GICL 環球信貸

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 2017

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 2017, together with the comparative figures for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Revenue	5	**103,479**	130,295
Other income	5	**45**	1,308
Administrative and other expenses	6	**(29,162)**	(34,711)
Fair value change and loss on early redemption on derivative financial instrument	14	**(15,306)**	(5,302)
Finance income/(costs) – net	7	**14,941**	(3,438)
Profit before income tax		**73,997**	88,152
Income tax expense	8	**(10,991)**	(11,609)
Profit and total comprehensive income for the year attributable to owners of the Company		**63,006**	76,543
Earnings per share attributable to owners of the Company			
– Basic and diluted (expressed in HK cents per share)	9	**15.8**	19.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31 December 2017** **HK$'000**	As at 31 December 2016 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**734**	1,116
Loans receivable	11	**234,043**	232,989
Deferred income tax assets		**727**	806
Convertible promissory note	13	**–**	151,956
Derivative financial instrument	14	**–**	15,306
Prepayments, deposits and other receivables		**1,341**	–
Total non-current assets		**236,845**	402,173
Current assets			
Loans receivable	11	**532,866**	666,276
Interest receivables	12	**6,042**	5,841
Prepayments, deposits and other receivables		**3,319**	5,530
Convertible promissory note	13	**–**	81,492
Repossessed asset		**1,778**	–
Pledged deposit		**4,750**	–
Cash and cash equivalents		**13,445**	130,433
Total current assets		**562,200**	889,572
Total assets		**799,045**	1,291,745
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	**4,000**	4,000
Reserves		**694,315**	658,509
Total equity		**698,315**	662,509
LIABILITIES			
Non-current liability			
Loan from the ultimate holding company	18(a)	**–**	178,815
Current liabilities			
Accruals and other payables		**3,037**	3,101
Tax payable		**2,323**	869
Bank and other borrowings	15	**95,370**	396,074
Loan from the ultimate holding company	18(a)	**–**	50,377
Total current liabilities		**100,730**	450,421
Total liabilities		**100,730**	629,236
Total equity and liabilities		**799,045**	1,291,745

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 2018.

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, except for the derivative financial instrument, which is measured at fair value.

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 2017:

- *Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to HKAS 12; and*

- *Disclosure initiative – amendments to HKAS 7.*

The Group also elected to adopt the following amendments early:

- *Annual Improvements to HKFRS Standards 2014–2016 Cycle*

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods.

(b) New standards and interpretation not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 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 9, “Financial instruments”

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The financial assets held by the Group include:

- debt instruments currently classified as held-to-maturity and measured at amortised cost which meet the conditions for classification at amortised cost under HKFRS 9.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Management is in the process of reviewing the loans receivable portfolios and the impact of the new model on its impairment provisions. It is anticipated that earlier recognition of credit losses may result. Management is in the process of quantifying the potential effects to its consolidated financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by group

The new standard must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated, except in relation to changes in the fair value of foreign exchange forward contracts attributable to forward points, which will be recognised in the costs of hedging reserve.

HKFRS 15 “Revenue from Contracts with Customers”

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management has assessed the effects of applying the new standard on the Group's financial statements and is of the view that the standard will not have significant impact on the consolidated financial statements of the Group.

Date of adoption by group

The new standard is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

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$5,377,000. The Group estimates that none of these relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss. However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the group's profit or loss and classification of cash flows going forward.

Mandatory application date/Date of adoption by group

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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 2016 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 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 2016 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	
	2017	2016
	HK$'000	*HK$'000*
Revenue		
Interest income	**103,479**	130,295
Other income		
Bank interest income	**37**	104
Referral income	**5**	1,092
Sundry income	**3**	112
	45	1,308

6 ADMINISTRATIVE AND OTHER EXPENSES

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Administrative expenses		
Employee benefit expenses (including directors' emoluments)	**11,879**	12,927
Advertising and marketing expenses	**7,834**	8,030
Legal and professional fees	**1,827**	2,417
Auditor's remuneration		
– Audit services	**1,200**	1,300
– Non-audit services	**365**	309
Depreciation of property, plant and equipment	**415**	329
Operating lease of land and buildings	**3,993**	3,900
Other administrative expenses	**2,437**	2,983
	29,950	32,195
Other expenses		
(Reversal of provision)/provision for individual impairment assessment of loans receivable	**(236)**	3,354
Reversal of provision for collective impairment assessment of loans receivable	**(552)**	(838)
	(788)	2,516
Administrative and other expenses	**29,162**	34,711

7 FINANCE INCOME/(COSTS) – NET

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Interest expenses on secured bank loan	**(445)**	(249)
Interest expenses on secured other borrowings	**(8,498)**	(27,212)
Interest expenses on loan from the ultimate holding company *(Note 18(a))*	**(5,216)**	(7,010)
Exchange realignment on loan from the ultimate holding company *(Note 18(a))*	**(12,780)**	13,287
Exchange losses	**(2,398)**	–
Interest income from pledged deposit	**–**	63
Interest income from convertible promissory note *(Note 13)*	**22,432**	31,011
Exchange realignment on convertible promissory note *(Note 13)*	**15,157**	(13,328)
Gain from early redemption of convertible promissory note *(Note 13)*	**6,689**	–
	14,941	(3,438)

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year.

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

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Current tax:		
– Current tax on profits for the year	**10,922**	11,455
– Over-provision in prior years	**(10)**	(23)
Total current tax	**10,912**	11,432
Deferred tax:		
Provision of deferred income tax in the current year	**79**	177
Income tax expense	**10,991**	11,609

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, and are expected to issue the profits tax assessments for the captioned years of assessment. A tax specialist has been engaged and valid technical grounds are available in claiming the said interest income as capital and offshore in nature. Accordingly, the directors are of the view that no provision should be made at this stage, and they are prepared to lodge an objection to the IRD against any assessment to be issued. Based on the letter from the IRD, the directors assessed that the maximum Hong Kong profits tax exposures, should the Company fail in their objection of IRD's assessments in respect of years of assessment 2015/16 and 2016/17, would be HK$138,000 and HK$3,660,000 respectively. In addition, on the same assessment basis, the exposure to Hong Kong profits tax provision for the year of assessment 2017/18 would increase by HK$2,755,000.

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$63,006,000 (2016: HK$76,543,000) by the weighted average number of ordinary shares in issue during the year of 400,000,000 (2016: 400,000,000 shares).

	Year ended 31 December	
	2017	2016
Profit attributable to owners of the Company *(HK$'000)*	**63,006**	76,543
Weighted average number of ordinary shares in issue for basic earnings per share *('000)*	**400,000**	400,000
Basic earnings per share *(HK cents)*	**15.8**	19.1

(b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the years ended 31 December 2016 and 2017 and hence the diluted earnings per share is the same as the basic earnings per share.

10 DIVIDEND

A final dividend in respect of the year ended 31 December 2017 of HK3.0 cents per share, totaling HK$12,000,000, is to be proposed at the upcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

	2017	2016
	HK$'000	*HK$'000*
Interim dividend paid of HK1.9 cents (2016: 2.8 cents) per share	**7,600**	11,200
Proposed final dividend of HK3.0 cents (2016: HK3.0 cents) per share	**12,000**	12,000
Proposed special dividend of nil (2016: HK1.9 cents) per share	**–**	7,600

11 LOANS RECEIVABLE

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Loans receivable	**782,434**	915,578
Less:		
Provision for individual impairment assessment of loans receivable	**(13,029)**	(13,265)
Provision for collective impairment assessment of loans receivable	**(2,496)**	(3,048)
Loans receivable, net of provision	**766,909**	899,265
Less: non-current portion	**(234,043)**	(232,989)
Current portion	**532,866**	666,276

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$8,080,000 (2016: HK$2,213,000), 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	
	2017	2016
	HK$'000	*HK$'000*
Current	**532,866**	666,276
Over 1 year and within 5 years	**66,229**	80,950
Over 5 years	**167,814**	152,039
	766,909	899,265

As at 31 December 2016 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 with carrying amount of HK$79,977,000 (2016: HK$446,192,000).

As at 31 December 2017, loans receivable of HK$90,898,000 (2016: Nil) were charged to a bank to secure a bank loan facility granted to a subsidiary of the Company.

12 INTEREST RECEIVABLES

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Interest receivables	**6,359**	6,158
Less:		
Provision for individual impairment assessment of interest receivables	**(317)**	(317)
Interest receivables, net of provision	**6,042**	5,841

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$173,000 (2016: HK$30,000), 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	
	2017	2016
	HK$'000	*HK$'000*
Current	**2,390**	3,842
0–30 days	**1,932**	1,254
31–90 days	**970**	464
Over 90 days	**750**	281
	6,042	5,841

13 CONVERTIBLE PROMISSORY NOTE

On 18 December 2015, the Company subscribed for a non-listed Renminbi denominated Convertible Promissory Note of a principal amount of RMB200,000,000 (equivalent to approximately HK$235,200,000) (the "Note") issued by Quark Finance Group ("Quark"). The Note carried an interest of 10% per annum and was due to mature on 17 December 2018. The Note was convertible into 20% (minimum) to 40% (maximum) of the total number or ordinary shares of Quark on a fully diluted as converted basis immediately following the conversion if all of the principal amount of the Note was converted into fully paid Series B Preferred Shares, depending on the achievement of the performance indicators as disclosed in the circular of the Company announced on 26 October 2015.

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

On 21 September 2017, Quark sent a written notice to the Company seeking consent from the Company to settle the principal amount and interest of the Note in full. In response to the said demand, on 22 September 2017, the Company gave written consent to Quark to settle the principal amount and interest of the Note and accordingly Quark arranged the full settlement of the outstanding principal amount and all accrued but unpaid interest of the Note on the same day.

The movement of the convertible promissory note is as follows:

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Convertible Promissory Note		
At 1 January	**233,448**	215,765
Interest income *(Note 7)*	**22,432**	31,011
Principal and interest received	**(277,726)**	–
Gain from early redemption *(Note 7)*	**6,689**	–
Exchange realignment *(Note 7)*	**15,157**	(13,328)
At 31 December	**–**	233,448
Less: non-current portion	**–**	(151,956)
Current portion	**–**	81,492

14 DERIVATIVE FINANCIAL INSTRUMENT

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Conversion right embedded in the Note		
At 1 January	**15,306**	20,608
Fair value change	**(14,495)**	(5,302)
Loss on early redemption	**(811)**	–
At 31 December	**–**	15,306

The conversion right embedded in the Note referred to the investment in the Note issued by Quark as set out in Note 13. During the year ended 31 December 2017, fair value loss on derivative financial instrument of HK$14,495,000 (2016: 5,302,000) was recognised in the consolidated statement of comprehensive income.

Upon the early redemption of the Note on 22 September 2017 as disclosed in Note 13 to this announcement, the value of the derivative financial instrument was written down to nil and a loss of HK$811,000 was recognised in the consolidated statement of comprehensive income due to the early redemption of the Note.

15 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Bank loan – secured *(Note (a))*	**31,000**	–
Other borrowings – secured *(Note (b))*	**64,370**	396,074
Total bank and other borrowings	**95,370**	396,074

(a) Bank loan – secured

As at 31 December 2017, the secured bank loan of HK$31,000,000 (2016: Nil) is denominated in Hong Kong dollars, repayable in one year and bears average interest rate of 5.15% (2016: Nil) per annum. The bank loan was obtained from an independent third party bank and was secured by (i) a floating charge on certain loans receivable of a subsidiary of the Company with carrying value of HK$90,898,000 (2016: Nil); (ii) a floating charge on certain bank accounts of a subsidiary of the Company with carrying value of HK$4,750,000 (2016: Nil); and (iii) a corporate guarantee from the Company.

(b) Other borrowings – secured

Other borrowings of HK$64,370,000 (2016: HK$396,074,000), which are denominated in Hong Kong dollars, repayable in one year and bear average interest rate of 6.75% (2016: 6.25%–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$198,530,000 (2016: HK$862,850,000) as at 31 December 2017.

16 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 2016, 1 January 2017 and 31 December 2017	10,000,000,000	0.01	100,000,000

Issued share capital

	Number of issued shares	**Amount**
		HK$
At 31 December 2016, 1 January 2017 and 31 December 2017	400,000,000	4,000,000

17 COMMITMENTS

Operating lease commitments – Group as lessee

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

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

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Not later than one year	**4,019**	1,371
One to five years	**1,358**	–
	5,377	1,371

18 RELATED PARTY TRANSACTIONS

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

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 2016 and 2017, and balances arising from related party transactions as at 31 December 2016 and 2017.

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

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Shareholder facility		
At 1 January	**229,192**	235,469
Interest expense *(Note 7)*	**5,216**	7,010
Principal and interest paid	**(247,188)**	–
Exchange realignment *(Note 7)*	**12,780**	(13,287)
At 31 December	**–**	229,192
Less: non-current portion	**–**	(178,815)
Current portion	**–**	50,377

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 Note, as disclosed in Note 13 to this announcement.

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

Upon the early redemption of the Note on 22 September 2017 as disclosed in Note 13 to this announcement, 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) Indemnity from a controlling shareholder

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

(c) Key management compensation

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

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Salaries, benefits and bonus	**3,610**	4,009
Pension costs	**80**	102
	3,690	4,111

(d) Remuneration paid to a related party

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Salaries and pension costs paid to the spouse of a director of the Company	**252**	147

19 LITIGATION

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

In October 2015, the Plaintiff and the Company's subsidiary carried out a mediation discussion with no result. Two case management conferences were held on 26 July 2016 and 19 January 2017, and the trial has been scheduled by the Court of First Instance of the High Court of Hong Kong to be carried out from 9 May 2018 to 16 May 2018. 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.

On 17 December 2014, the Customer had been adjudged bankrupt by the Court of First Instance of the High Court of Hong Kong. The Directors reassessed the collectability of this loan with reference to the validity of the Mortgage due to the Litigation and the creditability of the Customer, and considered that an impairment of the outstanding loans receivable in the amount of HK$8,800,000 should be recognised in the consolidated statement of comprehensive income for the year ended 31 December 2013. As such, the amount due from the Customer in the amount of HK$8,800,000 included in loans receivable as at 31 December 2016 and 2017 had been fully impaired.

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 2017 ("FY2017"), the property prices in Hong Kong continues to rise. The buoyant property and stock market in Hong Kong, signs of economic recovery momentum and the continued prudent measures for property mortgage loans imposed by the Hong Kong Monetary Authority during FY2017 create opportunities for the money lender's mortgage loan market. However, in view of the increasing concerns about an overheating property market and the US Federal Reserve's plan to increase interest rates, the Group continued to adopt stringent credit policies with strict control on loan-to-value ratio to minimize credit risks of its loan portfolio. Such judicious business strategies, although having helped preserving the overall credit quality of the Group's mortgage loan portfolio, they inevitability have affected the Group's financial performance. In addition, the fierce competition in the money lending industry also imposed additional challenges to the Group's mortgage loan business. As a result, there was a decrease in the Group's loan portfolio for the year and the Group's interest income decreased by approximately HK$26.8 million or 20.6%, from approximately HK$130.3 million for the year ended 31 December 2016 ("FY2016") to approximately HK$103.5 million for FY2017.

During FY2017, the Group recognized interest income of approximately HK$22.4 million from the convertible promissory note (the "Note") issued by Quark Finance Group ("Quark") as compared to approximately HK$31.0 million in FY2016. Upon the request from Quark for the early repayment of the Note, the Note has been early redeemed on 22 September 2017 and the Group has subsequently repaid all the outstanding principal and all accrued but unpaid interest on the loan from Blossom Spring Global Limited ("Blossom Spring"), the ultimate holding company of the Group, on 4 October 2017 which was used to finance the Note. Upon the early redemption of the Note and the early settlement of the loan from the ultimate holding company, the net financial impact arising from the Note and the loan from the ultimate holding company decreased by approximately HK$10.1 million or 54.0% from approximately HK$18.7 million in FY2016 to approximately HK$8.6 million in FY2017.

As a result, the Group reported a decline in profit attributable to shareholders by 17.6% to approximately HK$63.0 million for FY2017. Excluding the net financial impact from the Note and the loan from the ultimate holding company, net profit from the Group's mortgage and personal loan business for FY2017 was approximately HK$54.4 million, representing a decline of approximately HK$3.4 million or 5.9% as compared to FY2016.

INDUSTRY OVERVIEW

Despite the continued cooling measures imposed by the Hong Kong Government on the property market and the expectation of rising interest rates, the first-hand property market in Hong Kong remains active and property price continues its rising momentum in FY2017. Nevertheless, the Group believes that the current property market remains unpredictable and the Group will continue to emphasise on credit risk management to preserve the overall quality of its mortgage loan portfolio.

Following the additional licensing conditions imposed by the Government on money lenders with effect from 1 December 2016 with an aim to tackle the malpractices of illegal financial intermediaries and to enhance transparency and disclosure, the growth on the number of licensed money lenders has been moderated. Nevertheless, these more stringent licensing conditions imposed by the Government has created further competition among the industry as some of the money lenders who used to rely on financial intermediaries for business referral turned to adopt aggressive pricing and marketing strategies to attract customers and thus affecting the overall yield of the money lending industry.

FINANCIAL REVIEW

Revenue

For FY2017, the Group's interest income from its money lending business was approximately HK$103.5 million, representing a decrease of approximately HK$26.8 million or 20.6% from interest income of approximately HK$130.3 million for FY2016. Such decrease was a result of the decrease in average month-end balance of mortgage loans receivable. The average month-end balance of aggregate mortgage loans receivable decreased by approximately HK$176.8 million or 19.1% from approximately HK$927.7 million for FY2016 to approximately HK$750.9 million for FY2017.

Other income

The Group's other income decreased by approximately HK$1.3 million from approximately HK$1.3 million in FY2016 to HK$45,000 in FY2017. Such decrease was mainly due to the decrease in referral income from business referrals during FY2017.

Administrative and other expenses

Administrative and other expenses incurred by the Group mainly comprised employee benefit expenses, advertising and marketing expenses, legal and professional fees, provision/reversal of provision for individual/collective impairment assessment of loans receivable, operating lease of land and buildings and other administrative expenses. These expenses, which constitute approximately 28.2% and 26.6% of the total revenue for FY2017 and FY2016, respectively, decreased from approximately HK$34.7 million in FY2016 to approximately HK$29.2 million in FY2017, representing a decrease of approximately HK$5.5 million or 15.9%.

Administrative expenses

Employee benefit expenses decreased by approximately HK$1.0 million or 7.8% from approximately HK$12.9 million in FY2016 to approximately HK$11.9 million in FY2017. Staff salaries decreased by approximately HK$1.0 million due to decrease in average headcount in FY2017.

Advertising and marketing expenses decreased slightly by approximately HK$0.2 million or 2.5% from approximately HK$8.0 million in FY2016 to approximately HK$7.8 million in FY2017.

Legal and professional fees decreased by approximately HK$0.6 million or 25.0% from approximately HK$2.4 million in FY2016 to approximately HK$1.8 million in FY2017. The decrease in legal and professional fees in FY2017 was mainly due to a decrease in company secretary's fee and retainer fees paid to other professional advisors.

Excluding employee benefit expenses, advertising and marketing expenses and legal and professional fees mentioned above, administrative expenses decreased by approximately HK$0.4 million or 4.5% from approximately HK$8.8 million in FY2016 to approximately HK$8.4 million in FY2017. These expenses were comprised mainly of operating lease of land and buildings of approximately HK$4.0 million (FY2016: HK$3.9 million); auditor's remuneration of approximately HK$1.6 million (FY2016: HK$1.6 million); depreciation of property, plant and equipment of approximately HK$0.4 million (FY2016: HK$0.3 million); and other administrative expenses of approximately HK$2.4 million (FY2016: HK$3.0 million).

Other expenses

Other expenses comprised the reversal of provision for individual assessment of loans receivable of approximately HK$0.2 million in FY 2017 (FY2016: provision for individual assessment of loans receivable of approximately HK$3.4 million), and reversal of provision for collective impairment assessment of loans receivable of approximately HK$0.6 million in FY 2017 (FY2016: HK$0.8 million).

Fair value change and loss on early redemption on derivative financial instrument

On 18 December 2015, the Company subscribed for the convertible promissory note issued by Quark (the "Note") in the principal amount of RMB200.0 million (equivalent to approximately HK$235.2 million). The Note carried interest at 10% per annum and matured on 17 December 2018. The Note was convertible into 20% (minimum) to 40% (maximum) of the total number of shares of Quark on a fully diluted as converted basis immediately following the conversion if all of the principal amount of the Note is converted into fully paid Series B Preferred Shares, depending on the achievement of the performance indicators as disclosed in the circular of the Company published on 26 October 2015. Ms. Jin Xiaoqin ("Ms. Jin"), the ultimate beneficial owner of the Company, is the sole ultimate beneficial owner of Expolito Enterprises Limited, a company which has a 46% interest in the shares of Quark.

The Note was split into two components, including (i) convertible promissory note, which was carried at amortised cost, and (ii) derivative financial instrument, which was measured at fair value, in the consolidated financial statements. During FY2017, fair value loss on derivative financial instrument of approximately HK$14.5 million (FY2016: HK$5.3 million) was recognised in accordance with a valuation report prepared by an independent third party valuer, International Valuation Limited. On 21 September 2017, Quark sent a written notice to the Company seeking consent from the Company to settle the principal amount and interest of the Note in full. In response to the said request, on 22 September 2017, the Company gave the written consent to Quark to settle the principal amount and interest of the Note and accordingly Quark arranged the full settlement of the outstanding principal amount and all accrued but unpaid interest of the Note on the same day. Upon the early redemption of the Note by Quark, the remaining value of the derivative financial instrument of approximately HK$0.8 million was fully written off.

Finance income/(costs) – net

In FY2016, the Group recorded net finance costs of approximately HK$3.4 million. In FY2017, the Group recorded net finance income of approximately HK$14.9 million. Finance costs mainly comprised interest expenses on secured bank and other borrowings, interest expenses paid on the loan from the ultimate holding company, exchange realignment on the loan from the ultimate holding company and exchange losses, netting off with the interest income from pledged deposit and the Note, exchange realignment on the Note and gain from early redemption of the Note. The change from net finance cost position in FY2016 to a net income position in FY2017 was primarily due to (i) the decrease in interest expenses paid on other borrowings due to repayment of other borrowings during the year; (ii) gain from early redemption of the Note, and offset by a decrease in interest income from the Note.

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, divided by the average of month-end gross loans receivable balances of the corresponding loans during the year.

Net interest margin increased approximately from 11.0% for FY2016 to approximately 12.4% for FY2017. The increase was mainly due to the decrease in interest expenses paid on other borrowings as mentioned above.

Income tax expenses

The Group's effective tax rate increased from 13.2% for FY2016 to 14.9% for FY2017. The increase in the effective tax rate was mainly due to the net effect of (i) the decrease in non-taxable interest income arising from the Note; (ii) the decrease in non-deductible interest expenses arising from the loan from the ultimate holding company; and (iii) the increase in non-deductible losses on derivative financial instrument in FY2017.

Profit and total comprehensive income

As a result of the foregoing, the Group's profit and total comprehensive income for FY2017 was approximately HK$63.0 million, representing a decrease of approximately HK$13.5 million or 17.6% from profit and total comprehensive income of approximately HK$76.5 million for FY2016. The decrease was mainly attributable to the decrease in average month-end loan portfolio and the early redemption of the Note. Netting off the net financial impact from the Note, profit and total comprehensive income from the Group's mortgage and personal loan business for FY2017 was approximately HK$54.4 million, representing a decrease of approximately HK$3.4 million or 5.9% as compared to FY2016.

OUTLOOK

With the rising concerns of an overheating property market and the US Federal Reserve's plans to increase interest rates in the coming year, the property market in Hong Kong is still clouded with uncertainties. Besides, it is anticipated that the intensified competition in the money lending industry will continue in 2018 which imposes further pressure on pricing and underwriting strategy. With these challenges, the Group will continue to develop and expand its loan portfolio by offering competitive interest rates to customers with better credit quality, deploying resources in different marketing campaigns and enhancing its service quality to broaden its customer base. At the same time, the Group will continue to adopt prudent but sensible credit risk management policies with strict control on loan-to-value ratios to preserve the overall credit quality of the Group's portfolio. While the Group realises such judicious business strategies adopted may slow down the growth of its profitability temporarily, it believes such strategies are vital for allowing the Group to build a solid loan portfolio in response to the unpredictable market.

The Group believes that by leveraging on its professional and high-quality service, highly-recognised brand name "GICL" and effective credit risk management policy, it is and will be able to maintain its strong position in the current increasingly challenging mortgage loan market in Hong Kong.

Following the early redemption of the Note by Quark during FY2017 and as at the date of this announcement, the Group has no future plans for material investments or capital assets.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During FY2017, 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 loan from the ultimate holding company.

With tight control imposed by the government on lending activities of authorised financial institutions in Hong Kong, the Group's future operations and capital requirements will be mainly financed through loans from 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 2017.

As at 31 December 2017, cash and cash equivalents and pledged deposits amounted to approximately HK$18.2 million, representing a decrease of approximately HK$112.2 million as compared to the position as at 31 December 2016. The decrease was mainly attributable to the repayment of other borrowings during FY2017.

As at 31 December 2017, interest-bearing bank and other borrowings amounted to approximately HK$95.4 million, representing a decrease of approximately HK$300.7 million as compared to the position as at 31 December 2016. As at 31 December 2017, all interest-bearing bank and borrowings are repayable on demand. Other borrowings are 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. Bank borrowing is 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 2017, 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 2017, the unutilised facility available to the Group for drawdown amounted to approximately HK$635.6 million (2016: approximately HK$443.9 million).

Loan from the ultimate holding company

On 21 July 2015, Blossom Spring and the Company had entered into a shareholder facility agreement (the "Facility") pursuant to which Blossom Spring agreed to grant to the Company an unsecured facility in the amount of up to RMB200.0 million (equivalent to approximately HK$235.2 million) for a term of three years, 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 acquisition of the Note which is disclosed under the section "Significant Investments Held, Material Acquisitions and Disposals" below.

The loan from the ultimate holding company has been fully repaid on 4 October 2017 upon the early redemption of the Note from Quark.

Current ratio

The Group's current ratio increased from approximately 2.0 times as at 31 December 2016 to approximately 5.6 times as at 31 December 2017.

Gearing ratio

As at 31 December 2017, 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 0.11 as compared to 0.75, the position as at 31 December 2016.

Return on total assets and return on equity

The return on total assets increased from approximately 5.9% as at 31 December 2016 to approximately 7.9% at 31 December 2017. The return on equity decreased from approximately 11.6% as at 31 December 2016 to approximately 9.0% at 31 December 2017.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

On 18 December 2015, the Company purchased from Quark, and Quark sold and issued to the Company, the Note in the principal amount of RMB200.0 million (equivalent to approximately HK$235.2 million) convertible into fully paid Series B Preferred Shares of Quark subject to conditions under the Share Purchase Agreement. The transaction constituted a major transaction of the Company under the Rules Governing the Listing of Securities in the Stock Exchange (the “Listing Rules”).

Ms. Jin, the ultimate beneficial owner of the Company, is the sole ultimate beneficial owner of Expolito Enterprises Limited, a company which has a 46% interest in the shares of Quark. The Note carried an interest rate of 10.0% per annum on the outstanding principal amount of the Note.

Pursuant to the terms of Note Purchase Agreement, the outstanding principal amount of the Note shall be repaid in six equal instalments starting from 17 December 2017 with the final payment of all the outstanding principal amount on 17 December 2018. On 21 September 2017, Quark sent a written notice to the Company seeking consent from the Company to settle the principal amount and interest of the Note in full. In response to the said demand, and in view of the uncertainties imposed on the on-going regulatory changes in China P2P market, on 22 September 2017, the Company gave the written consent to Quark to the settlement of principal amount and interest of the Note and on the same day, Quark repaid the outstanding principal and interest to the Company in full.

For further details, please refer to the announcement of the Company dated 22 September 2017.

Save as disclosed above, the Group did not have any significant investments held, material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 December 2017.

EMPLOYEES AND REMUNERATION

As at 31 December 2017, the Group employed 23 full-time employees (2016: 29). The total employee benefit expenses (including directors’ emoluments) of the Group for the years ended 31 December 2017 and 2016 were approximately HK$11.9 million and approximately HK$12.9 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 2017, save as the potential Hong Kong profits tax exposures disclosed in Note 8 to this announcement, the Group had no other material contingent liabilities (2016: Nil).

PLEDGE OF ASSETS

As at 31 December 2017, 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 with net book value of approximately HK$80.0 million (2016: HK$446.2 million). As at 31 December 2017, certain loans receivable and bank accounts of a subsidiary of the Group with carrying value of approximately HK$90.9 million (2016: Nil) and HK$4.8 million (2016: Nil), 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.

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 2017.

CORPORATE GOVERNANCE PRACTICES

Pursuant to Code Provision A.2.1 of the Corporate Governance Code in Appendix 14 of the Listing Rules (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 should attend general meetings and develop a balanced understanding of the views of shareholders. Dr. Ng Lai Man, Carmen ("Dr. Ng") and Mr. Tang, Warren Louis ("Mr. Tang"), both being the independent non-executive Directors, did not attend the annual general meeting ("AGM") held on 1 June 2017 due to other commitments on the date of the AGM.

Pursuant to code provision E.1.2 of the Code, the chairman of the Board should attend the AGM. Ms. Wang Yao, the chairman of the Board, was absent from the Company's AGM held on 1 June 2017 due to other business commitments. Mr. Man Yiu Kwong, Nick ("Mr. Man"), an independent non-executive director of the Company, chaired the AGM pursuant to the Articles of Association of the Company (the "Articles") and was available to answer questions.

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 2017.

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, Mr. Man, and Mr. Tang, 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 2017. It has also reviewed the consolidated financial statements for the year ended 31 December 2017 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 Tuesday, 12 June 2018. The proposed final dividend will be paid on or about Friday, 29 June 2018 following approval at the forthcoming AGM of the Company.

CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM of the Company to be held on Friday, 1 June 2018, the register of members of the Company will be closed from Tuesday, 29 May 2018 to Friday, 1 June 2018 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for attendance and voting at the forthcoming annual general meeting of the Company, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 28 May 2018.

For determining the entitlement to the payment of final dividend, the register of members of the Company will be closed from Thursday, 7 June 2018 to Tuesday, 12 June 2018 (both days inclusive), during which no transfer of shares of the Company will be registered. The final dividend is payable to the Company's shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 12 June 2018. In order to qualify for the payment of final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 6 June 2018.

PUBLICATION

The final results announcement of the Company for the year ended 31 December 2017 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gic.com.hk) respectively. The 2017 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 Friday, 1 June 2018. The notice of the annual general meeting, which constitutes part of the circular to its shareholders, together with proxy form and the Company's 2017 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 2018

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 Dr. Ng Lai Man, Carmen, Mr. Man Yiu Kwong, Nick, and Mr. Tang, Warren Louis.