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GLOBAL INTERNATIONAL CREDIT GROUP LIMITED

環球信貸集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1669)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the “Board”) of directors (the “Directors”) of Global International Credit Group Limited (the “Company”) is pleased to announce the audited final results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2015	2014
	Note	HK\$'000	HK\$'000
Revenue	5	124,322	107,767
Other income	5	215	17
Administrative expenses	6	(45,692)	(44,007)
Finance costs – net	7	(21,333)	(20,153)
Profit before income tax		57,512	43,624
Income tax expense	8	(10,332)	(8,072)
Profit and total comprehensive income for the year attributable to owners of the Company		47,180	35,552
Earnings per share attributable to owners of the Company			
– Basic and diluted (expressed in HK cents per share)	9	11.8	11.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2015 HK\$'000	As at 31 December 2014 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		429	1,210
Loans receivable	11	234,894	159,705
Deferred income tax assets		983	728
Convertible promissory note	13	215,765	–
Derivative financial instrument	14	20,608	–
Total non-current assets		472,679	161,643
Current assets			
Loans receivable	11	702,800	527,774
Interest receivables	12	7,133	6,282
Prepayments, deposits and other receivables		4,788	3,614
Repossessed asset		–	926
Prepaid tax		–	1,034
Pledged deposit		31,054	–
Cash and cash equivalents		101,200	198,126
Total current assets		846,975	737,756
Total assets		1,319,654	899,399
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	4,000	4,000
Reserves		607,566	571,186
Total equity		611,566	575,186
LIABILITIES			
Non-current liability			
Loan from the ultimate holding company	18(a)	235,469	–
Current liabilities			
Accruals and other payables		7,528	14,495
Tax payable		3,961	440
Bank and other borrowings	15	461,130	309,278
Total current liabilities		472,619	324,213
Total liabilities		708,088	324,213
Total equity and liabilities		1,319,654	899,399

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1 GENERAL INFORMATION

Global International Credit Group Limited (the “Company”) was incorporated in the Cayman Islands on 20 January 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries (the “Group”) are principally engaged in money lending business of providing property mortgage loans and personal loans in Hong Kong.

The directors regard Blossom Spring Global Limited (“Blossom Spring”), a company incorporated in the British Virgin Islands (“BVI”), to be the ultimate holding company of the Company.

The Company has its primary listing on the Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated. These consolidated financial statements were approved by the Board of Directors for issue on 24 March 2016.

Key events

Pursuant to the reorganisation of the Group (the “Reorganisation”) as set out under the section headed “History, development and corporate structure” in the prospectus of the Company dated 28 November 2014, which was completed on 24 November 2014, the Company became the holding company of the subsidiaries now comprising the Group. The Reorganisation is merely a reorganisation of the Group’s business with no change in management of such business and the ultimate holding company remains the same. Accordingly, the consolidated financial statements of the Group have been prepared as if the Group had always been in existence throughout both years presented, or since the respective dates of incorporation or establishment of the group companies.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of the derivative financial instrument, which is carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

3 ACCOUNTING POLICIES

(a) *Amended standards adopted by the Group*

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Amendments from annual improvements to HKFRSs – 2010–2012 Cycle, on HKFRS 8, ‘Operating segments’, HKAS 16, ‘Property, plant and equipment’ and HKAS 38, ‘Intangible assets’ and HKAS 24, ‘Related party disclosures’.

Amendments from annual improvements to HKFRSs – 2011–2013 Cycle, on HKFRS 3, ‘Business combinations’, HKFRS 13, ‘Fair value measurement’ and HKAS 40, ‘Investment property’.

All the above amendments are not material to the Group.

(b) *New standards and interpretation not yet adopted*

A number of new standards and amendments to standards and interpretation are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, “Financial instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9’s full impact.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

(c) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

4 SEGMENT INFORMATION

During the year ended 31 December 2015, all of the Group's revenue was generated from the money lending business of providing property mortgage loans and personal loans 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 resource 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 are presented.

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

5 REVENUE AND OTHER INCOME

Revenue represents the interest income earned from the money lending business of providing property mortgage loans and personal loans in Hong Kong. Revenue and other income recognised during the year are as follows:

	Year ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Interest income	<u>124,322</u>	<u>107,767</u>
Other income		
Bank interest income	132	7
Sundry income	<u>83</u>	<u>10</u>
	<u>215</u>	<u>17</u>

6 ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Employee benefit expenses (including directors' emoluments)	11,925	9,628
Advertising and marketing expenses	14,833	13,660
Legal and professional fees	7,903	1,606
Auditor's remuneration		
– Audit services	1,400	1,157
– Non-audit services	710	–
Depreciation of property, plant and equipment	975	1,672
Listing expenses	–	8,423
Provision/(reversal of provision) for individual impairment assessment of loans receivable	122	(44)
Provision for individual impairment assessment of interest receivables	260	–
Provision for collective impairment assessment of loans receivable	899	–
Operating lease of land and buildings	3,611	3,235
Other expenses	3,054	4,670
	<u>45,692</u>	<u>44,007</u>

7 FINANCE COSTS – NET

	Year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Interest on secured bank loan	186	580
Interest on secured other borrowings	22,099	19,573
Interest on loan from the ultimate holding company	269	–
Interest income from pledged deposit	(48)	–
Interest income from convertible promissory note	(1,173)	–
	<u>21,333</u>	<u>20,153</u>

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

The amount of income tax charged to the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Current tax:		
– Current tax on profits for the year	10,588	8,809
– Over-provision in prior years	(1)	(9)
Total current tax	<u>10,587</u>	<u>8,800</u>
Deferred tax:		
Provision of deferred income tax in the current year	(255)	–
Under-provision of deferred income tax in prior years	–	(728)
Total deferred tax	<u>(255)</u>	<u>(728)</u>
Income tax expense	<u>10,332</u>	<u>8,072</u>

9 EARNINGS PER SHARE

a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of HK\$47,180,000 (2014: HK\$35,552,000) by the weighted average number of ordinary shares in issue during the year of 400,000,000 (2014: 305,479,000 shares). In determining the weighted average number of ordinary shares in issue during the year ended 31 December 2014, the 300,000,000 shares issued and allotted through capitalisation of the share premium account arising from the listing of the Company's shares on 12 December 2014 have been regarded as if these shares were in issue since 1 January 2014.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company (HK\$'000)	47,180	35,552
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	400,000	305,479
Basic earnings per share (HK cents)	<u>11.8</u>	<u>11.6</u>

b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the years ended 31 December 2014 and 2015 and hence the diluted earnings per share is the same as the basic earnings per share.

10 DIVIDEND

The dividend paid for the year ended 31 December 2014 was HK\$10,800,000 (HK2.7 cents per share). A dividend in respect of the year ended 31 December 2015 of HK3.6 cents per share, totaling HK\$14,400,000, is to be proposed at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

11 LOANS RECEIVABLE

	As at 31 December	
	2015	2014
	HK\$'000	HK\$'000
Loans receivable	951,491	700,255
Less:		
Provision for individual impairment assessment of loans receivable	(9,911)	(9,789)
Provision for collective impairment assessment of loans receivable	<u>(3,886)</u>	<u>(2,987)</u>
Loans receivable, net of provision	937,694	687,479
Less: non-current portion	<u>(234,894)</u>	<u>(159,705)</u>
Current portion	<u>702,800</u>	<u>527,774</u>

The Group's loans receivable, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong, are denominated in Hong Kong dollars.

Except for loans receivable of HK\$6,104,000 (2014: HK\$5,891,000), which are unsecured, bear interest and are repayable with fixed terms agreed with customers, all loans receivable are secured by collaterals provided by customers, bear interest and are repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loans receivable mentioned above.

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

	As at 31 December	
	2015	2014
	HK\$'000	HK\$'000
Current	702,800	527,774
2 to 5 years	78,125	55,728
Over 5 years	156,769	103,977
	937,694	687,479

At 31 December 2014 and 2015, certain properties mortgaged to the subsidiary of the Company for loans granted to its respective customers were pledged to an independent third party licensed money lender to secure other borrowing granted to a subsidiary of the Company.

12 INTEREST RECEIVABLES

	As at 31 December	
	2015	2014
	HK\$'000	HK\$'000
Interest receivables	7,450	6,339
Less:		
Provision for individual impairment assessment of interest receivables	(317)	(57)
Interest receivables, net of provision	7,133	6,282

The Group's interest receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong, are denominated in Hong Kong dollars.

Except for interest receivables of HK\$88,000 (2014: HK\$66,000), which are unsecured and are repayable with fixed terms agreed with the customers, all interest receivables are secured by collaterals provided by customers and are repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the interest receivables mentioned above.

The ageing analysis of these interest receivables by due date, net of provision, is as follows:

	As at 31 December	
	2015	2014
	HK\$'000	HK\$'000
Current	5,249	3,530
0–30 days	1,231	1,144
31–90 days	412	896
Over 90 days	241	712
	7,133	6,282

13 CONVERTIBLE PROMISSORY NOTE

On 18 December 2015, the Company subscribed for a non-listed Renminbi denominated Convertible Promissory Note of a principal amount of RMB200,000,000 (equivalent to HK\$235,200,000) (the “Note”) issued by Quark Finance Group (“Quark”). The Note carries an interest of 10% per annum and will be matured on 17 December 2018. The Note is convertible into 20% (minimum) to 40% (maximum) of the total number or ordinary shares of Quark on a fully diluted as converted basis immediately following the conversion if all of the principal amount of the Note is converted into fully paid Series B Preferred Shares, depending on the achievement of the performance indicators as disclosed in the circular announced on 26 October 2015. As at 31 December 2015, the Note has not been converted.

Upon initial recognition, management classified the Note as comprising of two components: host debt instrument initially recognised at fair value and subsequently measured at amortised cost less impairment; and conversion right embedded in the Note, which is classified as a derivative financial instrument (Note 14), initially recognised and subsequently measured at fair value through profit or loss. The movement of the convertible promissory note is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Convertible Promissory Note		
At 1 January	–	–
Purchase of the Note	214,592	–
Interest income	1,173	–
	<u>215,765</u>	<u>–</u>
At 31 December	<u>215,765</u>	<u>–</u>

14 DERIVATIVE FINANCIAL INSTRUMENT

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Conversion right embedded in the convertible promissory note (<i>Note 13</i>)	<u>20,608</u>	<u>–</u>

The conversion right embedded in the convertible promissory note referred to the investment in the Note issued by Quark as set out in Note 13.

15 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

	As at 31 December	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank loan – secured (<i>Note (a)</i>)	30,965	–
Other borrowings – secured (<i>Note (b)</i>)	430,165	309,278
	<u>461,130</u>	<u>309,278</u>
Total bank and other borrowings	<u>461,130</u>	<u>309,278</u>

(a) **Bank loan – secured**

The secured bank loan, which is denominated in United States Dollars, matures in 2016 and bears an average interest rate of 1.25% per annum. At 31 December 2015, the secured bank loan is secured by a pledged deposit of US\$4,000,000 (equivalent to HK\$31,054,000).

(b) **Other borrowings – secured**

Other borrowings of HK\$425,165,000 (2014: HK\$309,278,000) and HK\$5,000,000 (2014: Nil), which are denominated in Hong Kong dollar, mature in 2016 and bear an average interest rate of 7% (2014: 7%) and 10% (2014: Nil) per annum, respectively.

At 31 December 2015 and 2014, the other borrowings were obtained from independent third party licensed money lenders and were secured by a corporate guarantee from the Company and the pledge of certain properties mortgaged to a subsidiary of the Company for loans granted to its respective customers. The fair value of these properties were HK\$933,510,000 and HK\$678,384,000 as at 31 December 2015 and 2014, respectively.

16 SHARE CAPITAL

Authorised share capital

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares HK\$
At 31 December 2014, 1 January 2015 and 31 December 2015	<u>10,000,000,000</u>	<u>0.01</u>	<u>100,000,000</u>

Issued share capital

	Number of issued shares	Amount HK\$
At 31 December 2014, 1 January 2015 and 31 December 2015	<u>400,000,000</u>	<u>4,000,000</u>

17 COMMITMENTS

Operating lease commitments – Group as lessee

The Group leases its office under non-cancellable operating lease agreements. The lease terms are 2 years, and the lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2015	2014
	HK\$'000	HK\$'000
Not later than one year	3,890	1,019
One to five years	1,364	–
	<u>5,254</u>	<u>1,019</u>

18 RELATED PARTY TRANSACTIONS

The Group is controlled by Blossom Spring (incorporated in BVI), which is the ultimate holding company of the Group and owns 75% of the Company's shares. The remaining 25% of the shares are widely held. The ultimate controlling party is Ms. Jin Xiaoqin ("Ms. Jin").

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

(a) Interest expense and loan from the ultimate holding company

	Year ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
– Interest expense on loan from the ultimate holding company	<u>269</u>	<u>–</u>

On 21 July 2015, Blossom Spring and the Company had entered into a shareholder facility agreement (the "Facility") pursuant to which Blossom Spring has agreed to grant to the Company an unsecured facility in the amount of up to RMB200,000,000 (equivalent to HK\$235,200,000) for a term of three years and bearing an interest rate of 3.0% per annum on the outstanding principal amount from time to time for the purpose of funding the Company's purchase of the Note of Quark, as disclosed in Note 13 to this announcement.

The Facility is a back-to-back financing with a limited recourse in which the Company does not have to repay the Facility unless the Company receives payment from Quark.

(b) Indemnity from a controlling shareholder

Ms. Jin has entered into a deed of indemnity with the Group to personally indemnify the Company for, among of other things, damages, legal costs and liabilities in connection with the legal proceeding as described in Note 19 to this announcement.

(c) Key management compensation

Key management includes executive directors, the financial controller, the credit manager, a credit administration manager and the senior relationship manager. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Salaries, benefits and bonus	4,088	3,768
Pension costs	<u>70</u>	<u>61</u>
	<u>4,158</u>	<u>3,829</u>

Note: The above (a) and (b) fall under the definition of "connected transaction" in Chapter 14A of the Listing Rules. The Company confirms that the above (a) and (b) have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

19 LITIGATION

In July 2014, an independent third party (the “Plaintiff”) filed a claim in the Court of First Instance of the High Court of Hong Kong against one of the Company’s subsidiary’s customers (the “Customer”) as first defendant and the Company’s subsidiary as the second defendant, alleging that, in 2013, the Company’s subsidiary had not acted in good faith in entering into a mortgage financing arrangement with the Customer since the Company’s subsidiary had actual or constructive notice of that borrower’s intent to defraud creditors and/or lack of good faith (the “Litigation”). Accordingly, the Plaintiff sought a declaration that the mortgage provided by the Customer to the Company’s subsidiary (the “Mortgage”) is void and be set aside, the registration of the Mortgage at the Land registry be vacated, damages to be assessed, and interest and costs.

The Directors have sought the opinion of an independent legal counsel in respect of the merits of the case, and have considered that, based on the preliminary advice and tentative views of the legal counsel, the Group has a good prospect of successfully defending the claim. As such, the Directors intend to vigorously contest the claim. In October 2015, the Plaintiff and the Company’s subsidiary carried out a mediation discussion with no result. As a result, management expects that the first court hearing will be carried out in late 2016 or early 2017.

Included in loans receivable is an amount due from the Customer of HK\$8,800,000 as at 31 December 2014. On 17 December 2014, the Customer had been adjudged bankrupted by the Court of First Instance of the High Court of Hong Kong. The Directors reassessed the collectability of this loan with reference to the validity of the Mortgage due to the Litigation and the creditability of the Customer, and considered that an impairment of the outstanding loans receivable amount of HK\$8,800,000 should be recognised in the consolidated statement of comprehensive income for the year ended 31 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the money lending business focusing primarily on providing short-term and long-term property mortgage loans to customers to meet their financial needs.

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 December 2014, which marked a new stage of development. During the year ended 31 December 2015 (“FY2015”), the Group has made use of the listing proceeds to continue to develop its sound foundation in the money lending business. The Group delivered solid results for the year ended 31 December 2015, generating a full year interest income of approximately HK\$124.3 million from an aggregated loan portfolio value of approximately HK\$951.5 million.

During FY2015, the Group has continued to employ various advertising and marketing channels such as internet, newspaper, TV and lucky-draw campaigns, etc. to reach a wide range of customers to strengthen its brand recognition and presence in the property mortgage market. The effectiveness of these marketing campaigns is demonstrated by the growth of the Group’s loan portfolio during the year.

FINANCIAL REVIEW

Revenue

For FY2015, the Group’s interest income from its money lending business was approximately HK\$124.3 million, representing an increase of approximately HK\$16.5 million or 15.3% from interest income of approximately HK\$107.8 million for the year ended 31 December 2014 (“FY2014”). Such increase was a result of the increase in average month-end balance of mortgage loans receivable. The average month-end balance of aggregate mortgage loans receivable increased by approximately HK\$167.0 million or 25.4% from approximately HK\$658.3 million for FY2014 to approximately HK\$825.3 million for FY2015.

The Group was able to penetrate into a deeper customer base through the launch of a year-long lucky draw campaign and reform of its company website. Such marketing efforts, together with the persistently high demand for mortgage loans, has enabled the Group to record a steady growth in its loan portfolio during FY2015.

Other income

The Group's other income increased by approximately HK\$0.2 million or 12.6 times from HK\$17,522 in FY2014 to approximately HK\$0.2 million in FY2015. The reason for the significant increase in the Group's other income is due to generation of interest income from placing of listing proceeds as bank deposits.

Administrative expenses

Administrative expenses incurred by the Group mainly comprised of employee benefit expenses, advertising and marketing expenses, legal and professional fees, operating lease of land and buildings and other expenses. These expenses, which represent approximately 36.8% and 40.8% of total revenue for FY2015 and FY2014, respectively, increased from approximately HK\$44.0 million in FY2014 to approximately HK\$45.7 million in FY2015, representing an increase of approximately HK\$1.7 million or 3.9%.

Employee benefit expenses increased by approximately HK\$2.3 million or 24.0% from approximately HK\$9.6 million in FY2014 to approximately HK\$11.9 million in FY2015. The independent non-executive directors were appointed in November 2014 which gave rise to a full year impact in FY2015 causing the increase in directors' fee of approximately HK\$1.1 million. Staff salaries increased by approximately HK\$1.0 million due to increase in headcount.

The Group was listed on the Stock Exchange on 12 December 2014. It incurred non-recurring listing expenses of approximately HK\$8.4 million in FY2014.

Legal and professional fee expenses increased by approximately HK\$6.3 million or 393.8% from approximately HK\$1.6 million in FY2014 to approximately HK\$7.9 million in FY2015. The increase in legal and professional fee in FY2015 was due to (1) fees paid to professional parties in preparing the circular for the purchase of the Note of a principal amount of RMB200,000,000 (equivalent to approximately HK\$235,200,000) issued by Quark of approximately HK\$3.9 million; (2) company secretary's fee of approximately HK\$0.4 million; and (3) retainer fees paid to legal advisor, compliance advisor and public relation profession of approximately HK\$1.5 million.

Additional provision for collective impairment assessment of loans receivable of approximately HK\$0.9 million was made in FY2015 due to the increase in loan portfolio of the Group at 31 December 2015 as compared to 31 December 2014.

Excluding employee benefit expenses, listing expenses, legal and professional fees and collective impairment allowances mentioned above, other administrative expenses increased by approximately HK\$0.6 million or 2.5% from approximately HK\$24.4 million in FY2014 to approximately HK\$25.0 million in FY2015. These expenses comprised mainly of advertising and marketing expenses of approximately HK\$14.8 million (FY2014: HK\$13.7 million); operating lease of land and buildings of approximately HK\$3.6 million (FY2014: HK\$3.2 million); and other operating and utility expenses.

Finance costs

Finance costs increased by approximately HK\$1.1 million or 5.4% from approximately HK\$20.2 million in FY2014 to approximately HK\$21.3 million in FY2015. It is comprised of mainly interest on secured bank and other borrowings and interest expense paid on loan from the ultimate holding company netting off with the interest income from pledged deposit and the Note. The increase was primarily due to the increase in average outstanding balances of bank and other borrowings by approximately HK\$48.9 million from approximately HK\$289.7 million in FY2014 to approximately HK\$338.6 million in FY2015, with effect set off by the increase in interest income from pledged deposit and the Note.

Net interest margin

The net interest margin decreased from approximately 13.1% for FY2014 to approximately 12.7% for FY2015. The decrease was mainly due to a more competitive mortgage loan market in Hong Kong in FY2015.

Income tax expenses

The Group's effective tax rate decreased from approximately 18.5% for FY2014 to approximately 18.0% for FY2015. The decrease in effective tax rate was mainly due to the increase in non-taxable interest income arising from the Note in FY2015, and the decrease in non-deductible professional fees for the Note transaction in FY2015 as compared to the non-deductible listing expenses in FY2014.

Profit and total comprehensive income

As a result of the foregoing, the Group's profit and total comprehensive income for FY2015 was approximately HK\$47.2 million, representing an increase of approximately HK\$11.6 million or 32.6% from profit and total comprehensive income of approximately HK\$35.6 million for FY2014. As mentioned above, the major reason for the increase is due to the rise in the size of loan portfolio, resulting from the Group's extensive marketing effort and high demand for mortgage loans products in Hong Kong.

OUTLOOK

2016 is considered to be a more challenging year for the Group as compared to 2015. According to the Hong Kong 2016/2017 budget, the forecasted gross domestic product growth rate for 2016 is one to two percent, which is lower than 2015's growth rate.

Looking forward, strengthening credit risk management and offering a wider range of loan products to customers are the Group's major strategic focus. The Group will also continue to adopt prudent and flexible business strategies and adjust to market and environmental changes accordingly in the expansion of its view to expand the customer bases.

In order to secure its leading position in the property mortgage loan industry, the Group will use its marketing resources in a cost effective way. In response to increasing popularity of mobile applications, the Group is in the process of developing an online application which is expected to be launched in the first half of 2016.

With the Group's long term strategy to expand its reach into the Mainland China, and the completion of the Note transaction with Quark in December 2015, the Board will cautiously assess the appropriateness and timing of conversion of the Note in 2016.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year ended 31 December 2015, the Group's operations and capital requirements were financed principally through retained earnings, loans from a bank and independent third party licensed money lenders and the net proceeds from the listing of shares of the Company (the "Proceeds").

With tight controls on authorised financial institutions in Hong Kong and the full utilisation of the Proceeds, the Group's future operations and capital requirements will be mainly financed through independent third party licensed money lenders, retained earnings and share capital. The Group will also actively look for diversified financing resources in the coming year. There were no significant commitments for capital expenditure as at 31 December 2015.

As at 31 December 2015, cash and cash equivalents and pledged deposit amounted to approximately HK\$132.2 million, representing a decrease of approximately HK\$65.9 million as compared to the position as at 31 December 2014. The decrease was mainly attributed to the utilisation of the Proceeds in FY2015.

As at 31 December 2015, interest-bearing bank and other borrowings amounted to approximately HK\$461.1 million, representing an increase of approximately HK\$151.8 million as compared to the position as at 31 December 2014. All interest-bearing borrowings are repayable on demand and were secured by (i) certain properties mortgaged to the Group for securing loans receivable from customers; (ii) corporate guarantee executed by the Company; and (iii) a pledged deposit of US\$4.0 million (equivalent to approximately HK\$31.1 million).

During the year ended 31 December 2015, none of the Group's borrowing facilities were subject to any covenants relating to financial ratio requirements or any material covenants that restrict the Group from undertaking additional debt or equity financing. As at 31 December 2015, the unutilised facility available to the Group for drawdown amounted to approximately HK\$109.8 million (2014: approximately HK\$190.7 million).

Loan from the ultimate holding company

On 21 July 2015, Blossom Spring Global Limited ("Blossom Spring"), the ultimate holding company of the Group and the Company had entered into a shareholder facility agreement (the "Facility") pursuant to which Blossom Spring agreed to grant to the Company an unsecured facility in the amount of up to RMB200,000,000 (equivalent to approximately HK\$235,200,000) for a term of three years and bearing an interest rate of 3.0% per annum on the outstanding principal amount from time to time for the purpose of funding the Company's purchase of the Note which was disclosed under the section "Significant Investments Held, Material Acquisitions and Disposals" under the section "Management Discussion and Analysis" of this announcement.

Current Ratio

The Group's current ratio decreased from approximately 2.3 times as at 31 December 2014 to approximately 1.8 times as at 31 December 2015, which was mainly due to the increase in interest-bearing bank and other borrowings as at 31 December 2015.

Gearing Ratio

As at 31 December 2015, the Group's gearing ratio, which was calculated by dividing net debts (being the total borrowings less cash and cash equivalents and pledged deposit) by total equity, was 0.92 as compared to 0.19, the position as at 31 December 2014. The ratio increased by 0.73 as the Group has obtained a loan from the ultimate holding company for the purpose of funding the Company's purchase of the Note during the year.

Return on total assets and return on equity

The return on total assets decreased from approximately 4.0% as at 31 December 2014 to approximately 3.6% at 31 December 2015. The return on equity increased from approximately 6.2% as at 31 December 2014 to approximately 7.7% at 31 December 2015.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

On 18 December 2015, the Company purchased from Quark, and Quark sold and issued to the Company, the Note in the principal amount of RMB200,000,000 (equivalent to approximately HK\$235,200,000) convertible into fully paid series B preferred shares of Quark subject to conditions under the Share Purchase Agreement. The transaction constituted a major transaction of the Company under the Listing Rules.

Ms Jin, the ultimate beneficial owner of the Company, is the sole ultimate beneficial owner of Expolito Enterprise Limited (“Expolito”), a company which has interest in 46% of the shares of Quark (on an as converted, fully diluted basis). The Note bears an interest rate of 10.0% per annum on the outstanding principal amount of the Note.

The Note is convertible from 1 January 2016. Upon any decision to convert, the Company will comply with all applicable requirements including shareholder’s approval under the Listing Rules (if necessary).

Save for the disclosed above, the Group did not have any significant investments held, material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 December 2015.

EMPLOYEES AND REMUNERATION

As at 31 December 2015, the Group employed 30 full-time employees (2014: 25). The total employee benefit expenses (including directors’ emoluments) of the Group for the years ended 31 December 2015 and 2014 were approximately HK\$11.9 million and approximately HK\$9.6 million, respectively. The remuneration of its employees included salaries, overtime allowance, commission and year end discretionary bonuses. The Group remunerates its employees mainly based on current market trend, individual performance and experience and conduct performance appraisals on an annual basis.

CORPORATE RESPONSIBILITY

As a good corporate citizen, the Group is eager to contribute towards society through community focused commitments. The Group has performed its corporate social responsibility through the participation in various charitable and volunteer activities. We encourage staff members to support community activities as well as to promote healthy and balanced physical and mental development. Where possible, the Group will endeavor to participate in community and public welfare activities in particular to provide support and aid the needs of the underprivileged in Hong Kong.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no material contingent liabilities (2014: Nil).

PLEDGE OF ASSETS

As at 31 December 2015, certain properties mortgaged to the Group by its customers were pledged to secure against a loan facility of the Group. These properties are mortgaged to the Group for securing loans receivable with net book value of approximately HK\$474.1 million (2014: HK\$332.4 million). The borrowing facility was for the expansion of its mortgage business.

During the year, a fixed deposit in a subsidiary of the Group was pledged to a bank to secure against a loan facility of the Group. As at 31 December 2015, the amount of pledged deposit was US\$4,000,000 (equivalent to approximately HK\$31.1 million).

PURCHASE, SALE, OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (the "Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During the year ended 31 December 2015, the Company has complied with the Code Provisions except the following deviations:

Pursuant to code provision A.2.1 of the Code of Corporate Governance Practices, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive and Ms. Wang Yao currently performs these two roles. The Directors believe that vesting the roles of both chairman and chief executive in the same position has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the "Company's Code") regarding securities transactions by directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, the Company confirms that all directors have complied with the required standards as stated in the Model Code and the Company's Code for the year ended 31 December 2015.

REVIEW OF FINAL RESULTS BY THE AUDIT COMMITTEE

The audit committee (the “Audit Committee”) of the Company consists of three independent non-executive Directors, namely, Mr. Man Yiu Kwong, Nick, Dr. Ng Lai Man, Carmen (“Dr. Ng”) and Mr. Tang, Warren Louis, and is chaired by Dr. Ng.

The Audit Committee has discussed with the management of the Company the internal control and financial reporting matters including the accounting principles and practices related to the preparation of the consolidated financial statements for the year ended 31 December 2015. It has also reviewed the consolidated financial statements for the year ended 31 December 2015 with the management and the auditor of the Company and recommended them to the Board for approval.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK3.6 cents per share for the year ended 31 December 2015, subject to shareholders’ approval at the forthcoming annual general meeting of the Company to be held on Monday, 6 June 2016, payable to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 14 June 2016. The proposed final dividend will be paid on or about Wednesday, 29 June 2016 following approval at the 2015 annual general meeting of the Company.

CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Monday, 6 June 2016, the register of members of the Company will be closed from Thursday, 2 June 2016 to Monday, 6 June 2016 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for attendance and voting at the forthcoming annual general meeting of the Company, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 1 June 2016.

For determining the entitlement to the payment of final dividend, the register of members of the Company will be closed from Monday, 13 June 2016 to Tuesday, 14 June 2016 (both days inclusive), during which no transfer of shares of the Company will be registered. The final dividend is payable to the Company’s shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 14 June 2016. In order to qualify for the payment of final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 June 2016.

PUBLICATION

The final results announcement of the Company for the year ended 31 December 2015 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gic.com.hk) respectively. The 2015 annual report will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Monday, 6 June 2016. The notice of the annual general meeting, which constitutes part of the circular to its shareholders, together with proxy form and the Company's 2015 annual report will be published on the aforesaid websites and dispatched to the shareholders of the Company in due course.

By Order of the Board
Global International Credit Group Limited
Wang Yao
Chairman and Chief Executive

Hong Kong, 24 March 2016

As at the date of this announcement, the Board comprises two executive directors of the Company, namely Ms. Wang Yao and Ms. Jin Xiaoqin, and three independent non-executive directors of the Company, namely Mr. Man Yiu Kwong, Nick, Dr. Ng Lai Man, Carmen and Mr. Tang, Warren Louis.