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 2018

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 2018, together with the comparative figures for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	5	**124,277**	103,479
Other income	5	**14**	45
Administrative expenses	6	**(33,876)**	(29,950)
Reversal of impairment losses – net	7	**9,679**	788
Fair value change and loss on early redemption on derivative financial instrument		**–**	(15,306)
Finance (costs)/income – net	8	**(12,463)**	14,941
Profit before income tax		**87,631**	73,997
Income tax expense	9	**(19,218)**	(10,991)
Profit and total comprehensive income for the year attributable to owners of the Company		**68,413**	63,006
Earnings per share attributable to owners of the Company			
– Basic and diluted (expressed in HK cents per share)	10	**17.1**	15.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31 December 2018** *HK$'000*	As at 31 December 2017 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,277**	734
Loans receivable	12	**340,737**	234,043
Deferred income tax assets		**582**	727
Prepayments, deposits and other receivables		**–**	1,341
Total non-current assets		**342,596**	236,845
Current assets			
Loans receivable	12	**647,918**	532,866
Interest receivables	13	**7,817**	6,042
Prepayments, deposits and other receivables		**8,502**	3,319
Repossessed assets		**29,094**	1,778
Pledged deposit		**8,690**	4,750
Cash and cash equivalents		**60,813**	13,445
Total current assets		**762,834**	562,200
Total assets		**1,105,430**	799,045
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	**4,000**	4,000
Reserves		**741,476**	694,315
Total equity		**745,476**	698,315
LIABILITIES			
Current liabilities			
Accruals and other payables		**4,472**	3,037
Tax payable		**8,578**	2,323
Bank and other borrowings	14	**296,904**	95,370
Loans from a related company	17(b)	**50,000**	–
Total current liabilities		**359,954**	100,730
Total liabilities		**359,954**	100,730
Total equity and liabilities		**1,105,430**	799,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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"), as 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 27 March 2019.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared on a historical cost basis.

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

3 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- *HKFRS 9 Financial Instruments; and*
- *HKFRS 15 Revenue from Contracts with Customers*

The Group also elected to adopt the following amendments early:

- *Annual Improvements to HKFRS Standards 2015–2017 Cycle*

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of HKFRS 9 and HKFRS 15. The adoption of other amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

(i) *Impact of adoption*

In accordance with the transitional provisions in HKFRS 9, HKFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the opening statement of financial position on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Consolidated statement of financial position (extract)	**As at 31 December 2017 as originally presented**	**Effect of the adoption of HKFRS 9**	**As at 1 January 2018 Restated**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Loans receivable	234,043	(74)	233,969
Deferred income tax assets	727	168	895
Current assets			
Loans receivable	532,866	(893)	531,973
Interest receivables	6,042	(53)	5,989
Total assets	799,045	(852)	798,193
Equity			
Reserves	694,315	(852)	693,463
Total equity	698,315	(852)	697,463

The total impact on the Group's retained earnings as at 1 January 2018 and 1 January 2017 is summarised as follows:

	2018	2017
	HK$'000	*HK$'000*
Closing retained earnings 31 December – HKAS 39	**181,518**	145,712
Increase in provision for loans receivable	**(967)**	–
Increase in provision for interest receivables	**(53)**	–
Increase in deferred income tax assets relating to impairment provisions	**168**	–
Adjustments to retained earnings from adoption of HKFRS 9 on 1 January 2018	**(852)**	–
Opening retained earnings 1 January – HKFRS 9	**180,666**	145,712

(ii) *Classification and measurement*

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and classified its financial assets into the approximate HKFRS 9 categories.

The application of the new standard does not have a significant impact on the classification and measurement of its financial assets as debt instruments currently classified as loans and receivables would continue to be measured at amortised cost.

This category includes the Group's loans receivable, interest receivables, deposits and other receivables, pledged deposits and cash and cash equivalents.

(iii) *Impairment under expected credit losses ("ECL") model*

The Group has two types of financial assets that are subject to HKFRS 9's new ECL model, which are loans receivable and interest receivables. The Group recongises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed above.

While cash and cash equivalents, pledged deposits and deposits and other receivables are also subject to the impairment requirement of HKFRS 9, the identified impairment loss was immaterial.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss exposure, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment on whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since intitial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant deterioration in external market indicators of credit risk, e.g. a significant decrease in credit rating of the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtors' ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative indicators are taken into account in determining the risk of a default occurring:

- probable bankruptcy entered by the borrowers; and
- death of the debtor.

Measurement and recognition of ECL

The measure of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial assets is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The loss allowances for loans receivable and interest receivables as at 31 December 2017 reconcile to the opening loss allowances on 1 January 2018 are as follows:

	Loans receivable *HK$'000*	**Interest receivables** *HK$'000*
At 31 December 2017 – HKAS 39	15,525	317
Amounts additionally provided through opening retained earnings on adoption of HKFRS 9	967	53
Opening loss allowance as at 1 January 2018 – HKFRS 9	16,492	370

HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained earnings as at 1 January 2018 and that comparatives will not be restated.

The adoption of HKFRS 15 did not result in any significant impact to the financial statements as the timing of revenue recognition is not changed.

(b) New standards and interpretation not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$1,358,000. All of these commitments relate to short-term leases which will be recognised on a straight-line basis as an expense in profit or loss.

Mandatory application date/Date of adoption by the Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 SEGMENT INFORMATION

During the years ended 31 December 2018 and 2017, 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 makers, the executive directors of the Group, 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 2018 and 2017.

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	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
Interest income	**124,277**	103,479
Other income		
Bank interest income	**14**	37
Referral income	**–**	5
Sundry income	**–**	3
	14	45

6 ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Employee benefit expenses (including directors' emoluments)	**12,259**	11,879
Advertising and marketing expenses	**10,452**	7,834
Legal and professional fees	**1,839**	1,827
Auditor's remuneration		
– Audit services	**1,250**	1,200
– Non-audit services	**499**	365
Depreciation of property, plant and equipment	**559**	415
Operating lease of land and buildings	**4,018**	3,993
Other administrative expenses	**3,000**	2,437
	33,876	29,950

7 REVERSAL OF IMPAIRMENT LOSSES – NET

	Year ended 31 December 2018			
	12 months expected credit loss (Stage 1)	**Lifetime expected credit loss not credit impaired (Stage 2)**	**Lifetime expected credit loss credit impaired (Stage 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Net reversal of/(charge for) provision for impairment assessment on loans receivable	**2,063**	**(1,693)**	**9,083**	**9,453**
Net reversal of/(charge for) provision for impairment assessment on interest receivables	**22**	**(36)**	**240**	**226**
	2,085	**(1,729)**	**9,323**	**9,679**

	Year ended 31 December 2017		
	Individual impairment allowances	Collective impairment allowances	Total
	HK$'000	*HK$'000*	*HK$'000*
Net reversal of provision for impairment assessment on loans receivable	236	552	788

8 FINANCE (COSTS)/INCOME – NET

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Finance income		
Interest income from convertible promissory note	**–**	22,432
Exchange realignment on convertible promissory note	**–**	15,157
Gain from early redemption of convertible promissory note	**–**	6,689
	–	44,278
Finance costs		
Interest expenses on secured bank loans	**(2,302)**	(445)
Interest expenses on unsecured bank loans	**(87)**	–
Interest expenses on secured other borrowings	**(9,341)**	(8,498)
Interest expenses on loans from a related company	**(733)**	–
Interest expenses on loan from the ultimate holding company	**–**	(5,216)
Exchange realignment on loan from the ultimate holding company	**–**	(12,780)
Exchange losses	**–**	(2,398)
	(12,463)	(29,337)
	(12,463)	14,941

9 INCOME TAX EXPENSE

For the year ended 31 December 2018, Hong Kong profits tax has been provided for at the rate of 8.25% for the first HK$2,000,000 estimated assessable profits and 16.5% for estimated assessable profits above HK$2,000,000 for the group entity qualified for the two-tiered profits tax rates regime introduced pursuant to the Inland Revenue (Amendment) (No. 7) Bill 2017. For group entities not qualifying for the two-tiered profits tax rates regime, Hong Kong profits tax has been provided for at a flat rate of 16.5%.

For the year ended 31 December 2017, Hong Kong profits tax was calculated at a single flat rate of 16.5% of the estimated assessable profits.

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

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current tax:		
– Current tax on profits for the year	**14,412**	10,922
– Under/(over)-provision in prior years	**4,493**	(10)
Total current tax	**18,905**	10,912
Deferred tax:		
– Provision of deferred income tax in the current year	**313**	79
Income tax expense	**19,218**	10,991

During the year ended 31 December 2017, the Hong Kong Inland Revenue Department (the "IRD") has issued enquiries and a letter to the Company disagreeing with certain interest income received by the Company during the years of assessment 2015/16 and 2016/17 being claimed as capital and offshore in nature. A tax specialist has been engaged and the Directors were of the view that no provision should be made at 31 December 2017.

During the year ended 31 December 2018, notices of assessment of HK$129,000 and HK$3,058,000 were issued by IRD to the Company for the years of assessment 2015/16 and 2016/17, respectively. IRD agreed to hold over the tax claim subject to the purchase of tax reserve certificates of HK$3,187,000, which were then purchased by the Company during the year.

While the Company has lodged objection against the tax assessments with IRD considering that valid technical grounds are available in claiming the said interest income as capital and offshore nature, the ultimate outcome cannot presently be determined. With a view of probable outflow with resources, the Directors of the Company considered that a tax provision of HK$4,522,000 in respect of the tax enquiries shall be provided in current year and that adequate provision has been made in the Group's consolidated financial statements.

10 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$68,413,000 (2017: HK$63,006,000) by the weighted average number of ordinary shares in issue during the year of 400,000,000 (2017: 400,000,000 shares).

	Year ended 31 December	
	2018	2017
Profit attributable to owners of the Company *(HK$'000)*	**68,413**	63,006
Weighted average number of ordinary shares in issue for basic earnings per share *('000)*	**400,000**	400,000
Basic earnings per share *(HK cents)*	**17.1**	15.8

(b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the years ended 31 December 2018 and 2017 and hence the diluted earnings per share is the same as the basic earnings per share.

11 DIVIDEND

A final dividend in respect of the year ended 31 December 2018 of HK3.0 cents per share, totalling HK$12,000,000, is to be proposed at the upcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

	2018	2017
	HK$'000	*HK$'000*
Interim dividend paid of HK2.0 cents (2017: 1.9 cents) per share	**8,400**	7,600
Proposed final dividend of HK3.0 cents (2017: HK3.0 cents) per share	**12,000**	12,000

12 LOANS RECEIVABLE

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Loans receivable	**992,238**	782,434
Less:		
Provision for impairment assessment of loans receivable	**(3,583)**	(15,525)
Loans receivable, net of provision	**988,655**	766,909
Less: non-current portion	**(340,737)**	(234,043)
Current portion	**647,918**	532,866

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$3,658,000 (2017: HK$8,080,000), 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	
	2018	2017
	HK$'000	*HK$'000*
Current	**647,918**	532,866
Over 1 year and within 5 years	**79,679**	66,229
Over 5 years	**261,058**	167,814
	988,655	766,909

As at 31 December 2018 and 2017, certain properties mortgaged to the subsidiary of the Company for loans granted to its respective customers were pledged to independent third party licensed money lenders to secure other borrowings granted to a subsidiary of the Company. These properties were mortgaged to the Group for securing loans receivable of HK$266,926,000 (2017: HK$79,977,000).

As at 31 December 2018, loans receivable with carrying value of HK$136,485,000 (2017: HK$90,898,000) were charged to a bank to secure a bank loan facility granted to a subsidiary of the Company.

13 INTEREST RECEIVABLES

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Interest receivables	**7,933**	6,359
Less:		
Provision for impairment assessment of interest receivables	**(116)**	(317)
Interest receivables, net of provision	**7,817**	6,042

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$42,000 (2017: HK$173,000), 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	
	2018	2017
	HK$'000	*HK$'000*
Current	**3,567**	2,390
0–30 days	**2,640**	1,932
31–90 days	**1,211**	970
Over 90 days	**399**	750
	7,817	6,042

14 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Bank loans – secured *(Note (a))*	**50,000**	31,000
Bank loans – unsecured *(Note (b))*	**11,970**	–
Other borrowings – secured *(Note (c))*	**234,934**	64,370
Total bank and other borrowings	**296,904**	95,370

(a) Bank loan – secured

As at 31 December 2018, the secured bank loans of HK$50,000,000 (2017: HK$31,000,000) were denominated in Hong Kong dollars, repayable in one year and bore average interest rate of 6.33% (2017: 5.15%) per annum. The bank loans were obtained from an independent third party bank and were secured by (i) a floating charge on certain loans receivable of a subsidiary of the Company with carrying value of HK$136,485,000 (2017: HK$90,898,000); (ii) a floating charge on certain bank accounts of a subsidiary of the Company with carrying value of HK$8,690,000 (2017: HK$4,750,000); and (iii) a corporate guarantee from the Company.

(b) Bank loans – unsecured

As at 31 December 2018, the unsecured bank loans of HK$11,970,000 (2017: Nil), were denominated in Hong Kong dollars, repayable in one year and bore average interest rate of 6.27% (2017: Nil) per annum.

(c) Other borrowings – secured

Other borrowings of HK$234,934,000 (2017: HK$64,370,000), which were denominated in Hong Kong dollars, repayable in one year and bore interest rates ranging from 5.875% to 6.5% (2017: 6.75%) per annum. Such other borrowings were obtained from independent third party licensed money lenders and were secured by the pledge of certain properties mortgaged to a subsidiary of the Company for loans granted to its respective customers and a corporate guarantee from the Company. The fair value of these properties were HK$571,600,000 (2017: HK$198,530,000) as at 31 December 2018.

15 SHARE CAPITAL

Authorised share capital

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
		HK$	*HK$*
At 31 December 2017, 1 January 2018 and 31 December 2018	10,000,000,000	0.01	100,000,000

Issued share capital

	Number of issued shares	Amount
		HK$
At 31 December 2017, 1 January 2018 and 31 December 2018	400,000,000	4,000,000

16 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	
	2018	2017
	HK$'000	*HK$'000*
Not later than one year	**1,358**	4,019
One to five years	**–**	1,358
	1,358	5,377

17 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").

Save as the transactions and balances disclosed elsewhere in this announcement, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2018 and 2017, and balances arising from related party transactions as at 31 December 2018 and 2017.

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

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Shareholder facility		
At 1 January	**–**	229,192
Interest expense *(Note 8)*	**–**	5,216
Principal and interest paid	**–**	(247,188)
Exchange realignment *(Note 8)*	**–**	12,780
At 31 December	**–**	–

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 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 convertible promissory note (the "Note") issued by Quark Finance Group ("Quark").

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.

Upon the early redemption of the Note on 22 September 2017, the Company repaid the outstanding principal and all accrued but unpaid interest due to the ultimate holding company in full on 4 October 2017.

(b) Interest expenses on loans from a related company

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Interest expenses on loans from a related company		
– Evercrest Wealth Management Limited ("EWML")	**733**	–

During the year ended 31 December 2018, the Group obtained an unsecured revolving loan facility from EWML, a related company of the Group where Ms. Jin is the sole ultimate beneficial owner, with a facility limit of $50,000,000 (2017: Nil). The loan is denominated in Hong Kong dollars, repayable in one year and bears fixed interest rate of 6.5% per annum (2017: Nil). As at 31 December 2018, the Group utilised HK$50,000,000 (2017: Nil) of the loan facility.

(c) 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 18 to this announcement.

(d) Key management compensation

The remuneration of executive directors of the Company and other members of key management is shown below:

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Salaries, benefits and bonus	**4,324**	3,610
Pension costs	**90**	80
	4,414	3,690

(e) Remuneration paid to a related party

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Salaries and pension costs paid to the spouse of a director of the Company	**252**	252

18 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 to be paid.

On 17 December 2014, the Customer had been adjudged bankrupt by the Court of First Instance of the High Court of Hong Kong. After consideration of the collectability of this loan with reference to the validity of the Mortgage due to the Litigation and the creditability of the Customer, an individual impairment of the outstanding loans receivable in the amount of HK$8,800,000 and the related interest receivables of HK$232,000 had been recognised in the consolidated statement of comprehensive income in prior years. As such, the amount due from the customer included in loans and interest receivables had been fully impaired.

The trial of the Litigation was conducted in May 2018, and on 26 October 2018 the Company's subsidiary received a judgement from the High Court of Hong Kong concluded that the Plaintiff's claims are to be dismissed and declared that the Mortgage is valid, subsisting and enforceable.

Accordingly, a reversal of provision for impairment on loans receivable and interest receivables of HK$8,800,000 and HK$232,000 respectively, was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2018.

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 in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

During the year ended 31 December 2018 ("FY2018"), the property market in Hong Kong experienced up and down phases with property prices reaching their peak in July 2018, followed by a downside correction since then. With the appreciation in value on properties during the first half of FY2018 and the volatile economic conditions, demand on mortgage refinancing and short-term financing from non-bank money lenders remained strong during the year. The Group has offered more competitive interest rates to customers with better credit quality and devoted more resources to marketing campaigns in order to further develop and expand its loan portfolio. Benefiting from the increasing demand and successful marketing strategy, the total amount of new loans granted increased by HK$337.2 million or 84.7% to HK$735.5 million during FY2018 as compared to HK$398.3 million during the year ended 31 December 2017 ("FY2017"). The gross loans receivable as a result increased from HK$782.4 million as at 31 December 2017 to HK$992.2 million as at 31 December 2018 and interest income increased by HK$20.8 million or 20.1% from HK$103.5 million in FY2017 to HK$124.3 million in FY2018.

In order to uphold and promote its brand recognition within the increasingly competitive money lending industry, the Group continued to deploy various advertising and marketing channels and sponsored various live concerts, including <Taichi Mania Symphonic Live 2018> and <Sam and Tam Happy Together Live Concert Part II>, to reward customers' support with free concert tickets.

During the year, the Group also recorded an additional gain from the recovery of a previously impaired loan and interest receivables of HK$9.0 million as a result of a favorable judgement given by the High Court of Hong Kong concerning the validity of a mortgage provided to the Group by its customer.

Notwithstanding the decrease in interest income from the convertible promissory note issued by Quark Finance Group (the "Note") upon its full redemption in September 2017, counting on the increase in interest income from the Group's money lending business and the additional gain from the recovery of the previously impaired loan and interest receivables, the Group recorded an increase in profit attributable to shareholders by HK$5.4 million or 8.6% from HK$63.0 million in FY2017 to HK$68.4 million in FY2018.

INDUSTRY OVERVIEW

For the first time in a decade, banks in Hong Kong raised the prime lending rates by 12.5 basis points in September 2018 following the footsteps of the Hong Kong Monetary Authority and the US Federal Reserve. Such interest rate move, together with the economic instabilitity brought by the continuous Sino-US tension, exerted pressure on the local property market. According to the Rating and Valuation Department of the Hong Kong government, property price index of the private domestic sector in Hong Kong experienced a decline of approximately 9% in 5 months from its peak in July 2018. Considering the decrease in property prices will impact the Group's collateral value and increase the credit risk thereof, the Group has adopted timely measures to adjust its credit and pricing policy in the second half of the year to cope with such challenging and changing market conditions.

FINANCIAL REVIEW

Revenue

For FY2018, the Group's interest income from its money lending business was HK$124.3 million, representing an increase of HK$20.8 million or 20.1% from interest income of HK$103.5 million for FY2017. 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 HK$150.1 million or 20.0% from HK$750.9 million for FY2017 to HK$901.0 million for FY2018.

Administrative expenses

Administrative expenses incurred by the Group mainly comprised employee benefit expenses, advertising and marketing expenses, legal and professional fees, operating lease of land and buildings and other administrative expenses. These expenses, which constitute 27.3% and 29.0% of the total revenue for FY2018 and FY2017, respectively, increased from HK$30.0 million in FY2017 to HK$33.9 million in FY2018, representing an increase of HK$3.9 million or 13.0%.

Employee benefit expenses increased slightly by HK$0.4 million or 3.4% from HK$11.9 million in FY2017 to HK$12.3 million in FY2018.

Advertising and marketing expenses increased by HK$2.7 million or 34.6% from HK$7.8 million in FY2017 to HK$10.5 million in FY2018. The increase in advertising and marketing expenses in FY2018 was mainly due to more resources being devoted on television advertising to promote business during the year.

Excluding employee benefit expenses and advertising and marketing expenses mentioned above, administrative expenses increased by HK$0.8 million or 7.8% from HK$10.3 million in FY2017 to HK$11.1 million in FY2018. These expenses comprised mainly legal and professional fees of HK$1.8 million (FY2017: HK$1.8 million); operating lease of land and buildings of HK$4.0 million (FY2017: HK$4.0 million); auditor's remuneration of HK$1.7

million (FY2017: HK$1.6 million); depreciation of property, plant and equipment of HK$0.6 million (FY2017: HK$0.4 million); and other administrative expenses of HK$3.0 million (FY2017: HK$2.4 million).

Reversal of Impairment losses – net

Reversal of impairment losses represents the reversal of provision for impairment assessment on loans receivable and interest receivables credited to profit or loss during the year.

The reversal of impairment losses on loans receivable and interest receivables of HK$9.7 million in FY2018 was measured based on the ECL model as required under HKFRS 9. The reversal of impairment losses was mainly attributable to the recovery of previously impaired loans receivable and interest receivables of HK$9.0 million as a result of a favorable judgement given by the High Court of Hong Kong concerning the validity of a mortgage provided to the Group by its customer.

Finance (costs)/income – net

Net finance (costs)/income changed from a net finance income of HK$14.9 million in FY2017 to a net finance cost of HK$12.5 million in FY2018. The change in position was primarily due to the redemption of the Note in September 2017 and therefore interest income from the Note decreased from HK$22.4 million in FY2017 to nil in FY2018. Netting off the impact from the Note and the loan from the ultimate holding company for financing the Note, interest expenses on bank and other borrowings and loans from a related company increased by HK$3.6 million or 40.4% from HK$8.9 million in FY2017 to HK$12.5 million in FY2018 due to increase in average borrowings for financing the growth of the Group's loan portfolio.

Net interest margin

Net interest margin during the year refers to the interest income in respect of the Group's mortgage loans and personal loans less the net finance costs in respect of bank and other borrowings and loans from a related company, divided by the average of month-end gross loans receivable balances of the corresponding loans during the year. Net interest margin decreased slightly from 12.4% for FY2017 to 12.3% for FY2018.

Income tax

The Group's effective tax rate increased from 14.9% for FY2017 to 21.9% for FY2018. The increase in the effective tax rate was mainly due to under-provision of income tax of HK$4.5 million in prior years.

Such under-provision of income tax was mainly relating to the tax enquiries issued by the Hong Kong Inland Revenue Department disagreeing with certain interest income received by the Company during the years of assessment 2015/16 and 2016/17 being claimed as capital and offshore in nature. With a view of probable outflow of resources, a tax provision of HK$4.5 million in respect of the tax enquiries was provided in FY2018.

Profit and total comprehensive income

As a result of the foregoing, the Group's profit and total comprehensive income for FY2018 was HK$68.4 million, representing an increase of HK$5.4 million or 8.6% from profit and total comprehensive income of HK$63.0 million for FY2017. The increase was mainly attributable to the increase in average month-end loan portfolio and the recovery of previously impaired loans receivable and interest receivables.

OUTLOOK

Recently, there are signs of rebound on the property market in terms of both price and transaction volume. With both the upside and downside factors surrounding, such as the persistent imbalance of land demand-supply and the anticipation of slowing down the pace of interest hikes from the US Federal Reserve on one hand, and the ongoing Sino-US trade tensions and the slowdown of China's economy on the other hand, the future property market and local economy remain volatile and unpredictable.

Although the recent interest rate hike has increased the funding pressure of the Group, the tightening of fund in capital market is expected to drive demand on financing from non-banking money lenders.

With the challenges and opportunities ahead, the Group strives to reinforce its risk management policy and to strengthen the quality of the Group's loan portfolio with a focus to improve overall loan-to-value ratio and to reduce the loan portfolio from high risk customers. The Group will also strengthen its capital management and pricing policy to strike a balance between risk and return and to uphold its profitability.

Although the Group does not have any detailed plans for material investments, capital assets or launching new products in a large scale currently, it will continue to improve its existing products and services to enhance customer experience.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During FY2018, the Group's operational and capital requirements were financed principally through retained earnings, loans from a bank and independent third party licensed money lenders and loans from a related company.

Based on the Group's current and anticipated levels of operation, the Group's future operations and capital requirements will be mainly financed through loans from banks and other 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 2018.

As at 31 December 2018, cash and cash equivalents and pledged deposits amounted to approximately HK$69.5 million, representing an increase of HK$51.3 million as compared to the position as at 31 December 2017. The increase was mainly attributable to additional financing during FY2018.

As at 31 December 2018, interest-bearing bank and other borrowings amounted to HK$296.9 million and loans from a related company amounted to HK$50.0 million, representing an increase of HK$201.5 million and HK$50.0 million, respectively as compared to the position as at 31 December 2017. The increase was mainly attributable to the increase in the Group's loan portfolio which led to higher financing needs.

As at 31 December 2018, all interest-bearing bank and other borrowings were repayable on demand and except for other borrowings of HK$50.0 million which bear interest at a fixed rate, all interest-bearing bank and other borrowings bear interest at variable rates. Except for bank borrowings of HK$12.0 million which were unsecured, all bank borrowings were secured by (i) a floating charge on certain loans receivable of a subsidiary of the Group; (ii) a floating charge on certain bank accounts of a subsidiary of the Group; and (iii) a corporate guarantee executed by the Company. Other borrowings amounted to HK$234.9 million were secured by (i) certain properties mortgaged to a subsidiary of the Group by customers for securing loans receivable; and (ii) a corporate guarantee executed by the Company. Loans from a related company were unsecured, repayable on demand and bear interest at a fixed rate.

During the year ended 31 December 2018, 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 2018, the unutilised facility available to the Group for drawdown amounted to HK$115.1 million (2017: HK$635.6 million).

Current ratio

The Group's current ratio decreased from 5.6 times as at 31 December 2017 to 2.1 times as at 31 December 2018.

Gearing ratio

As at 31 December 2018, 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 0.37 as compared to 0.11, the position as at 31 December 2017.

Return on total assets and return on equity

The return on total assets decreased from 7.9% as at 31 December 2017 to 6.2% at 31 December 2018. The return on equity increased from 9.0% as at 31 December 2017 to 9.2% at 31 December 2018.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investments held, material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2018.

EMPLOYEES AND REMUNERATION

As at 31 December 2018, the Group employed 24 full-time employees (2017: 23). The total employee benefit expenses (including directors' emoluments) of the Group for the years ended 31 December 2018 and 2017 were HK$12.3 million and HK$11.9 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.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no material contingent liabilities. As at 31 December 2017, save as the potential Hong Kong profits tax exposures disclosed in Note 9 of this announcement, the Group had no other material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2018, certain properties mortgaged to a subsidiary of the Group by its respective customers were pledged to secure certain loan facilities granted to the Group. These properties were mortgaged to the Group for securing loans receivable of HK$266.9 million (2017: HK$80.0 million). As at 31 December 2018, certain loans receivable and bank accounts of a subsidiary of the Group with carrying value of HK$136.5 million (2017: HK$90.9 million) and HK$8.7 million (2017: HK$4.8 million), respectively, were charged to a bank to secure against a loan facility granted to the Group. Those loan facilities granted to the Group were for the expansion of the Group's mortgage business.

FOREIGN CURRENCY EXPOSURE

The business activities of our Group were denominated in Hong Kong dollars. The Directors did not consider the Group was exposed to any significant foreign exchange risks during the financial year ended 31 December 2018. As the impact from foreign exchange exposure was minimal, the Directors were of the view that no hedging against foreign currency exposure was necessary. In view of the operational needs, the Group will continue to monitor the foreign currency exposure from time to time and take necessary actions to minimise the exchange related risks.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have any significant events since the end of the reporting period (i.e. 31 December 2018) and up to the date of this announcement.

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 2018.

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2018, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "Code"), except for the following deviation.

Pursuant to Code Provision A.2.1 of the Code, 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 the 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 the Directors have complied with the required standards as stated in the Model Code and the Company's Code for the year ended 31 December 2018.

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, Dr. Ng Lai Man, Carmen ("Dr. Ng"), Mr. Man Yiu Kwong, Nick, and Mr. Tang, Warren Louis, and is chaired by Dr. Ng.

The Audit Committee has discussed with the management of the Company about 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 2018. It has also reviewed the consolidated financial statements for the year ended 31 December 2018 with the management and the auditor of the Company and recommended them to the Board for approval.

FINAL DIVIDEND

The Board recommend the payment of a final dividend of HK3.0 cents per ordinary share, totalling HK$12,000,000 payable to the Shareholders whose names appear on the register of members of the Company on Thursday, 13 June 2019. The proposed final dividend will be paid on or about Friday, 28 June 2019 following approval at the forthcoming AGM of the Company.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM of the Company to be held on Tuesday, 4 June 2019, the register of members of the Company will be closed from Thursday, 30 May 2019 to Tuesday, 4 June 2019 (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, Boardroom Share Registrars (HK) Limited of Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29 May 2019.

For determining the entitlement to the payment of final dividend, the register of members of the Company will be closed from Tuesday, 11 June 2019 to Thursday, 13 June 2019 (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 Thursday, 13 June 2019. 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, Boardroom Share Registrars (HK) Limited of Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 10 June 2019.

PUBLICATION

The final results announcement of the Company for the year ended 31 December 2018 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gicl.com.hk) respectively. The 2018 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 Tuesday, 4 June 2019. The notice of the annual general meeting, which constitutes part of the circular to its shareholders, together with proxy form and the Company's 2018 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, 27 March 2019

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