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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)

INSIDE INFORMATION

MAJOR AND CONNECTED TRANSACTION IN RELATION TO A NOTE PURCHASE AGREEMENT, FULLY EXEMPTED CONNECTED TRANSACTION IN RELATION TO THE SHAREHOLDER FACILITY

This announcement is made by Global International Credit Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcement of the Company dated 21 July 2015, the supplemental announcement of the Company dated 28 August 2015, and the announcements of the Company dated 11 August 2015, 8 September 2015, 30 September 2015 and 16 October 2015 and the circular of the Company dated 26 October 2015 (the “**Circular**”) in relation to the Note Purchase Agreement with Quark for the Convertible Promissory Note and the conditional Share Purchase Agreement for the purchase of Series B Preferred Shares. Terms used in this announcement, unless otherwise defined, shall have the same meaning as ascribed to them in the Circular.

BACKGROUND

As disclosed in the Circular, the Company entered into the Note Purchase Agreement with, among others, Quark, pursuant to which Quark agreed to sell and issue to the Company, and the Company agreed to purchase from Quark, a Convertible Promissory Note in the principal amount of RMB200,000,000, at a consideration equal to such principal amount, convertible into fully paid Series B Preferred Shares of Quark. Some of the principal terms are as follows:

1. The outstanding principal amount of the Convertible Promissory Note shall be repaid in six equal instalments starting from the date of the second anniversary of Completion (i.e. 17 December 2017) with the final payment of all the then outstanding principal amount of the Convertible Promissory Note as set out in Appendix IV to the Circular and all accrued and unpaid interest being made on the date of the third anniversary from the date of Completion (i.e. 17 December 2018).
2. The Convertible Promissory Note shall not be prepaid without the prior written consent of the holder hereof.

As at the date hereof, Quark has been paying interest to the Company in accordance with the terms and conditions of the Note Purchase Agreement and the Company has not exercised its conversion right for the Series B Preferred Shares.

For the purpose of funding the Company's purchase of the Convertible Promissory Note, the Company and the Controlling Shareholder entered into the Shareholder Facility on 21 July 2015 pursuant to which the Controlling Shareholder agreed to grant to the Company back-to-back financing in the amount of up to RMB200,000,000 for a term of three (3) years. Under the Shareholder Facility, the Company may repay the then outstanding principal amount in full or in part by delivering a prior written notice to the Controlling Shareholder specifying such the early repayment date, the early repayment principal amount together with all accrued but unpaid interest thereon.

EARLY REPAYMENT OF THE CONVERTIBLE PROMISSORY NOTE

On 21 September 2017, Quark, being the issuer of the Convertible Promissory Note, sent a written notice to the Company, being the holder of the Convertible Promissory Note, notifying the Company that Quark will enter into a share subscription agreement and a share exchange agreement with third parties independent to the Company, and accordingly, seeking consent from the Company to prepay the principal amount and interest of the Convertible Promissory Note in full. In response to the said demand, on 22 September 2017, the Company gave the written consent to Quark to the prepayment of principal amount and interest of the Convertible Promissory Note.

Following the above, Quark had arranged the remittance of a sum of RMB215,232,877 to the Company being the full and final repayment of the principal amount and all accrued but unpaid interest of the Convertible Promissory Note.

EARLY REPAYMENT TO CONTROLLING SHAREHOLDER UNDER SHAREHOLDER FACILITY

In view of the early repayment of the Convertible Promissory Note by Quark, on 22 September 2017, the Company delivered a written notice to the Controlling Shareholder that the Company will repay the outstanding principal amount of RMB200,000,000 in full together with all accrued but unpaid interest under the Shareholder Facility upon Quark's confirmation on the final repayment amount.

REASONS FOR GIVING THE CONSENT

The Directors (including all independent non-executive directors) consider it is in the interest of the Company that the consent is given to Quark to early repay the principal amount and interest of the Convertible Promissory Note on the following basis:

1. Quark is principally engaged in, through its group companies, non-banking financial services business that leverages information technology and data analytics technology to provide and/or facilitate accumulation, distribution and management of credit in the PRC through peer-to-peer (P2P) financing where individual borrowers and lenders transact directly, trust-to-peer (T2P) financing where trusts, funds, or corporations provide financing to individual borrowers, and other scalable business models in the PRC;
2. recent regulatory initiatives conducted by China Banking Regulatory Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Internet Information Office indicate that the PRC government will further tightens P2P lending activities which may possibly lead to a massive industry reshuffle;
3. in light of the ongoing regulatory changes which will cast doubt on the future development of the P2P financing market in China, the Board considers that it is not in the interest of the Company to exercise its conversion right for Series B Preferred Shares; and
4. in addition, it remains uncertain as to how Quark will cope with such changes and whether such changes may have an impact on the operation and financial aspects of Quark and its ability to repay the Convertible Promissory Note in the future.

Accordingly, considering that Quark has an obligation to repay the principal amount of the Convertible Promissory Note by six installments from 17 December 2017 under the Convertible Promissory Note, it will be in the interest of the Company to receive all the outstanding principal amount in one lump sum without uncertainty instead of by six instalments in the future.

FINANCIAL IMPACT TO THE GROUP

The investment by the Company in the Convertible Promissory Note is comprising of two components: (1) a host debt instrument (the “**Host Debt Instrument**”) initially recognized at fair value and subsequently measured at amortised cost less impairment; and (2) a conversion right embedded in the Convertible Promissory Note (the “**Conversion Right**”) initially recognised at fair value and subsequently measured at fair value through profit or loss. The carrying value of the Host Debt Instrument was HK\$234,210,000 as at 30 June 2017 and the fair value of the Conversion Right was valued at HK\$811,000 as at 30 June 2017 by an independent third party valuer. As a result of the early repayment of the Convertible Promissory Note, the Host Debt Instrument will be fully settled and that the value of the Conversion Right will be reduced to nil. Upon the full settlement of the Convertible Promissory Note, the Company will repay the Shareholder Facility, with carrying value of HK\$234,218,000 as at 30 June 2017, accordingly. The Board considers the consent given hereunder for the early repayment of the Convertible Promissory Note does not have any impact on the business and operation of the Group.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 22 September 2017

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