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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the “Board”) of directors (the “Directors”) of Global International Credit Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015, together with relevant comparative figures.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME *For the six months ended 30 June 2015*

		Six months ended 30 June	
		2015	2014
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4, 5	58,168	49,874
Other income	5	192	4
Administrative expenses	6	(18,300)	(23,988)
Finance costs	7	(9,403)	(10,565)
Profit before income tax		30,657	15,325
Income tax expense	8	(5,140)	(3,189)
Profit and total comprehensive income for the period attributable to owners of the Company		25,517	12,136
Earnings per share attributable to owners of the Company			
– Basic and diluted (expressed in HK cents per share)	9	6.4	4.0

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	<i>Note</i>	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		446	1,210
Loans receivable	11	209,996	159,705
Deferred income tax assets		728	728
Total non-current assets		211,170	161,643
Current assets			
Loans receivable	11	568,008	527,774
Interest receivables	12	6,200	6,282
Prepayments, deposits and other receivables		6,171	3,614
Repossessed asset		–	926
Prepaid tax		1,034	1,034
Pledged deposits		31,006	–
Cash and cash equivalents		29,242	198,126
Total current assets		641,661	737,756
Total assets		852,831	899,399
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,000	4,000
Reserves		585,903	560,386
Proposed final dividend	10	–	10,800
Total equity		589,903	575,186
LIABILITIES			
Current liabilities			
Accruals and other payables		4,063	14,495
Tax payable		5,581	440
Other borrowings	13	253,284	309,278
Total current liabilities		262,928	324,213
Total liabilities		262,928	324,213
Total equity and liabilities		852,831	899,399
Net current assets		378,733	413,543
Total assets less current liabilities		589,903	575,186

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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, Uglund 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, to be the ultimate holding company of the Company.

The Company has been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 12 December 2014.

These unaudited condensed consolidated interim financial information are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. These unaudited condensed consolidated interim financial information were approved by the Board of Directors for issue on 20 August 2015.

Key events

Pursuant to the reorganisation of the Group 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 “Reorganisation”), the Company became the holding company of the subsidiaries now comprising the Group. The Reorganisation was 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 unaudited condensed consolidated interim financial information of the Group has been prepared as if the Group had always been in existence throughout the six months ended 30 June 2014 (As for the six months ended 30 June 2015, the Group already existed) presented, or since the respective dates of incorporation or establishment of the group companies.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

The following new standards and amendments have been issued and effective for annual periods beginning on 1 January 2015 with no impact on the Group’s results of operations and financial positions:

- HKAS 19 (Amendment), ‘Employee Benefits’
- Annual Improvements Project, ‘Annual Improvements 2010-2012 Cycle’
- Annual Improvements Project, ‘Annual Improvements 2011-2013 Cycle’

There are no other standards or amendments that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

4 SEGMENT INFORMATION

During the six months ended 30 June 2015 and 2014, 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 for the six months ended 30 June 2015 and 2014.

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 period are as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue		
Interest income	<u>58,168</u>	<u>49,874</u>
Other income		
Bank interest income	109	4
Sundry income	<u>83</u>	<u>–</u>
	<u>192</u>	<u>4</u>

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Employee benefit expenses (including directors' emoluments)	5,543	4,626
Advertising and marketing expenses	6,056	10,504
Depreciation of property, plant and equipment	837	840
Listing expenses	–	4,314
Other expenses	<u>5,864</u>	<u>3,704</u>
Administrative expenses	<u>18,300</u>	<u>23,988</u>

7 FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on secured bank loans	–	580
Interest on secured other borrowings	9,403	9,985
	<u>9,403</u>	<u>10,565</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 during the six months ended 30 June 2015.

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong profits tax – current year	<u>5,140</u>	<u>3,189</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\$25,517,000 (2014: HK\$12,136,000) by the weighted average number of ordinary shares in issue during the six months ended 30 June 2015 of 400,000,000 (2014: 300,000,000 shares). In determining the weighted average number of ordinary shares in issue during the six months ended 30 June 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.

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	25,517	12,136
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	400,000	300,000
Basic earnings per share (HK cents)	<u>6.4</u>	<u>4.0</u>

b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2015 and 2014 and hence the diluted earnings per share is the same as basic earnings per share.

10 DIVIDEND

The Company's Board of Directors does not recommend the payment of interim dividend to the shareholders of the Company for the six months ended 30 June 2015 (30 June 2014: Nil).

A final dividend of HK\$10,800,000 relating to the year ended 31 December 2014 was declared, approved and paid in June 2015.

11 LOANS RECEIVABLE

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Loans receivable	790,780	700,255
Less:		
Provision for individual impairment assessment of loans receivable	(9,789)	(9,789)
Provision for collective impairment assessment of loans receivable	(2,987)	(2,987)
Loans receivable, net of provision	778,004	687,479
Less: non-current portion	(209,996)	(159,705)
Current portion	568,008	527,774

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\$8,102,000 (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 periods, based on the maturity date, net of provision, is as follows:

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Current	568,008	527,774
2 to 5 years	67,853	55,728
Over 5 years	142,143	103,977
	778,004	687,479

At 30 June 2015 and 31 December 2014, certain properties mortgaged to the subsidiary of the Company for loans granted to its customers were pledged to an independent third party to secure other borrowing granted to a subsidiary of the Company (Note 13).

12 INTEREST RECEIVABLES

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Interest receivables	6,257	6,339
Less:		
Provision for individual impairment assessment of interest receivables	<u>(57)</u>	<u>(57)</u>
Interest receivables, net of provision	<u>6,200</u>	<u>6,282</u>

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\$95,000 (2014: HK\$66,000) as at 30 June 2015, which are unsecured and repayable with fixed terms agreed with the customers, all interest receivables are secured by collaterals provided by customers and 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, based on past due date, net of provision, is as follows:

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Current	4,442	3,530
0–30 days	1,273	1,144
31–90 days	164	896
Over 90 days	<u>321</u>	<u>712</u>
	<u>6,200</u>	<u>6,282</u>

13 OTHER BORROWINGS

Other borrowings are analysed as follows:

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Other borrowings – secured	<u>253,284</u>	<u>309,278</u>

The weighted average effective interest rate on secured other borrowings during the six months ended 30 June 2015 were approximately 7.2% (2014: 7.0%) per annum.

As at 30 June 2015 and 31 December 2014, all other borrowings were denominated in Hong Kong dollars.

As at 30 June 2015 and 31 December 2014, all other borrowings were obtained from independent third parties. Except for HK\$5,000,000 which was secured by a corporate guarantee from the Company, all other borrowings were secured by the pledge of certain properties mortgaged to a subsidiary of the Company for loans granted to its customers (Note 11), and a corporate guarantee from the Company.

14 COMMITMENTS

Operating lease commitments – 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 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Not later than one year	3,651	1,019
One to five years	3,071	–
	<u>6,722</u>	<u>1,019</u>

15 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

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 six months ended 30 June 2015 and 2014, and balances arising from related party transactions as at 30 June 2015 and 31 December 2014.

(a) Indemnity from a controlling shareholder

The controlling shareholder of the Company 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 proceedings as described in Note 16 to this announcement.

(b) Key management compensation

	Six months ended 30 June 2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries, benefits and bonus	1,745	1,257
Pension costs	35	24
	<u>1,780</u>	<u>1,281</u>

16 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. 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 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.

Included in loans receivable is an amount due from the Customer of HK\$8,800,000 as at 30 June 2015. 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.

17 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period on 21 July 2015, the Company and Quark Finance Group (“Quark”) entered into a conditional note purchase agreement pursuant to which Quark agreed to sell and issue to the Company, and the Company agreed to purchase from Quark, the convertible promissory note (the “Note”) in the principal amount of RMB200,000,000 (equivalent to approximately HK\$250,000,000). Ms Jin Xiaoqin (“Ms Jin”), the ultimate beneficial owner of the Company, is the sole ultimate beneficial owner of Expolito Enterprise Limited, a company which is interested 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 transaction constitutes a major transaction of the Company under the Listing Rules and will be subject to the reporting, announcement and approval by the shareholders. Shareholder’s approval has not yet been obtained and accordingly the Note transaction has not yet been completed. The Note would be convertible into 20% to 40% of Series B Preferred Shares on conversion at the discretion of the Company, subject to the financial performance of Quark and consideration of all applicable circumstances including but not limited to due diligence findings to assess the merits of conversion of the Note and other terms included and disclosed in the announcement of the Company dated 21 July 2015. The Note would be convertible from 1 January 2016. Upon deciding to convert, the Company will comply with all applicable requirements including shareholder’s approval under the Listing Rules.

Also, on 21 July 2015, Blossom Spring and the Company had entered into a shareholder facility agreement 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\$250,000,000) for a term of 3 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

After the successful listing (the “Listing”) of the Company on the main board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 December 2014 (the “Listing Date”), we have been proactively expanding our money lending business in providing property mortgage loans in Hong Kong to our customers. During the six months ended 30 June 2015, our property mortgage loan portfolio grew, due to the high demand for mortgage loan products in the market, from HK\$700.3 million as at 31 December 2014 to HK\$790.8 million as at 30 June 2015, representing an increase of 12.9%. Our interest income derived from our property mortgage loan portfolio also surged up to HK\$58.2 million for the six months ended 30 June 2015, as compared to HK\$49.9 million for the corresponding period, representing an increase of 16.6%.

During the six months ended 30 June 2015, we have continued to put much effort and financial resources on our advertising and marketing campaigns, including but not limited to the launch of a year long lucky draw campaign. We consider that the advertising and marketing campaigns can efficiently promote our brand, our loan products and services to the public and increase our market share in the money lending business of providing property mortgage loans in Hong Kong. The effectiveness of our marketing campaigns has been reflected on the growth on our loan portfolio during the six months ended 30 June 2015.

FINANCIAL REVIEW

Revenue

Our interest income received from money lending business of providing property mortgage loans increased by HK\$8.3 million or 16.6% from HK\$49.9 million for the six months ended 30 June 2014 to HK\$58.2 million for the six months ended 30 June 2015. Such increase was primarily due to the persistently high of average month-end balance of our loans receivable. As discussed above, due to the persistently high demand for mortgage loan products in the money lending market and our effort on marketing campaign, our average month-end balance of aggregate mortgage loans receivable balance increased by HK\$132.6 million or 21.4% from HK\$618.9 million for the six months ended 30 June 2014 to HK\$751.5 million for the six months ended 30 June 2015.

Other income

Our other income mainly represents bank interest received from fixed deposits. The increase of our other income by HK\$0.2 million or 48 times from HK\$4,010 for the six months ended 30 June 2014 to HK\$0.2 million for the six months ended 30 June 2015 was mainly due to the placing of initial public offering (the “IPO”) proceeds in banks as short-term fixed deposits.

Administrative expenses

We incurred administrative expenses of HK\$18.3 million for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$24.0 million), which mainly comprises employee benefit expenses, advertising and marketing expenses, depreciation of property, plant and equipment, and other miscellaneous expenses. For the six months ended 30 June 2014, there was a listing expense of HK\$4.3 million in relation to the listing of our shares (the “Shares”) on the Stock Exchange. There was no such listing expense incurred for the current period. Also, our marketing expenses were lower in the current period as resources were allocated to lower cost marketing campaigns such as lucky draw campaign and application development in the second half of the financial year. Therefore, this resulted in the overall decrease in administrative expenses by HK\$5.7 million or 23.8% from HK\$24.0 million for the six months ended 30 June 2014 to HK\$18.3 million for the six months ended 30 June 2015.

Finance costs

Finance costs mainly comprises interest on interest-bearing other borrowings. The decrease of finance costs by HK\$1.2 million or 11.3% from HK\$10.6 million for the six months ended 30 June 2014 to HK\$9.4 million for the six months ended 30 June 2015 was mainly attributable to repayment of loans.

Net interest margin

The net interest margin improved from 12.2% for the six months ended 30 June 2014 to 13.1% for the six months ended 30 June 2015. The improvement is due to utilisation of IPO proceeds instead of using other borrowings during the 6 months ended 30 June 2015 for loan expansion hence leading to lower finance costs.

Profit and total comprehensive income

As a result of the foregoing, our profit and total comprehensive income for the six months ended 30 June 2015 was HK\$25.5 million, representing an increase of HK\$13.4 million or 110.7% from HK\$12.1 million for the corresponding period in 2014.

Income tax expenses

The Group’s effective tax rate was 16.8% for the six months ended 30 June 2015 as compared to 20.8% for the corresponding period in 2014. The decrease in the effective tax rate was mainly due to the listing expenses incurred for the six months ended 30 June 2014 which were non-deductible for tax purposes. Excluding the listing expenses, the effective tax rate for the period would have been approximately 16.2%.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2015, our operations and capital requirements were financed principally through retained earnings, loans from independent third party licensed money lenders and the net proceeds from the listing of the Shares.

With tight control by the government on lending activities of authorised financial institutions in Hong Kong, our future operations and capital requirements will continue to be financed through independent third party licensed money lenders, retained earnings, our share capital and the net proceeds from the listing of the Shares. We will also actively look for diversified financing resources in the coming year. There were no significant commitments for capital expenditure as at 30 June 2015.

As at 30 June 2015, cash and cash equivalents and pledged deposits amounted to approximately HK\$60.2 million, representing a decrease of approximately HK\$137.9 million as compared to the position as at 31 December 2014. The decrease was mainly attributable to the utilisation of proceeds received from the listing of Shares for the expansion of our mortgage loan portfolio.

As at 30 June 2015, interest-bearing other borrowings amounted to approximately HK\$253.3 million, representing a decrease of approximately HK\$56.0 million as compared to the position as at 31 December 2014. Except for HK\$5.0 million which was secured by a corporate guarantee from the Company and repayable on demand, all other interest-bearing borrowings are repayable on demand and were secured by (i) properties mortgaged to us for securing loans receivables from customers; and (ii) corporate guarantee executed by us.

During the six months ended 30 June 2015, none of our borrowing facilities were subject to any covenants relating to financial ratio requirements or any material covenants that restrict us from undertaking additional debt or equity financing. As at 30 June 2015, the unutilised facility available to us for drawdown amounted to approximately HK\$317.7 million (31 December 2014: approximately HK\$190.7 million).

Gearing Ratio

As at 30 June 2015, the Group's gearing ratio, which was calculated by dividing net debts (being the total borrowings less pledged bank deposits and cash and cash equivalents) by total equity, was 0.33 as compared to 0.19, the position as at 31 December 2014. Better gearing ratio was recorded in 2014 as the receipt of the proceeds from the Listing had reduced the net debt position as at 31 December 2014.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investments held, material acquisitions and disposals of subsidiaries and associated companies for the six months ended 30 June 2015.

EMPLOYEES AND REMUNERATION

As at 30 June 2015, we have employed 25 full-time employees (31 December 2014: 25). Our total employee benefit expenses (including directors' emoluments) for the six months ended 30 June 2015 and 2014 were approximately HK\$5.5 million and HK\$4.6 million, respectively. The remuneration of our employees included salaries, overtime allowance, commission and year end discretionary bonuses. We remunerates our employees mainly based on current market trend, individual performance and experience and conduct performance appraisals on an annual basis.

CORPORATE SOCIAL RESPONSIBILITY

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

CONTINGENT LIABILITIES

As at 30 June 2015 and 31 December 2014, the Group had no material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2015, certain properties mortgaged to us by our customers were pledged to secure against a loan facility granted to us. These properties are mortgaged to us for securing loans receivable with net book value of approximately HK\$277.5 million (31 December 2014: HK\$332.4 million). The borrowing facility was for the expansion of our mortgage business.

EVENTS AFTER THE REPORTING PERIOD

In July 2015, the Group has entered into a conditional note purchase agreement with Quark Finance Group (“Quark”). Quark is principally engaged in non-bank financial services business in the PRC through a peer-to-peer lending model. This transaction will create further growth of our interest income and sound financial results and performance to our shareholders and stakeholders in the years to come.

PROSPECTS

Since the listing of our Shares, we have sustained steady business growth. Although the Hong Kong property market was impacted by the tight control by government on lending activities on Hong Kong’s authorised financial institutions, and the Hong Kong Government’s stringent policy on the property market, we still recorded promising operating results by increasing the profit attributable to our shareholders to HK\$25.5 million for the six months ended 30 June 2015. In spite of the challenging conditions, we believe that these favourable results were due in large part to our continuously efforts in focusing on property mortgage loan business, our solid reputation, and our long established and well-known brand name, “GICL”, all of which has contributed to the steady growth of our customer base and market share in Hong Kong during the period under review.

We are of the view that despite the keen and intense market competition, the market demand for property mortgage loan products in Hong Kong remains strong. Being the alternative to banks’ and authorised financial institutions’ mortgage loan, leveraging on our experience and goodwill in the mortgage loan business, diversified products and services, and our prudent and effective approach in implementing loan policy, we believe that we can remain highly competitive in the property mortgage loan market in Hong Kong. We are confident about the future performance of our property mortgage loan portfolio, interest income and profit. We believe we are able to generate promising returns to our shareholders in the foreseeable future.

Last but not least, we have already spent and will continue to channel more resources and effort in advertising and enhancing our brand image and awareness, and to promote our products and services. We are in a stage of exploring the possibility of launch of online loan products. Such product, if successfully launched, is expected to improve profitability due to generation of new revenue stream and effective use of resources. On the other hand, we will also continue to proactively look for different financing resources in order to reduce our finance cost.

USE OF PROCEEDS FROM THE IPO

The net proceeds from the Listing was approximately HK\$110.4 million after deducting underwriting commissions and related expenses. We have, and will continue to utilize the net proceeds from the IPO for purposes consistent with those set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated November 28, 2014.

As at June 30, 2015, amongst the net proceeds of approximately HK\$110.4 million, approximately HK\$88.3 million was used on expansion of mortgage loan portfolio, approximately HK\$6.1 million was used for marketing activities, and approximately HK\$11.0 million was used in providing working capital and other general corporate purposes. The unutilized net proceeds was approximately HK\$5.0 million.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company adopted the code provisions (the “Code Provisions”) as set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). During the six months ended 30 June 2015, we have complied with the Code Provisions except the following deviations:

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 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 each and every Director has complied with the required standards as stated in the Model Code and the Company’s Code throughout the six months ended 30 June 2015.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) consists of three independent non-executive Directors, namely, Dr. Ng Lai Man, Carmen (“Dr. Ng”), Mr. Chan Chi On (alias Derek Chan) 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 unaudited condensed consolidated interim financial information for the six months ended 30 June 2015. It has also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 with the management and the independent auditor of the Company and recommended them to the Board for approval. In addition, the independent auditor of our Company has reviewed the unaudited interim results for the six months ended 30 June 2015 in accordance with Hong Kong Standard of Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

INTERIM DIVIDEND

The Board of the Company did not recommend any interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014, no dividend was declared).

PUBLICATION

The interim results announcement of the Company for the six months ended 30 June 2015 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gic.com.hk) respectively. The interim report of the Company for the six months ended 30 June 2015 will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company, respectively, in due course.

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

Hong Kong, 20 August 2015

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. Chan Chi On (alias Derek Chan), Dr. Ng Lai Man, Carmen and Mr. Tang, Warren Louis.