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GLOBAL INTERNATIONAL CREDIT GROUP LIMITED

環球信貸集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1669)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020, together with the comparative figures for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December	
		2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	5	103,277	121,737
Other income	5	1,331	80
Administrative expenses	6	(24,449)	(30,638)
Reversal of impairment losses/(impairment losses) – net	7	1,523	(1,425)
Finance costs	8	(5,092)	(15,035)
Profit before income tax		76,590	74,719
Income tax expense	9	(12,425)	(12,219)
Profit and total comprehensive income for the year attributable to owners of the Company		64,165	62,500
Earnings per share attributable to owners of the Company			
– Basic and diluted (expressed in HK cents per share)	10	16.0	15.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2020	2019
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		270	686
Right-of-use assets		1,362	5,388
Loans receivable	12	357,652	273,062
Deferred income tax assets		676	861
Deposits		–	1,480
		<hr/>	<hr/>
Total non-current assets		359,960	281,477
Current assets			
Loans receivable	12	384,237	670,672
Interest receivables	13	7,143	6,499
Prepayments, deposits and other receivables		7,315	4,615
Pledged deposit		7,434	1,713
Cash and cash equivalents		132,835	30,201
		<hr/>	<hr/>
Total current assets		538,964	713,700
		<hr/>	<hr/>
Total assets		898,924	995,177

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Notes</i>	As at 31 December	
		2020	2019
		HK\$'000	HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>15</i>	4,000	4,000
Reserves		837,341	782,376
Total equity		<u>841,341</u>	<u>786,376</u>
LIABILITIES			
Non-current liability			
Lease liabilities		–	1,437
Total non-current liability		<u>–</u>	<u>1,437</u>
Current liabilities			
Accruals and other payables		3,277	5,331
Tax payable		4,169	21,076
Bank and other borrowings	<i>14</i>	48,700	176,891
Lease liabilities		1,437	4,066
Total current liabilities		<u>57,583</u>	<u>207,364</u>
Total liabilities		<u>57,583</u>	<u>208,801</u>
Total equity and liabilities		<u>898,924</u>	<u>995,177</u>

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 P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

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

The directors of the Company (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 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 30 March 2021.

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 of the Group 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) Relevant amendments to existing standards adopted by the Group

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing 1 January 2020:

- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting

The Group also elected to adopt the following amendment early:

- Annual Improvements to HKFRS Standards 2018-2020 Cycle

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards and interpretations not yet adopted

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These new and amended standards and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 SEGMENT INFORMATION

During the years ended 31 December 2020 and 2019, all of the Group's revenue was generated from the money lending business of providing property mortgage loans and personal loans in Hong Kong. Revenue represents interest income earned from loans offered to the Group's customers. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and assessment of the Group's performance, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis or information about the Group's products and services are presented.

All of the Group's revenue from external customers and assets was generated from and located in Hong Kong during the years ended 31 December 2020 and 2019.

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	
	2020 HK\$'000	2019 HK\$'000
Revenue		
Interest income	<u>103,277</u>	<u>121,737</u>
Other income		
Bank interest income	36	80
Government grants (<i>Note (a)</i>)	<u>1,295</u>	<u>–</u>
	<u>1,331</u>	<u>80</u>

- (a) Being wage subsidies provided by the Hong Kong Government under the Employment Support Scheme during the year ended 31 December 2020. There are no unfulfilled conditions or other contingencies attaching to these grants.

6 ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Employee benefit expenses (including directors' emoluments)	11,310	12,029
Advertising and marketing expenses	4,843	8,397
Legal and professional fees	1,045	1,757
Auditor's remuneration		
– Audit services	800	1,200
– Non-audit services	263	370
Depreciation of property, plant and equipment	424	582
Depreciation of right-of-use assets	4,026	2,664
Operating lease of land and buildings (Short-term leases)	–	1,358
Other administrative expenses	<u>1,738</u>	<u>2,281</u>
	<u>24,449</u>	<u>30,638</u>

7 REVERSAL OF IMPAIRMENT LOSSES/(IMPAIRMENT LOSSES) – NET

	Year ended 31 December 2020			Total <i>HK\$'000</i>
	12 months expected credit loss (Stage 1) <i>HK\$'000</i>	Lifetime expected credit loss not credit impaired (Stage 2) <i>HK\$'000</i>	Lifetime expected credit loss credit impaired (Stage 3) <i>HK\$'000</i>	
Net reversal of/(charge for) provisions for impairment assessment on loans receivable	2,197	(847)	191	1,541
Net reversal of/(charge for) provisions for impairment assessment on interest receivables	24	(28)	(14)	(18)
	<u>2,221</u>	<u>(875)</u>	<u>177</u>	<u>1,523</u>
	Year ended 31 December 2019			
	12 months expected credit loss (Stage 1) <i>HK\$'000</i>	Lifetime expected credit loss not credit impaired (Stage 2) <i>HK\$'000</i>	Lifetime expected credit loss credit impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net (charge for)/reversal of provisions for impairment assessment on loans receivable	(2,751)	1,734	(398)	(1,415)
Net (charge for)/reversal of provisions for impairment assessment on interest receivables	(28)	35	(17)	(10)
	<u>(2,779)</u>	<u>1,769</u>	<u>(415)</u>	<u>(1,425)</u>

8 FINANCE COSTS

	Year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Finance costs		
Interest expenses on secured bank loans	512	1,904
Interest expenses on unsecured bank loans	–	514
Interest expenses on secured other borrowings	4,365	11,577
Interest expenses on loans from a related company	–	757
Interest expenses on lease liabilities	215	283
	<u>5,092</u>	<u>15,035</u>

9 INCOME TAX EXPENSE

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%.

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

	Year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Current tax		
– Current tax on profits for the year	12,260	12,593
– Over-provision in prior years	(20)	(95)
Total current tax	<u>12,240</u>	<u>12,498</u>
Deferred tax		
– Decrease/(increase) in deferred income tax assets	<u>185</u>	<u>(279)</u>
Income tax expense	<u>12,425</u>	<u>12,219</u>

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.

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. 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. IRD agreed to hold over the tax claim subject to the purchase of tax reserve certificates of HK\$3,187,000, which was purchased by the Company during the year ended 31 December 2018. During the year ended 31 December 2020, a notice of assessment of HK\$1,310,000 was further issued by the IRD to the Company for the year of assessment 2017/18 on the said interest income. The Company has lodged an objection against the tax assessment 2017/18 with the IRD on the same technical grounds and has purchased an additional tax reserve certificate of HK\$1,310,000 for holding over the tax claim during the year ended 31 December 2020. As at 31 December 2020, the case is referred to the Appeals Section for the Commissioner’s determination.

As the ultimate outcome cannot presently be determined and with a view of probable outflow with resources, a tax provision of HK\$4,522,000 in respect of the tax enquiries has been provided in previous years and the Company considered 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\$64,165,000 (2019: HK\$62,500,000) by the weighted average number of ordinary shares in issue during the year of 400,000,000 (2019: 400,000,000 shares).

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (<i>HK\$'000</i>)	64,165	62,500
Weighted average number of ordinary shares in issue for basic earnings per share (<i>'000</i>)	400,000	400,000
Basic earnings per share (<i>HK cents</i>)	16.0	15.6

(b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the years ended 31 December 2020 and 2019 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 2020 of HK6.4 cents per share, totalling HK\$25,600,000, and a special dividend of HK3.2 cents per share, totalling HK\$12,800,000, are to be proposed at the upcoming annual general meeting. These consolidated financial statements do not reflect these dividends payable.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interim dividend paid of nil (2019: HK2.4 cents) per share	–	9,600
Proposed final dividend of HK6.4 cents (2019: HK2.3 cents) per share	25,600	9,200
Proposed special dividend of HK3.2 cents (2019: Nil) per share	12,800	–

12 LOANS RECEIVABLE

	As at 31 December	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loans receivable	745,311	948,697
Less:		
Provision for impairment assessment of loans receivable		
– Stage 1	(1,569)	(3,766)
– Stage 2	(1,104)	(257)
– Stage 3	(749)	(940)
Loans receivable, net of provision	741,889	943,734
Less: non-current portion	(357,652)	(273,062)
Current portion	384,237	670,672

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\$1,178,000 (2019: HK\$1,878,000), which are unsecured, interest-bearing and are repayable with fixed terms agreed with customers, all loans receivable are secured by collaterals provided by customers, interest-bearing 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	
	2020	2019
	HK\$'000	HK\$'000
Current	384,237	670,672
Over 1 year and within 5 years	172,156	72,156
Over 5 years	185,496	200,906
	741,889	943,734

As at 31 December 2020, loans receivable with carrying value of HK\$115,699,000 (2019: HK\$140,187,000) were charged to a bank to secure a bank loan facility granted to a subsidiary of the Company.

As at 31 December 2020, certain properties mortgaged to the subsidiary of the Company for loans granted to its respective customers were pledged to an independent third party licensed money lender to secure a loan facility granted to a subsidiary of the Company. These properties, with market value of HK\$238,880,000 (2019: HK\$418,200,000), were mortgaged to the Group for securing loans receivable of HK\$88,923,000 (2019: HK\$178,075,000).

13 INTEREST RECEIVABLES

	As at 31 December	
	2020	2019
	HK\$'000	HK\$'000
Interest receivables	7,284	6,622
Less:		
Provision for impairment assessment of interest receivables		
– Stage 1	(17)	(41)
– Stage 2	(36)	(8)
– Stage 3	(88)	(74)
Interest receivables, net of provision	7,143	6,499

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\$15,000 (2019: HK\$31,000), 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	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	2,133	3,014
0–30 days	1,684	2,368
31–90 days	1,870	768
Over 90 days	1,456	349
	7,143	6,499

14 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

	As at 31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans – secured (<i>Note (a)</i>)	48,700	20,000
Other borrowings – secured (<i>Note (b)</i>)	–	156,891
Total bank and other borrowings	48,700	176,891

(a) Bank loans – secured

As at 31 December 2020, the secured bank loans of HK\$48,700,000 (2019: HK\$20,000,000), were denominated in Hong Kong dollars, repayable in one year and bore interest rate of 4.36% (2019: 6.71%) 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\$115,699,000 (2019: HK\$140,187,000); (ii) a floating charge on certain bank accounts of a subsidiary of the Company with carrying value of HK\$7,434,000 (2019: HK\$1,713,000); and (iii) a corporate guarantee from the Company.

(b) Other borrowings – secured

As at 31 December 2020, other borrowings were fully repaid. The Group did not have amounts drawn down under the loan facility which remained outstanding as at 31 December 2020. As at 31 December 2019, other borrowings of HK\$156,891,000, which were denominated in Hong Kong dollars, repayable in one year and bore interest rates ranging from 5.75% to 6.5% 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 was HK\$238,880,000 (2019: HK\$418,200,000) as at 31 December 2020.

15 SHARE CAPITAL

Authorised share capital

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$</i>	Equivalent nominal value of ordinary shares <i>HK\$</i>
At 31 December 2019, 1 January 2020 and 31 December 2020	<u>10,000,000,000</u>	<u>0.01</u>	<u>100,000,000</u>

Issued share capital

	Number of issued shares	Amount <i>HK\$</i>
At 31 December 2019, 1 January 2020 and 31 December 2020	<u>400,000,000</u>	<u>4,000,000</u>

16 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").

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 2020 and 2019.

(a) Interest expenses on loans from a related company

	Year ended 31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on loans from a related company – Evercrest Wealth Management Limited ("EWML")	<u>–</u>	<u>757</u>

On 6 July 2018, EWML, a related company of the Group where Ms. Jin is the sole ultimate beneficial owner, provided the Group with an unsecured revolving loan facility with a credit limit of HK\$50,000,000. The loan was denominated in Hong Kong dollars, repayable in one year and bore fixed interest rate of 6.5% per annum. The loan facility was expired on 5 July 2019 and the loan has been fully repaid in 2019.

(b) Key management compensation

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

	Year ended 31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, benefits and other remuneration	4,049	3,970
Discretionary bonus	268	530
Pension costs	90	90
	<hr/>	<hr/>
	4,407	4,590
	<hr/>	<hr/>

(c) Remuneration paid to a related party

	Year ended 31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and pension costs paid to the spouse of a director of the Company	252	252
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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 2020 (“FY2020”), the outbreak of coronavirus (“COVID-19”) delivered a considerable hit to the global and local economies, as the implementation of different levels of lockdown restrictions across the world has led various economic activities to a near standstill. The economy of Hong Kong was severely affected and the Gross Domestic Product contracted by 6.1% in 2020 and unemployment rate hit 6.6% in December 2020. Under such a challenging operating environment, the Group conducted its loan business with stringent credit control to minimise associated credit risks. With the dampening loan demand amid the subdued economic conditions, the amount of new loan transactions granted by the Group during FY2020 was further affected. The Group’s gross loans receivable thus decreased by HK\$203.4 million or 21.4% from HK\$948.7 million as at 31 December 2019 to HK\$745.3 million as at 31 December 2020, and the Group’s interest income decreased by HK\$18.4 million or 15.1% from HK\$121.7 million for the year ended 31 December 2019 (“FY2019”) to HK\$103.3 million for FY2020.

During the market downturn, while office and retail property prices in Hong Kong showed sharp corrections, according to the Ratings and Valuation Department of the Hong Kong Government, the residential property price index in Hong Kong remained unchanged in 2020 from a year earlier. As the Group’s mortgage loans were primarily secured by residential properties, and the Group has increased its effort in recovering high risk loans during the year, and as such the overall loan-to-value ratio of the Group’s loan portfolio remained at a stable level.

In response to the sluggish business environment, the Group has strengthened its capital management and imposed stringent cost control measures during FY2020. Thus, the Group managed to achieve a growth in profit and other comprehensive income by HK\$1.7 million or 2.7% to HK\$64.2 million for FY2020 as compared to HK\$62.5 million for FY2019.

INDUSTRY OVERVIEW

The outbreak of COVID-19 caused a heavy blow to the global and local economies, with the contraction of economic activities, demand for money lending services in Hong Kong has been curbed during the year. Meanwhile, the Group's cost of funds has been reduced as the US Federal Reserve cut the federal funds rate to near zero amidst the global coronavirus pandemic.

As the economy contracted and unemployment rate in Hong Kong increased during the year, there is an increasing threat of a rise of loan defaults and delinquent payments. The Group has taken measures to actively review the repayment record of the customers and conduct comprehensive assessments on the related collaterals to manage the credit risk. Prompt legal action for loan recovery has been taken on any identified default of loans to minimise possible credit losses.

FINANCIAL REVIEW

Revenue

For FY2020, the Group's interest income from its money lending business was HK\$103.3 million, representing a decrease of HK\$18.4 million or 15.1% from interest income of HK\$121.7 million for FY2019. The decrease was primarily due to the decrease in average month-end balance of mortgage loans receivable during the year. The average month-end balance of aggregate mortgage loans receivable decreased by HK\$117.2 million or 12.2% from HK\$958.6 million for FY2019 to HK\$841.4 million for FY2020.

Other income

Other income increased by HK\$1,251,000 from HK\$80,000 in FY2019 to HK\$1,331,000 in FY2020. Other income in FY2020 mainly represented one-off wage subsidies provided by the Hong Kong Government under the Employment Support Scheme.

Administrative expenses

Administrative expenses incurred by the Group mainly comprised employee benefit expenses, advertising and marketing expenses, legal and professional fees, auditor's remuneration, depreciation of property, plant and equipment, depreciation of right-of-use assets and other administrative expenses. These expenses, which constitute 23.7% and 25.2% of the total revenue for FY2020 and FY2019, respectively, decreased from HK\$30.6 million in FY2019 to HK\$24.4 million in FY2020, representing a decrease of HK\$6.2 million or 20.3%.

Employee benefit expenses decreased by HK\$0.7 million or 5.8% from HK\$12.0 million in FY2019 to HK\$11.3 million in FY2020.

Advertising and marketing expenses decreased by HK\$3.6 million or 42.9% from HK\$8.4 million in FY2019 to HK\$4.8 million in FY2020. The decrease in advertising and marketing expenses in FY2020 was mainly due to less resources being devoted to television advertising.

Excluding employee benefit expenses and advertising and marketing expenses mentioned above, administrative expenses decreased by HK\$1.9 million or 18.6% from HK\$10.2 million in FY2019 to HK\$8.3 million in FY2020. These expenses were comprised of mainly legal and professional fees of HK\$1.0 million (FY2019: HK\$1.8 million); auditor's remuneration of HK\$1.1 million (FY2019: HK\$1.6 million); depreciation of property, plant and equipment of HK\$0.4 million (FY2019: HK\$0.6 million); depreciation of right-of-use assets of HK\$4.0 million (FY2019: HK\$2.7 million); and other administrative expenses of HK\$1.7 million (FY2019: HK\$2.3 million). In addition, there was no operating lease of land and buildings in FY2020 (FY2019: HK\$1.4 million).

Reversal of impairment losses/(impairment losses) – net

The Group recognised a reversal of provision for impairment losses on loans receivable and interest receivables of HK\$1.5 million in FY2020, while a charge for provision of impairment losses of HK\$1.4 million was recognised in FY2019. The reversal of provision for impairment losses made in FY2020 was mainly attributable to the decrease in loans receivable with higher loan-to-value ratios.

Finance costs

Finance costs decreased by HK\$9.9 million or 66.0% from HK\$15.0 million in FY2019 to HK\$5.1 million in FY2020 due to a decrease in average borrowings and interest rates during the year.

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 finance costs (excluding interest expenses on lease liabilities) divided by the average of month-end gross loans receivable balances of the corresponding loans during the year.

Net interest margin increased from 11.2% for FY2019 to 11.7% for FY2020.

Income tax expenses

The Group's effective tax rate decreased slightly from 16.3% for FY2019 to 16.2% for FY2020.

Profit and total comprehensive income

As a result of the foregoing, the Group's profit and total comprehensive income for FY2020 was HK\$64.2 million, representing an increase of HK\$1.7 million or 2.7% from profit and total comprehensive income of HK\$62.5 million for FY2019.

OUTLOOK

With the pandemic situation persisting and an increasing unemployment rate, it is anticipated that the economic situation of Hong Kong will remain challenging in the first half of 2021. The operating environment of the Group, in the aspects of property prices, loan demand and loan default risk, would therefore remain under pressure.

The recovery of the economy will largely depend on the development of the pandemic situation. With a hope that the availability of vaccines will help control the pandemic, there is a general expectation of a slow recovery of the economy in 2021, and that the demand for lending services will steadily recover in the second half of the year.

Looking ahead, the Group will remain cautious and sensibly uphold its risk management policies and credit review process to control the quality of the Group's loan portfolio. The Group will focus its efforts on recovering loans with high loan-to-value ratios and will closely monitor the development of the property market to implement necessary timely measures. The Group will also strengthen its capital management and implement stringent cost control measures to uphold its profitability during the downturn of economy.

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 FY2020, the Group's operational and capital requirements were financed principally through retained earnings, loans from a bank and loans from independent third party licensed money lenders.

Based on the Group's current and anticipated levels of operations, 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. There were no significant commitments for capital expenditure as at 31 December 2020.

As at 31 December 2020, cash and cash equivalents and pledged deposits amounted to HK\$140.3 million, representing an increase of HK\$108.4 million as compared to the position as at 31 December 2019. The increase was mainly attributable to a decrease in gross loans receivable as at 31 December 2020.

As at 31 December 2020, interest-bearing bank and other borrowings amounted to HK\$48.7 million, representing a decrease of HK\$128.2 million as compared to the position as at 31 December 2019. The decrease was mainly attributable to the decrease in the Group's loan portfolio at year end.

As at 31 December 2020, all outstanding interest-bearing bank and other borrowings were repayable in one year and bore interest at variable rates. The 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.

During the year ended 31 December 2020, 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 2020, the unutilised facility available to the Group for drawdown amounted to HK\$301.3 million (2019: HK\$223.1 million).

Current ratio

The Group's current ratio increased from 3.4 times as at 31 December 2019 to 9.4 times as at 31 December 2020.

Gearing ratio

The Group's gearing ratio was calculated by dividing net debts (being the total borrowings and lease liabilities less cash and cash equivalents and pledged deposit) by total equity. The Group was in a net cash position as at 31 December 2020. As at 31 December 2019, the Group has a gearing ratio of 0.19.

Return on total assets and return on equity

The return on total assets increased from 6.3% as at 31 December 2019 to 7.1% as at 31 December 2020. The return on equity decreased from 7.9% as at 31 December 2019 to 7.6% as at 31 December 2020.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investments held, material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the year ended 31 December 2020.

EMPLOYEES AND REMUNERATION

As at 31 December 2020, the Group employed 22 full-time employees (2019: 22). The total employee benefit expenses (including directors' emoluments) of the Group for the years ended 31 December 2020 and 2019 were HK\$11.3 million and HK\$12.0 million, respectively. The remuneration of its employees included salaries, overtime allowances, commissions and year end discretionary bonuses. The Group remunerates its employees mainly based on current market trends, individual performance and experience and conducts performance appraisals on an annual basis.

CONTINGENT LIABILITIES

As at 31 December 2020 and 2019, the Group had no material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2020, certain properties mortgaged to a subsidiary of the Group by its customers were pledged to a licensed money lender to secure a loan facility granted to the Group. These properties, with a combined market value of HK\$238.9 million (2019: HK\$418.2 million), were mortgaged to the Group for securing loans receivable of HK\$88.9 million (2019: HK\$178.1 million).

As at 31 December 2020, certain loans receivable and bank accounts of a subsidiary of the Group with carrying value of HK\$115.7 million (2019: HK\$140.2 million) and HK\$7.4 million (2019: HK\$1.7 million), respectively, were charged to a bank to secure 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 the 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 2020. 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

Subsequent to the end of the financial year ended 31 December 2020 and up to the date of this announcement, there was no other significant or important event that affects the business of the Group.

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 2020.

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2020, 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 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.

Pursuant to Code Provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders; while pursuant to Code Provision E.1.2 of the Code, the chairman of the Board should attend the annual general meeting (“AGM”). The chairman of the Board, Ms. Wang Yao, and one of the independent non-executive Directors, Mr. Tang Warren Louis, were unable to attend the Company’s AGM held on 29 June 2020 due to other business commitments. Other Directors including executive and independent non-executive Directors, attended the AGM to answer questions regarding activities of the Group.

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 2020.

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 2020. It has also reviewed the consolidated financial statements for the year ended 31 December 2020 with the management and the auditor of the Company and recommended them to the Board for approval.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK6.4 cents per ordinary share, totalling HK\$25,600,000 payable to the shareholders whose names appear on the register of members of the Company on Thursday, 10 June 2021. The proposed final dividend will be paid on or about Friday, 25 June 2021 following approval at the forthcoming AGM of the Company.

SPECIAL DIVIDEND

The Board recommends the payment of a special dividend of HK3.2 cents per ordinary share, totalling HK\$12,800,000 payable to the shareholders whose names appear on the register of members of the Company on Thursday, 10 June 2021. The proposed special dividend will be paid on or about Friday, 25 June 2021 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, 1 June 2021, the register of members of the Company will be closed from Thursday, 27 May 2021 to Tuesday, 1 June 2021 (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 AGM 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, 26 May 2021.

For determining the entitlement to the payment of final dividend and special dividend, the register of members of the Company will be closed from Tuesday, 8 June 2021 to Thursday, 10 June 2021 (both days inclusive), during which no transfer of shares of the Company will be registered. The final dividend and special dividend are payable to the Company's shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 10 June 2021. In order to qualify for the payment of final dividend and special 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, 7 June 2021.

PUBLICATION

The final results announcement of the Company for the year ended 31 December 2020 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gicl.com.hk) respectively. The 2020 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

The forthcoming AGM of the Company will be held on Tuesday, 1 June 2021. The notice of the forthcoming AGM, which constitutes part of the circular to its shareholders, together with proxy form and the Company's 2020 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, 30 March 2021

As at the date of this announcement, the Board comprises three executive directors of the Company, namely Ms. Wang Yao, Ms. Jin Xiaoqin and Ms. Yip Lee Ying, 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.