable based on the historical impairment rates.

12. INTEREST-BEARING LOANS

	30 June 2012 HK$ (unaudited)	31 December 2011 HK$ (audited)
Secured bank loans	**25,350,794**	14,661,691
Other loan	**10,000,000**	—
	35,350,794	14,661,691

The above bank loans and other loan as at 30 June 2012 (At 31 December 2011: HK$14,661,691) contained an on-demand clause and are classified as current liabilities.

Based on the maturity terms of the Group's interest-bearing loans, the aggregated amounts repayable are:

	30 June 2012 HK$ (unaudited)	31 December 2011 HK$ (audited)
Within one year	**11,598,442**	1,044,986
In the second year	**1,642,072**	1,063,517
In the third to fifth years, inclusive	**5,201,543**	3,305,125
After five years	**16,908,737**	9,248,063
	35,350,794	14,661,691

The bank loans were secured by mortgages over the Group's investment properties with aggregated fair value of approximately HK$32,180,000 (At 31 December 2011: HK$18,570,000) and buildings classified as property, plant and equipment with aggregated carrying amount of approximately HK$1,869,361 (At 31 December 2011: HK$1,246,000) as at 30 June 2012.

12. INTEREST-BEARING LOANS *(Continued)*

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

	30 June 2012 HK$ (unaudited)	31 December 2011 HK$ (audited)
1-Month HIBOR plus 1.50%	**13,200,006**	13,686,566
Prime Lending Rate minus 2.50%	**944,833**	975,125
Prime Lending Rate minus 1.00%	**11,205,955**	—
8.00% per annum	**10,000,000**	—
	35,350,794	14,661,691

13. SHARE CAPITAL

	30 June 2012 HK$ (unaudited)	31 December 2011 HK$ (audited)
Authorised:		
500,000,000,000 ordinary shares of HK$0.01 each	**5,000,000,000**	5,000,000,000
Issued and fully paid:		
1,000,000,000 ordinary shares of HK$0.01 each	**10,000,000**	10,000,000

Pursuant to a written resolution on 4 October 2011, a sum of HK$7,759,615 was capitalised and applied from the share premium account of the Company in paying up in full at par 775,961,541 shares of HK$0.01 each of the Company allotted and issued to the shareholders as at the date of the resolution on a pro-rata basis.

In connection with the Company's placing, 200,000,000 new shares of the Company of HK$0.01 each were issued at a price of HK$0.3 per share on 13 December 2011.

14. BONUS SHARE SCHEME

The Company operates a bonus share scheme (the "Scheme") for the purpose of providing incentives for a director of the Company to remain in service within the Group and contribute to the Group's growth. Pursuant to an agreement dated 25 April 2009 between the Company and the chairman and director of the Company, Mr. Sin Kwok Lam ("Mr. Sin"), two supplemental deeds dated 7 July 2010 and 24 November 2011 between the same parties respectively, (collectively the "Service Agreements"), the Company has granted 4,807,692 ordinary shares of HK$0.01 each in the Company (the "bonus shares") at no charge to a company nominated by the director. As a result of the Company's capitalisation issue of shares on 4 October 2011, the Company has issued an additional 155,192,308 shares from the Company's share premium account to the credit of its share capital account to the director. In return, the director agreed to serve the Group as an executive director for a continuous term of three years, commencing on the day on which the dealing of the Company's ordinary shares on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited commenced (the "Listing Date"). The minimum service term is extendable at the Company's discretion for a further term of two years.

Prior to the satisfactory completion of the vesting period, being a continuous period of five years commencing from the Listing Date, the director agrees to waive all rights, benefits or interests attached to the bonus shares, including his rights to sell or transfer the legal title of the bonus shares to any other parties.

In the event that the Service Agreements are terminated by the director tendering his resignation on or before the minimum service term, the director will compensate the Company in cash for an amount equivalent to the fair value of the bonus shares as determined on the date of his resignation.

In the event that the Service Agreements are terminated for any other reasons, the director will compensate the Company in cash for an amount equivalent to the fair value of such portion of the bonus shares proportional to the period of time which has not been served by the director with respect to the service term, as determined on the date of the termination. With respect to the Service Agreements between the Company and the director of the Company, the right to dividends attached to bonus shares issued in connection with the Scheme is waived prior to the satisfactory completion of the director's service term. Accordingly, the interim dividends declared in respect of the bonus shares in prior periods was returned to the Company as an addition to the Company's equity reserves.

During the period, expenses recognised in profit or loss in connection with the bonus share scheme amounted to HK$3,000,000 (2011: Nil).

15. RELATED PARTY TRANSACTIONS

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

	Note	**Six months ended 30 June 2012 HK$ (unaudited)**	2011 HK$ (unaudited)
Interest income from a substantial shareholder		**608,953**	939,898
Interest income from a related company	(i)	**591,933**	—
Referral fee paid to shareholders		**—**	174,204
Purchase of building and leasehold land under finance lease from a related company	(ii)	**12,390,000**	—
Purchase of investment properties from a related company	(ii)	**10,110,000**	—

Notes:

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

(ii) The related company is owned by a substantial shareholder of the Company.

(b) Balances with related parties

	Note	**30 June 2012 HK$ (unaudited)**	31 December 2011 HK$ (audited)
Loans to a substantial shareholder	(i)	**11,365,000**	10,730,605
Loans to a related company	(ii)	**13,400,000**	—

15. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties *(Continued)*

Notes:

(i) During the six months ended 30 June 2012, the Group offered a revolving loan facility with a principal amount of HK$12,000,000 to a substantial shareholder of the Company, at an effective interest rate of 14.4% per annum. The balance of the loan was HK$11,365,000 as at 30 June 2012 and is repayable on 30 March 2015.

(ii) During the six months ended 30 June 2012, the Group offered two unsecured loans of HK$13,400,000 in aggregate to a related company which is indirectly wholly-owned by a company where the chairman and director of the Company is a substantial shareholder, chairman and director, at an effective interest rate of 12% per annum. Such balances remained outstanding as at 30 June 2012 and are repayable within a year.

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2012	2011
	HK$	HK$
	(unaudited)	(unaudited)
Short term employee benefits	**2,258,000**	1,962,000
Post-employment benefits	**255,300**	235,950
Bonus share expense (Note 14)	**3,000,000**	—
Total compensation paid to key management personnel	**5,513,300**	2,197,950

16. CONTINGENT LIABILITIES

The Group's external legal counsel advised that the Group's loan agreements involve charging an interest rate at a rate more than 48%, but less than 60% per annum shall be presumed to be extortionate and such portion of extortionate interest is potentially unenforceable as determined by the court. Subject to the court's consideration of facts relevant to individual borrowers, this presumption may be rebutted if the court, having regard to all circumstances is satisfied that such rate is not unreasonable or unfair. As at 30 June 2012, the Group's maximum exposure to such legal risk comprised its aggregate loans receivable granted to borrowers of approximately HK$29.5 million (At 31 December 2011: HK$33.7 million).

17. APPROVAL OF INTERIM REPORT

The interim report was approved and authorised for issue by the Board of Directors on 6 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

For the period of six months ended 30 June 2012, the Group continued with its business objective in providing both secured and unsecured loans to customers comprising individuals, corporations and foreign domestic workers. Aiming to maintain and broaden our customer base, we offer a wide range of flexible and customised loan products to meet the varying financial needs of our customers.

In line with our plan for expansion of branch network described in the prospectus of the Company dated 30 November 2011 (the "Prospectus"), on 4 May 2012, we had completed the acquisition of an office premise located at Unit 903, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong which is adjacent to our main office. The new office is expected to open for business during the third quarter of 2012 as a foreign domestic workers loan centre and which would help expand the loan portfolio of foreign domestic workers loans.

Looking ahead, the Group will continue with our marketing effort through various forms of promotion and advertising in the mass media to strengthen our brand name and consolidate our market share in Hong Kong on the one hand, while on the other hand in line with our plan of exploring business opportunities in the Mainland China. Even though it is currently at the preliminary stages of exploration, the Directors believe that such strategies are rightly placed to avail the Group of the developing trend of money lending industry in the Mainland China.

FINANCIAL REVIEW

Revenue

The Company's revenue is derived from interest received from the provision of various types of loan products to our customers. Our revenue for the six months ended 30 June 2012 was about HK$24.0 million, increased by approximately 7.8% as compared with the revenue of the same period last year which was about HK$22.3 million. Such increase was mainly attributable to the increase in average loan balance from approximately HK$183.4 million for the six months ended 30 June 2011 to approximately HK$203.3 million for the corresponding period in 2012.

Yet, the Group's average interest rate decreased from approximately 24.3% for the six months ended 30 June 2011 to approximately 23.6% for the corresponding period in 2012. The decrease was a result of the increase in average loan balance of subordinated property mortgage loans where generally carry a lower interest rate during the six months ended 30 June 2012.

Net interest margin

Our Group had a relatively stable net interest margin of 23.6% for the six months ended 30 June 2012 (30 June 2011: 23.3%).

Other income

Income from fees received incidental to our money lending business, bank interest income, rental income and dividend income from our available-for-sale investments are regarded as the Group's other income. Other income of the Group for the six months ended 30 June 2012 (excluding fair value gains on investment properties) increased from approximately HK$0.6 million of the corresponding period in 2011 to approximately HK$1.1 million.

Administrative expenses

The Group's administrative expenses primarily comprise employment expenses and occupancy costs for our offices and branches. Employment expenses include directors' remuneration, 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 2012 and 2011 were approximately HK$11.1 million and HK$7.5 million respectively. The increase of approximately 48.3% was mainly attributable to the share-based payment to the director and chairman of the Company of HK$3.0 million recognised for the current period (30 June 2011: Nil).

Other operating expenses

The Group's other operating expenses comprise mainly impairment allowances on loans receivable, advertising and promotion expenses and other general expenses. For the six months ended 30 June 2012, the Group recorded a decrease on its other operating expenses which declined from approximately HK$11.9 million of the corresponding period in 2011 to approximately HK$9.1 million mainly due to an impairment loss on available-for-sale investments of approximately HK$3.7 million recognised in 2011.

Finance costs

Our finance costs comprise interest payments for loans from independent third party lenders and mortgage loans from banks for our buildings, investment properties and motor vehicles. Finance costs for the six months ended 30 June 2012 had greatly decreased from approximately HK$1.0 million in 2011 to approximately HK$0.3 million. The 75.1% decrease was attributable to the reduction of reliance on loans from independent third party lenders for the six months ended 30 June 2012.

Profit for the period

As a result of the above, the profit attributable to owners of the Company for the six months ended 30 June 2012 increased by 2.5% to approximately HK$4.0 million as compared to approximately HK$3.9 million for the six months ended 30 June 2011.

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the six months ended 30 June 2012 is set out below:

Business objectives for the six months ended 30 June 2012 as stated in the Prospectus	**Actual business progress for the six months ended 30 June 2012**
Expand our loan portfolio and broaden our customer base by granting more existing loan types	
• We will continue to grow our loan portfolio by increasing the number of loan accounts of our existing loan products, to broaden our customer and revenue bases according to the prevailing market conditions and our observation on customers' needs.	• We had continued to expand our loan portfolio where gross loans receivable increased by 13.3% as at 30 June 2012 comparing to year ended 31 December 2011.
Improve customer awareness of our brand and range of loan products	
• We will review the effectiveness of our previous marketing activities, and if found effective, we will continue the on-going promotion of our existing loan products.	• The current marketing activities had been reviewed by the management and marketing department on a regular basis.
• We may promote to specific customer groups by implementing marketing campaign on media, targeting them to meet our overall marketing strategy.	• We had launched advertisements in newspapers, radio and financial and securities website in order to promote our loan products to a wide spectrum of customers.

Expand our branch network and loan officer team and develop our website to improve customer coverage

• We may expand our network by establishing one additional branch office if we identify a suitable location which is strategically ideal for our money lending business. The branch office will be rented by operating lease.	• We had acquired a new office as a foreign domestic workers loan centre while at the same time identifying suitable locations for further development of branch network.
• We will expand our staff number in line with the growth of our branch network, particularly in the loans department and the credit department.	• We had a total of 52 staff as at 30 June 2012 representing an increase of 6.1% as compared with the year ended 31 December 2011. The arrangement of human resource would be regularly reviewed by the management.

Maintain our internal control and risk management capabilities

• We will review and enhance our training programmes provided for new and existing staff members in response to the latest market trend and credit market.	• Our training program and relevant material had been enhanced with update information and which had been provided to the staff.
• We will review the adequacy of our existing information system, upgrade our information systems development to support our growth in operations, management, and decision making, as well as to enhance data security.	• The enhancement scheme of our loan system had undergone the testing stage and relevant training had been provided to our staff.
• We will review the appropriateness and efficiency of our existing internal control procedures and update our internal control procedures if needed.	• The compliance committee had conducted review of our existing internal control procedures on a quarterly basis.

USE OF PROCEEDS FROM THE LISTING

The business objectives and planned use of proceeds from the Listing as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market.

During the six months ended 30 June 2012, the net proceeds from the Listing had been applied as follows:

	Total use of proceeds (HK$ million)	**Remaining proceeds for future use as stated in the annual report of 2011** (HK$ million)	**Actual use of proceeds during the six months ended 30 June 2012** (HK$ million)
Expand our loan portfolio and broaden our customer base by granting more existing loan types	36.70	25.15	25.15
Improve customer awareness of our brand and range of loan products	2.00	1.80	1.80
Expand our branch network and loan officer team to improve customer coverage	0.05	—	—
Continue to strengthen our internal control and risk management capabilities	0.05	0.05	0.05
Total:	38.80	27.00	27.00

The Directors had evaluated our planned business objectives and considered that no modification of the business objectives and future plans regarding the use of proceeds as described in the Prospectus was required. The remaining proceeds for future use as stated in the annual report of 2011 had been fully utilised as at 30 June 2012.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2012, the Group had net current assets of approximately HK$105.6 million (31 December 2011: HK$164.5 million), including bank and cash balances of approximately HK$12.7 million (31 December 2011: HK$34.9 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 3.8 times at 30 June 2012 (31 December 2011: 10.9 times). The decline in the current ratio was mainly attributable to a mortgage loan from bank for our own properties for the review period.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK$265.9 million as at 30 June 2012 (31 December 2011: HK$257.6 million).

SIGNIFICANT INVESTMENTS HELD

Our investment properties relate to our properties at (i) Units 901–902, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong and (ii) Units 905–908, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong which are being leased out to third party tenants. The carrying value is revalued at the end of each reporting period by independent professionally qualified valuers. The aggregate carrying amount of investment properties increased from approximately HK$18.6 million as at 31 December 2011 to approximately HK$32.2 million as at 30 June 2012 due to appreciation of properties' values in the market and the acquisition of the properties located at Units 901–902, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong.

As at 30 June 2012, the fair value of our Group's listed investments classified as available-for-sale investments amounted to approximately HK$16.6 million. An increase of HK$1.3 million was recorded as compared with the fair value of such investments as at 31 December 2011 which amounted to approximately HK$15.3 million. The increase was mainly due to an improvement of the local stock market in the first half of 2012 as compared with last year.

After the Listing, in line with the expected increase in the size of our loan portfolio, our Group has ceased to make any new investment in available-for-sale investments and will gradually divest our available-for-sale investments, subject to reasonable market price, to meet our cash flow requirements. There had been no divestment of available-for-sale investments from 31 December 2011 to 31 July 2012. Set out below are the fair values of the available-for-sale investments as at 30 June 2012:

Stock code	Name	HK$
00005	HSBC Holdings plc	8,220,000.00
01109	China Resources Land Limited	157,600.00
01988	China Minsheng Banking Corp., Ltd	6,297,480.00
02882	Hong Kong Resources Holdings Company Limited	1,890,000.00
		16,565,080.00

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

During the six months ended 30 June 2012 under review, there had been no material acquisition or disposal of subsidiaries and affiliated companies. Save as disclosed under the paragraph headed "Business Review and Prospects" on page 21 of this report, there was no specific plan for material investments or capital assets as at 30 June 2012.

INFORMATION ON EMPLOYEES

As at 30 June 2012, the Group employed a total of 52 staff (31 December 2011: 49 staff). Total remuneration for the period (including directors' emoluments) was approximately HK$9.7 million (30 June 2011: HK$5.9 million). The Company's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and making reference to the prevailing market conditions. Our remuneration packages are formed by monthly fixed salaries, medical insurance, contributions to statutory mandatory provident fund scheme to employees, share option scheme and directors' bonus shares scheme etc. Discretionary year-end bonus based on individual performance will also be paid to employees as recognition of and reward for their contributions.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2012, in addition to a motor vehicle with carrying amount of HK$0.6 million (31 December 2011: Nil) held under the finance lease obligation, the Group had pledged its properties at (i) Units 901–903, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong for a 15-year mortgage loan of initially HK$11.3 million; (ii) Units 905–911, 9th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong for a 15-year mortgage loan of initially HK$16.0 million and (iii) Factory Unit B, 4th Floor, Cantake Factory Building, 172 Wai Yip Street, Kwun Tong for a 15-year mortgage loan with initial premium of approximately HK$1.1 million and the outstanding amounts of the said mortgage loans were approximately HK$11.2 million, HK$13.2 million and HK$0.9 million as at 30 June 2012 respectively and approximately Nil, HK$13.7 million and HK$1.0 million as at 31 December 2011 respectively.

GEARING RATIO

The gearing ratio, which is net debt divided by the adjusted capital plus net debt, was 8.7% as at 30 June 2012 (31 December 2011: Not applicable) which was owing to the fact that the net debt as at 31 December 2011 was zero due to the inflow of net proceeds on the listing date on 13 December 2011.

FOREIGN EXCHANGE EXPOSURE

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

CONTINGENT LIABILITIES

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

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

As at 30 June 2012, 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
Mr. Sin	Interest of controlled corporations (Note)	230,880,000	—-	23.09%

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 30 June 2012, 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
Best Year Enterprises Limited	Beneficial owner (Note)	211,280,000	21.13%
Mr. Tse Young Lai ("Mr. Tse")	Beneficial owner	131,940,000	13.19%

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

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 30 June 2012, 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 subsidiary; (b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary; 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 subsidiary who, at the sole determination of the Board, have contributed or will contribute to the Company and/or any subsidiary.

No share option has been granted under the Share Option Scheme during the review 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 drawndown and repaid at any time, and any undrawn or repaid amount may be drawndown 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 30 June 2012, Mr. Tse has drawndown 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 drawndown and repaid at any time, and any undrawn or repaid amount may be drawndown 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 30 June 2012, Mr. Wong and Topazman have drawndown HK$16.5 million and HK$9 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 six months ended 30 June 2012.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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, all the Directors have confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the review period covered by the interim report for the six months from 1 January 2012 to 30 June 2012. No incident of non-compliance was noted by the Company during this period.

CORPORATE GOVERNANCE

The Company is committed to adopting a high standard of corporate governance practices and procedures throughout the Group. The Directors firmly believe that sound and reasonable corporate governance practices are essential for the steady growth of the Group and for safeguarding the shareholders' interests. To the best knowledge of the Board, throughout the six months ended 30 June 2012, the Company has met the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules.

COMPETING INTERESTS

As at 30 June 2012, the spouse of Mr. Tai Kwok Leung Alexander, a non-executive Director, wholly-owns a company which is engaged in money lending business. The Directors confirm that save and except for the competing interests 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 year.

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 30 June 2012.

AUDIT COMMITTEE

The audit committee comprises the four existing independent non-executive Directors of the Company, namely, Mr. Li Kit Chee, Mr. Yang Pao An, Mr. Chan Tung Tak Alain and Mr. Chan Hoi Wan. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2012 of the Company. The Board is also 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 Holdings Limited
Sin Kwok Lam
Chairman

Hong Kong, 6 August 2012

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; Mr. Tai Kwok Leung Alexander as non-executive Director; and Mr. Chan Tung Tak Alain, Mr. Li Kit Chee, Mr. Yang Pao An and Mr. Chan Hoi Wan as independent non-executive Directors.