



**First Credit Finance Group Limited**  
**第一信用金融集團有限公司**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

Stock Code : 8215



## FIRST QUARTERLY REPORT 2015

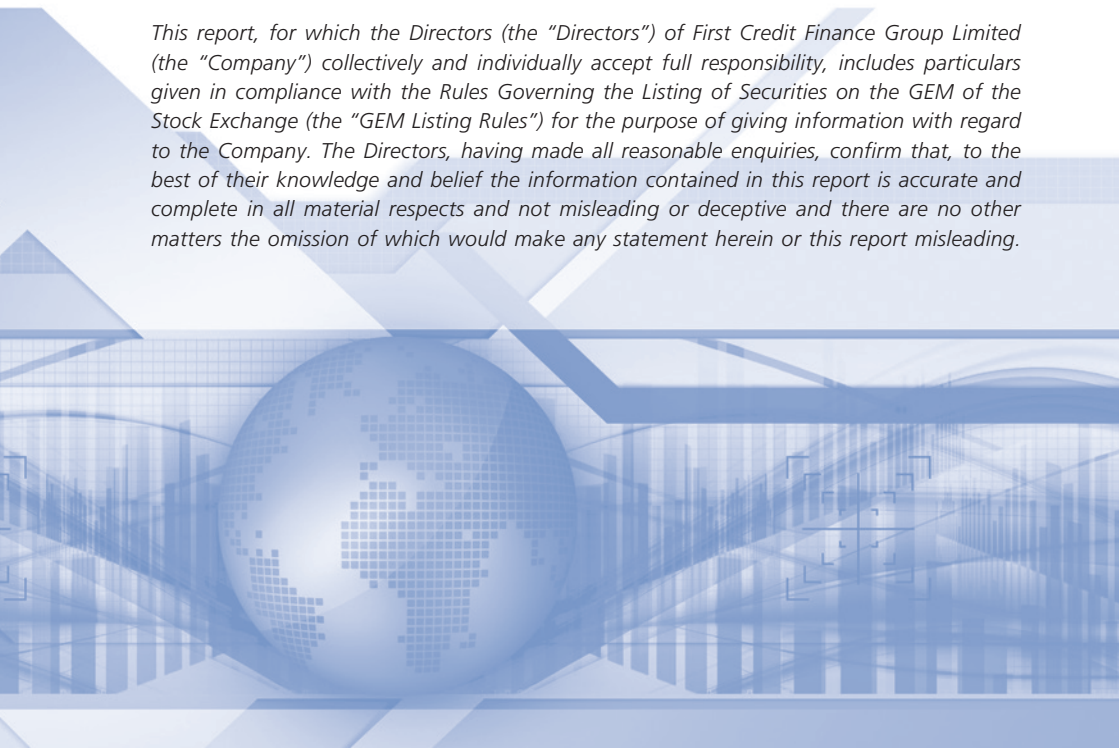
## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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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 (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 2015 together with the comparative unaudited figures for the corresponding period in 2014, as follows:

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

		Three months ended 31 March	
	Note	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
<b>Revenue</b>	3	<b>14,736,494</b>	14,182,746
Other income	3	<b>366,757</b>	356,965
		<b>15,103,251</b>	14,539,711
Administrative expenses		<b>(4,738,288)</b>	(4,936,462)
Other operating expenses		<b>(3,927,530)</b>	(6,819,149)
Finance costs	4	<b>(1,320,895)</b>	(926,209)
<b>Profit before tax</b>	5	<b>5,116,538</b>	1,857,891
Income tax expense	6	<b>(875,535)</b>	(301,472)
<b>Profit and total comprehensive income for the period</b>		<b>4,241,003</b>	1,556,419
		<b>HK cents</b>	HK cents (Restated)
<b>Earnings per share</b>			
Basic	8	<b>1.01</b>	1.21
Diluted	8	<b>N/A</b>	N/A

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2015 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 2014 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 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of these unaudited condensed consolidated results and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### 2. SEGMENT INFORMATION

During the three months ended 31 March 2015 and 2014, all of the Group's revenue has been generated from the provision and arrangement of credit facilities in Hong Kong. Revenue represents interest income earned from loans offered to the Group's customers. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and assessment of the Group's performance, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis or information about the Group's products and services is presented.

All of the Group's revenue from external customers and assets was generated from and located in Hong Kong during the three months ended 31 March 2015 and 2014.

### 3. REVENUE AND OTHER INCOME

	Three months ended	
	31 March	
	2015	2014
	HK\$	HK\$
	(unaudited)	(unaudited)
<b>Revenue:</b>		
Interest income on loans	<b>14,736,494</b>	14,182,746
<b>Other income:</b>		
Other fee income	<b>43,968</b>	54,472
Bank interest income	<b>1</b>	1
Gross rental income	<b>322,788</b>	302,492
	<b>366,757</b>	356,965
<b>Total revenue and other income</b>	<b>15,103,251</b>	14,539,711

### 4. FINANCE COSTS

	Three months ended	
	31 March	
	2015	2014
	HK\$	HK\$
	(unaudited)	(unaudited)
Finance lease charges	<b>3,750</b>	3,750
Interest on bank loans and overdrafts	<b>347,419</b>	385,020
Interest on other borrowings wholly repayable within five years	<b>969,726</b>	537,439
	<b>1,320,895</b>	926,209

## 5. PROFIT BEFORE TAX

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

	Three months ended	
	31 March	
	2015	2014
	HK\$	HK\$
	(unaudited)	(unaudited)
Depreciation	213,762	394,304
Amortisation of leasehold land under finance leases	17,605	17,605
Directors' emoluments:		
Salaries, bonus and allowance	1,190,000	1,192,637
Pension scheme contributions	136,125	136,125
	1,326,125	1,328,762
Employee benefits expense (excluding directors' emoluments):		
Salaries, bonus and allowance	2,443,521	2,455,984
Pension scheme contributions	148,934	150,353
	2,592,455	2,606,337
Minimum lease rental payments in respect of land and buildings under an operating lease	325,050	304,500
Net charge for impairment allowance for loans receivable	1,610,332	4,663,755

## 6. INCOME TAX EXPENSE

	Three months ended	
	31 March	
	2015	2014
	HK\$	HK\$
	(unaudited)	(unaudited)
Current tax — Hong Kong Profits Tax	875,535	301,472

Hong Kong Profits Tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the three months ended 31 March 2015 and 2014.

## 7. DIVIDENDS

The Directors do not recommend the payment of any interim dividend to shareholders for the three months ended 31 March 2015 (2014: 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:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<b>(unaudited)</b>	(unaudited)
<b>Earnings</b>		
Profit attributable to owners of the Company	<b>4,241,003</b>	1,556,419
<b>Number of shares</b>		
Weighted average number of ordinary shares used in basic earnings per share calculation (note)	<b>421,177,823</b>	128,131,417

Note: The weighted average number of ordinary shares in 2014 has been retrospectively adjusted for the share consolidation completed on 29 December 2014 and the rights issue completed on 2 February 2015.

### (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 2015 and 2014.

## 9. MOVEMENT OF RESERVES

	(Unaudited)						Total HK\$
	Share capital	Share premium	Capital reserve	Contributed surplus	Retained profits	Proposed final dividend	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
At 1 January 2014	12,000,000	94,429,089	142,309,615	—	44,905,226	2,400,000	296,043,930
Total comprehensive income for the period	—	—	—	—	1,556,419	—	1,556,419
Changes in equity for the period	—	—	—	—	1,556,419	—	1,556,419
At 31 March 2014	12,000,000	94,429,089	142,309,615	—	46,461,645	2,400,000	297,600,349
At 1 January 2015	<b>14,400,000</b>	<b>112,865,637</b>	<b>141,829,615</b>	—	<b>69,902,904</b>	—	<b>338,998,156</b>
Issue of shares under rights issues	<b>43,200,000</b>	<b>59,616,000</b>	—	—	—	—	<b>102,816,000</b>
Share issue expenses	—	<b>(3,603,567)</b>	—	—	—	—	<b>(3,603,567)</b>
Share premium reduction	—	<b>(168,878,070)</b>	—	<b>168,878,070</b>	—	—	—
Capital reduction	<b>(51,840,000)</b>	—	—	<b>51,840,000</b>	—	—	—
Total comprehensive income for the period	—	—	—	—	<b>4,241,003</b>	—	<b>4,241,003</b>
Changes in equity for the period	<b>(8,640,000)</b>	<b>(112,865,637)</b>	—	<b>220,718,070</b>	<b>4,241,003</b>	—	<b>103,453,436</b>
At 31 March 2015	<b>5,760,000</b>	—	<b>141,829,615</b>	<b>220,718,070</b>	<b>74,143,907</b>	—	<b>442,451,592</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

For the three months ended 31 March 2015, the Group continued with its money lending business in providing secured and unsecured loans to customers comprising individuals, corporations and foreign domestic workers.

During the period, due to the continuous effort in expanding the Group's loan portfolio and on the back of funds raised from the placing in May 2014 and rights issue in February 2015, the average loan balance increased by approximately 22.31% as compared to the corresponding period in the preceding year and achieved at approximately HK\$368.95 million for the three months ended 31 March 2015, which sustained the revenue at approximately HK\$14.74 million.

In early February 2015, the Company raised net proceeds of approximately HK\$99.21 million by issuing 432,000,000 rights shares of HK\$0.238 each on the basis of three rights shares for every one share. Up to 8 May 2015, the actual use of net proceeds from the rights issue was summarized as follows: (i) approximately HK\$89.39 million was utilised in lending related business; and (ii) approximately HK\$5.73 million was utilised for general working capital of the Group. The remaining net proceeds of approximately HK\$4.09 million would be used for the general working capital of the Group.

On 24 April 2015, in order to broaden the Company's shareholder base and raise additional funds for the Company, a placing agreement was entered into between the Company as issuer and a placing agent in relation to a placing of up to 28,800,000 new shares of the Company through the placing agent (the "Placing"). On 8 May 2015, the Company completed the Placing ("Completion of Placing"), and received gross proceeds of HK\$8,294,400 and 28,800,000 fully paid new shares were allotted and issued by the Company to not less than six places through the placing agent. Relevant information of the Placing is set out in the announcements of the Company dated 24 April 2015 and 8 May 2015 respectively.

To optimise the present branch network of the Company, in May 2015, Yuen Long branch has been merged with Tsuen Wan branch. Meanwhile, the Foreign Domestic Workers Loan Centre originally located in Central has been integrated to a more strategic location in the existing Causeway Bay branch in the same month. The Group will continue to monitor the market conditions and assess the effectiveness of the branch network of the Company.

Looking forward, the Group will continue to concentrate its efforts on the existing money lending operations in Hong Kong riding on its experience in money lending business and advantages under the current stringent regulatory environment which has a limited impact on the Group. The Group will continue to monitor the status of the application for setting up business in Tianjin which is still under processing.

Given the rapidly changing economy and challenging external operating environment, the Group will continue to focus on maintaining the growth and credit quality of its loan portfolio while closely monitoring the capital and funding base in pursuing sustainable growth and maximising value for shareholders amid the low interest rate environment. To ensure better control of market risks and liquidity risks associated with the core business and to ensure efficient use of capital, prudent treasury management policies will be continued in relation to surplus funds generated from the operations from time to time.

## FINANCIAL REVIEW

### *Revenue*

The Group's revenue is derived from interest received from the provision of various types of loan products to customers.

For the three months ended 31 March 2015, revenue was approximately HK\$14.74 million, representing an increase of approximately 3.90% over the revenue of approximately HK\$14.18 million recorded in the corresponding period in 2014. The slight increase in revenue was mainly attributable to the growth in average loan balance on the account of the Group's effort in expanding loan portfolio due to the completion of a placing in May 2014 and a rights issue in February 2015, which entailed a growth of approximately 22.31% to approximately HK\$368.95 million for the three months ended 31 March 2015 as compared to approximately HK\$301.65 million in the corresponding period in 2014. Meanwhile, the average interest rate recorded a decrease from approximately 18.81% for the three months ended 31 March 2014 to approximately 15.98% for the corresponding period in 2015.

### *Net interest margin*

The Group recorded a net interest margin of approximately 14.76% for the three months ended 31 March 2015 (31 March 2014: approximately 17.83%). The decrease in net interest margin reflects the Group's pricing strategy under the prevailing competitive interest rates environment during the period.

### *Other income*

The Group's other income mainly comprise income from fees received in relation to its money lending business, bank interest income derived from bank deposit and rental income. Other fee income mainly includes extension fee for extension of first loan repayment dates

beyond the original due date calculated at the effective interest rate of the loan. Although the amount is relatively low as compared to the Group's interest income derived from loans, rental income has provided steady income and has always been part of the Group's activities. Other income increased from approximately HK\$0.36 million for the three months ended 31 March 2014 to approximately HK\$0.37 million for the three months ended 31 March 2015.

### *Administrative expenses*

The Group's administrative expenses mainly comprise employment expenses and occupancy costs for its offices and branches. Employment expenses include directors' emoluments, employees' salaries and bonuses, mandatory and voluntary provident fund contributions, employees', directors' and officers' insurance, etc. Occupancy costs include rental expenses and management fees, government rent and rates and utilities. Administrative expenses also include repair and maintenance, general insurance expenses and depreciation charges, etc.

The Group's administrative expenses for the three months ended 31 March 2015 recorded a decrease of approximately 4.01% to approximately HK\$4.74 million as compared to approximately HK\$4.94 million for the corresponding period in 2014.

### *Other operating expenses*

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

As compared to approximately HK\$6.82 million for the three months ended 31 March 2014, other operating expenses for the period decreased to approximately HK\$3.93 million. The decrease was mainly attributable to the decrease of the net charge for impairment allowance for loans receivable to approximately HK\$1.61 million for the three months ended 31 March 2015 which related to impairment allowance for loans receivable in respect of specific customers.

### *Finance costs*

The Group's finance costs comprise interest payments for loans from independent third party lenders and banks and mortgage loans from banks with collaterals on its buildings, investment properties and motor vehicle. The increase in finance costs from approximately HK\$0.93 million for the three months ended 31 March 2014 to approximately HK\$1.32 million for the three months ended 31 March 2015 was mainly due to the increase in financial assistance obtained from independent third party lenders and banks for the period.

*Profit for the period*

As a result of the above, the Group recorded a profit attributable to owners of the Company of approximately HK\$4.24 million for the three months ended 31 March 2015, representing an approximately 172.48% increase as compared to approximately HK\$1.56 million for the three months ended 31 March 2014.

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

As at 31 March 2015 and upon Completion of Placing, 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 2015	Immediately after Completion of Placing
Sin Kwok Lam ("Mr. Sin")	Interest of controlled corporations (Note)	92,352,000	—	16.03%	15.27%

Note: Best Year Enterprises Limited and Enhance Pacific Limited are the registered and beneficial owners of these shares. Best Year Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Sin, is interested in 84,512,000 shares. By virtue of the provisions of Part XV of the SFO, Mr. Sin is deemed to be interested in all the shares in which Best Year Enterprises Limited is interested. Enhance Pacific Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Sin, is interested in 7,840,000 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 2015 and upon Completion of Placing, 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 the Directors or 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 2015	Immediately after Completion of Placing
Best Year Enterprises Limited	Beneficial owner (Note 1)	84,512,000	14.67%	13.97%
Convoy Collateral Limited	Beneficial owner (Note 2)	80,000,000	13.89%	13.23%
Convoy Financial Services Holdings Limited	Interest of controlled corporations (Note 2)	80,000,000	13.89%	13.23%

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: Convoy Collateral Limited is a company incorporated in Hong Kong with limited liability and is wholly-owned by Convoy Financial Services Holdings Limited (now known as Convoy Financial Holdings Limited). By virtue of the SFO, Convoy Financial Services Holdings Limited is 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 the Directors or chief executive of the Company) who, as at 31 March 2015, 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 had been granted under the Share Option Scheme during the three months ended 31 March 2015.

## 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 2015.

## CORPORATE GOVERNANCE

The Company is committed to adopting a high standard of corporate governance practices and procedures throughout the Group. The Directors firmly believe that sound and reasonable corporate governance practices are essential for the steady growth of the Group and for safeguarding shareholders' interests. To the best knowledge of the Board, throughout the three months ended 31 March 2015, 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 2015, 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 and Mr. Tai Man Hin, Tony, an independent non-executive Director, is an independent non-executive director of a company where one of its principal businesses is money lending.

The Directors confirm that save for 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 three months ended 31 March 2015.

## AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three existing independent non-executive Directors of the Company, namely, Mr. Lee Kin Fai, Mr. Tai Man Hin, Tony and Mr. Yu Wan Hei. The Group's unaudited condensed consolidated results for the three months ended 31 March 2015 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, 8 May 2015

*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. Lee Kin Fai, Mr. Tai Man Hin, Tony and Mr. Yu Wan Hei as independent non-executive Directors.*