

# 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



Third Quarterly Report 2012

## 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 Holdings 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") of the Company 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 2012 together with the comparative unaudited figures for the corresponding period in 2011, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three months ended 30 September		Nine months ended 30 September	
		2012 HK\$ (unaudited)	2011 HK\$ (unaudited)	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)
<b>Revenue</b>	3	<b>13,884,970</b>	12,050,021	<b>37,874,170</b>	34,305,191
Other income and gains	3	<b>6,639,465</b>	411,474	<b>8,390,420</b>	3,647,758
		<b>20,524,435</b>	12,461,495	<b>46,264,590</b>	37,952,949
Administrative expenses		<b>(6,179,895)</b>	(3,785,291)	<b>(17,304,970)</b>	(11,286,789)
Other operating expenses		<b>(5,084,097)</b>	(3,570,733)	<b>(14,173,179)</b>	(15,446,107)
Finance costs	4	<b>(390,411)</b>	(617,400)	<b>(640,744)</b>	(1,622,564)
<b>Profit before tax</b>	5	<b>8,870,032</b>	4,488,071	<b>14,145,697</b>	9,597,489
Income tax expense	6	<b>(856,273)</b>	(744,034)	<b>(2,108,834)</b>	(1,929,242)
<b>Profit for the period attributable to owners of the Company</b>		<b>8,013,759</b>	3,744,037	<b>12,036,863</b>	7,668,247



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
Note	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Other comprehensive income, net of tax</b>				
Fair value (loss)/gain on available-for-sale investments	<b>(764,780)</b>	(5,491,860)	<b>478,620</b>	(6,962,880)
Transfer from available-for-sale investment revaluation reserves to profit or loss on impairment	<b>607,500</b>	—	<b>675,000</b>	3,733,166
	<b>(157,280)</b>	(5,491,860)	<b>1,153,620</b>	(3,229,714)
<b>Total comprehensive income for the period attributable to owners of the Company</b>				
	<b>7,856,479</b>	(1,747,823)	<b>13,190,483</b>	4,438,533
	<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>Earnings per share</b>	8			
Basic	<b>0.80</b>	0.47	<b>1.20</b>	0.96
Diluted	<b>N/A</b>	N/A	<b>N/A</b>	N/A



Notes:

## 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 2012 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 2011 except for the adoption of certain new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. 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 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.





## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (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 unaudited condensed consolidated results as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2012	2011	2012	2011
	HK\$	HK\$	HK\$	HK\$
Decrease in income tax expense and increase in profit for the period	<b>953,259</b>	87,450	<b>1,075,430</b>	1,127,846
Increase in EPS (HK cents)	<b>0.10</b>	0.01	<b>0.11</b>	0.14

The Group has not early applied any 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 result of operations and financial position.

## 2. 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.



### 3. REVENUE, OTHER INCOME AND GAINS

	Three months ended 30 September		Nine months ended 30 September	
	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)
<b>Revenue:</b>				
Interest income on loans	<b>13,884,970</b>	12,050,021	<b>37,625,094</b>	34,141,484
Interest income on impaired loans	—	—	<b>249,076</b>	163,707
	<b>13,884,970</b>	12,050,021	<b>37,874,170</b>	34,305,191
<b>Other income:</b>				
Other fee income	<b>70,892</b>	94,650	<b>601,322</b>	251,005
Bank interest income	<b>1</b>	6	<b>910</b>	183
Gross rental income	<b>266,469</b>	131,516	<b>598,893</b>	394,780
Dividend income	<b>542,103</b>	185,302	<b>756,344</b>	371,790
	<b>879,465</b>	411,474	<b>1,957,469</b>	1,017,758
<b>Gains:</b>				
Fair value gains on investment properties	<b>5,760,000</b>	—	<b>6,432,951</b>	2,630,000
<b>Other income and gains</b>	<b>6,639,465</b>	411,474	<b>8,390,420</b>	3,647,758
Total revenue, other income and gains	<b>20,524,435</b>	12,461,495	<b>46,264,590</b>	37,952,949



#### 4. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)
Interest on bank loans	185,017	67,372	394,648	202,098
Interest on other loans	201,644	550,028	241,096	1,420,466
Finance lease charges	3,750	—	5,000	—
	<b>390,411</b>	617,400	<b>640,744</b>	1,622,564

#### 5. PROFIT BEFORE TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)
Depreciation of property, plant and equipment and leasehold land	279,656	242,466	592,097	740,857
Directors' remuneration	2,838,625	1,098,975	8,351,925	3,296,925
Employee benefits expenses (excluding directors' remuneration)				
Wages and salaries	2,169,911	1,825,096	6,112,964	5,328,228
Pension scheme contributions	158,200	109,395	439,043	357,409
	<b>2,328,111</b>	1,934,491	<b>6,552,007</b>	5,685,637
Operating lease charges	366,100	307,914	999,700	922,145
Impairment loss on available-for- sale investments	607,500	—	675,000	3,733,166
Fair value gains on investment properties	(5,760,000)	—	(6,432,951)	(2,630,000)
Net charge for impairment allowances for loans receivable	1,865,648	2,116,201	5,876,471	6,346,752





## 6. INCOME TAX EXPENSE

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

	Three months ended 30 September		Nine months ended 30 September	
	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)
Current tax	856,273	744,034	2,186,104	1,958,560
Deferred tax	—	—	(77,270)	(29,318)
Income tax expense	856,273	744,034	2,108,834	1,929,242

## 7. DIVIDENDS

The Directors do not recommend the payment of any interim dividend to shareholders for the nine months ended 30 September 2012 (2011: Nil).

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

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

	Three months ended 30 September		Nine months ended 30 September	
	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)	2012 HK\$ (unaudited)	2011 HK\$ (unaudited)
<b>Earnings</b>				
Profit attributable to owners of the Company	8,013,759	3,744,037	12,036,863	7,668,247
<b>Number of shares</b>				
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 nine months period ended 30 September 2011 had been adjusted assuming that the capitalisation issue of shares on 4 October 2011 have been effective from 1 January 2011.



## 8. 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 period and nine months period ended 30 September 2012 and 2011.

## 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 2011	240,385	—	148,309,615	(4,291,791)	52,900,800	197,159,009
Total comprehensive income and changes in equity for the period	—	—	—	(3,229,714)	7,668,247	4,438,533
At 30 September 2011	240,385	—	148,309,615	(7,521,505)	60,569,047	201,597,542
At 1 January 2012	<b>10,000,000</b>	<b>44,002,607</b>	<b>148,309,615</b>	<b>(4,609,164)</b>	<b>59,896,358</b>	<b>257,599,416</b>
Total comprehensive income for the period	—	—	—	<b>1,153,620</b>	<b>12,036,863</b>	<b>13,190,483</b>
Bonus share expenses	—	<b>4,500,000</b>	—	—	—	<b>4,500,000</b>
Changes in equity for the period	—	<b>4,500,000</b>	—	<b>1,153,620</b>	<b>12,036,863</b>	<b>17,690,483</b>
At 30 September 2012	<b>10,000,000</b>	<b>48,502,607</b>	<b>148,309,615</b>	<b>(3,455,544)</b>	<b>71,933,221</b>	<b>275,289,899</b>

\* In regard of the available-for-sale investments, there had been no divestment of such during the nine months ended 30 September 2012.

## 10. 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. Mr. Sin Kwok Lam ("Mr. Sin") is entitled to 160,000,000 remuneration shares ("Remuneration Shares") under such scheme. The Remuneration Shares have a vesting period of five years ("Vesting Period") commencing from 13 December 2011, the day on which the dealing of the Company's ordinary shares on the GEM of the Stock Exchange commenced. The fair value of the Remuneration Shares amounted to HK\$30.0 million is amortised based on straight line method over the Vesting Period, at HK\$500,000 per month. During the nine months period ended 30 September 2012, expenses recognised in profit or loss in connection with the bonus share scheme amounted to HK\$4,500,000 (2011: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

For the period of nine months ended 30 September 2012, the Group continued with its money lending business through the provision of secured and unsecured loans to individuals, corporations and foreign domestic workers.

Adhering to our plan of expanding branch network as stated in the prospectus of the Company dated 30 November 2011 (the "Prospectus"), we have opened a loan centre adjacent to our main office at Unit 903, 9th Floor, Far East Consortium Building during the third quarter of 2012, which mainly focuses on providing loan products to foreign domestic workers. Further, in August 2012, we rented a property in Yuen Long as our branch office. The new branch is expected to commence operations around the end of this year and to deliver our products and services in a more timely, reliable and convenient manner.

In respect of our possible development plan in Mainland China (the "Plan"), we are currently at the stage of planning to submit an application to Tianjin Municipal People's Government for an approval for setting up a consumer loan financing company. The Board and the management team of the Company will continue to oversee and support the 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 the business objectives was required save for the aforesaid Plan.

In view of the recent credit tightening measures imposed by the Hong Kong Monetary Authority on property mortgage loans to be granted by authorized institutions, we believe that there will be growing demand for our loan products from different customer groups which will further enhance our loan portfolio. With a potentially larger customer base, we will continue to conduct marketing campaigns and place advertisements in mass media to increase customer awareness of our brand name. Looking ahead, the Board will continue to evaluate the overall performance and business opportunities of the Company to improve shareholders' value and strengthen the financial position of the Company.

#### Financial Review

##### *Revenue*

The Company's revenue is derived from interest received from the provision of various types of loan products to our customers. For the nine months ended 30 September 2012, our revenue increased by approximately 10.40% from approximately HK\$34.31 million for the corresponding period last year to approximately HK\$37.87 million.



The rise was mainly attributable to the increase in average loan balance by approximately 13.30% from approximately HK\$185.54 million for the nine months ended 30 September 2011 to approximately HK\$210.21 million for the corresponding period in 2012. Meanwhile, the average interest rate recorded a slight decline from approximately 24.65% for the nine months ended 30 September 2011 to approximately 24.02% for the corresponding period in 2012.

### *Net Interest Margin*

The Group had a relatively stable net interest margin of approximately 23.87% for the nine months ended 30 September 2012 (30 September 2011: 23.63%).

### *Other income*

The Group's other income includes income from fees received incidental to our money lending business, bank interest income, rental income and dividend income from our available-for-sale investments. Other income (excluding the rise in fair value gains on investment properties of approximately HK\$3.8 million) increased from approximately HK\$1.02 million for the nine months ended 30 September 2011 to approximately HK\$1.96 million for the corresponding period of 2012.

### *Administrative expenses*

The Group's administrative expenses mainly 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 nine months ended 30 September 2012 and 2011 were approximately HK\$17.30 million and HK\$11.29 million respectively. The increase of approximately 53.32% was mainly attributable to the share-based payment to the director and chairman of the Company of HK\$4.5 million recognised for the current period (30 September 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. Other operating expenses decreased to approximately HK\$14.17 million for the nine months ended 30 September 2012 as compared to approximately HK\$15.45 million for the corresponding period in 2011 mainly due to the decline in impairment loss on available-for-sale investments recognised.



### *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 nine months ended 30 September 2012 decreased from approximately HK\$1.62 million for the corresponding period in 2011 to approximately HK\$0.64 million. The decline of approximately 60.51% was mainly due to our lower reliance on financial assistance from independent third party lenders for the nine months ended 30 September 2012.

### *Profit for the period*

As a result of the above, the Group recorded profit attributable to owners of the Company of approximately HK\$12.04 million for the nine months ended 30 September 2012, representing an approximately 56.97% increase as compared to approximately HK\$7.67 million for the nine months ended 30 September 2011.

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

As at 30 September 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:

<b>Name of Director</b>	<b>Capacity</b>	<b>Long position in ordinary shares held</b>	<b>Number of underlying shares subject to the Pre-IPO Share Option Scheme</b>	<b>Approximate percentage of the Company's issued share capital</b>
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 September 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 September 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 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 drawdown and repaid at any time, and any undrawn or repaid amount may be drawdown 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 30 September 2012, Mr. Tse has drawdown 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 drawdown and repaid at any time, and any undrawn or repaid amount may be drawdown 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 September 2012, Mr. Wong and Topazman have drawdown 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 nine months ended 30 September 2012.

## **CORPORATE GOVERNANCE**

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

## **COMPETING INTERESTS**

As at 30 September 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 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 30 September 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 Group's unaudited condensed consolidated results for the nine months ended 30 September 2012 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 Holdings Limited**  
**Sin Kwok Lam**  
*Chairman*

Hong Kong, 5 November 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.*