GLOBAL INTERNATIONAL CREDIT GROUP LIMITED
環球信貸集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1669)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "Board") of directors (the "Directors") of Global International Credit Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2019, together with relevant comparative figures.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3, 4*	**62,498**	54,228
Other income	*4*	**30**	5
Administrative expenses	*5*	**(16,363)**	(16,918)
Reversal of impairment losses – net	*6*	**877**	813
Finance costs	*7*	**(8,762)**	(3,952)
Profit before income tax		**38,280**	34,176
Income tax expense	*8*	**(6,182)**	(5,962)
Profit and total comprehensive income for the period attributable to owners of the Company		**32,098**	28,214
Earnings per share attributable to owners of the Company			
– Basic and diluted (expressed in HK cents per share)	*9*	**8.0**	7.1

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	As at 30 June 2019 HK$'000 (Unaudited)	As at 31 December 2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**995**	1,277
Right-of-use assets		**7,401**	–
Loans receivable	*11*	**273,177**	340,737
Deferred income tax assets		**515**	582
Deposits		**1,480**	–
Total non-current assets		**283,568**	342,596
Current assets			
Loans receivable	*11*	**643,289**	647,918
Interest receivables	*12*	**6,428**	7,817
Prepayments, deposits and other receivables		**7,114**	8,502
Repossessed assets		**19,244**	29,094
Pledged deposits		**9,805**	8,690
Cash and cash equivalents		**86,089**	60,813
Total current assets		**771,969**	762,834
Total assets		**1,055,537**	1,105,430
EQUITY			
Equity attributable to owners of the Company			
Share capital		**4,000**	4,000
Reserves		**761,574**	741,476
Total equity		**765,574**	745,476
LIABILITIES			
Non-current liability			
Lease liabilities		**3,503**	–
Total non-current liability		**3,503**	–
Current liabilities			
Accruals and other payables		**4,478**	4,472
Tax payable		**14,693**	8,578
Bank and other borrowings	*13*	**263,353**	296,904
Loans from a related company	*14a*	**–**	50,000
Lease liabilities		**3,936**	–
Total current liabilities		**286,460**	359,954
Total liabilities		**289,963**	359,954
Total equity and liabilities		**1,055,537**	1,105,430

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Global International Credit Group Limited (the "Company") was incorporated in the Cayman Islands on 20 January 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding 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 regard Blossom Spring Global Limited ("Blossom Spring"), a company incorporated in the British Virgin Islands, as the ultimate holding company of the Company.

This condensed consolidated interim financial information is presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated. This condensed consolidated interim financial information was approved by the Board on 27 August 2019.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim Financial Reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, and any public announcements made by the Company during the six months ended 30 June 2019.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

(a) New and Amended Standards Adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies accordingly. The impact of adopting HKFRS 16 Leases is disclosed below.

The other newly adopted standards did not have material impact on the Group's accounting policies and did not require retrospective adjustments.

HKFRS 16 Leases

(i) Impacts on transition

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases, except for leases that have a remaining lease term of 12 months or less ("short-term leases"). As at 1 January 2019, as all the operating leases of the Group has a remaining lease term of less than 12 months, the Group has used the practical expedient permitted by the standard to account such operating leases as short-term leases. As a result, the initial adoption of HKFRS 16 has no impact on the Group's opening balance sheet on 1 January 2019.

The reconciliation of operating lease commitment disclosed as at 31 December 2018 to lease liabilities is set out below:

	HK$'000 **(Unaudited)**
Operating lease commitments disclosed as at 31 December 2018	1,358
(Less): short-term leases recognised on a straight-line basis as expense	(1,358)
Lease liability recognised as at 1 January 2019	–

(ii) Impacts for the period

The effects of adoption of HKFRS 16 on the Group's financial performance for the six months ended 30 June 2019 are as follows:

	HK$'000 **(Unaudited)**
Condensed consolidated interim statement of comprehensive income	
Increase in depreciation included in administrative expenses	**(651)**
Decrease in operating lease expenses included in administrative expenses	**692**
Increase in finance costs	**(79)**
Decrease in profit and total comprehensive income for the period attributable to owners of the Company	**(38)**

Earnings per share decrease by HK0.01 cent per share for the six months ended 30 June 2019 as a result of the adoption of HKFRS 16.

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets	Lease liabilities
	Buildings	
	HK$'000	*HK$'000*
	(Unaudited)	**(Unaudited)**
As at 1 January 2019	**–**	**–**
Additions	8,052	8,052
Depreciation	(651)	–
Interest expenses	–	79
Payments	–	(692)
As at 30 June 2019	**7,401**	**7,439**

(iii) The Group's leasing activities and how these are accounted for

The Group leases its office and warehouse. Rental contracts are typically made for fixed periods of 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable; and

– payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3 SEGMENT INFORMATION

During the six months ended 30 June 2019 and 2018, all of the Group's revenue was generated from the money lending business of providing property mortgage loans and personal loans in Hong Kong. Revenue represents interest income earned from loans offered to the Group's customers. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and assessment of the Group's performance, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis or information about the Group's products and services are presented.

All of the Group's revenue from external customers and assets was generated from and located in Hong Kong for the six months ended 30 June 2019 and 2018.

4 REVENUE AND OTHER INCOME

Revenue represents the interest income earned from the money lending business of providing property mortgage loans and personal loans in Hong Kong. Revenue and other income recognised during the period are as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Interest income	**62,498**	54,228
Other income		
Bank interest income	**30**	5

5 ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' emoluments)	**5,987**	5,800
Advertising and marketing expenses	**5,055**	5,903
Depreciation of property, plant and equipment	**298**	279
Depreciation of right-of-use assets	**651**	–
Operating lease of land and buildings (short-term leases)	**1,358**	2,009
Other administrative expenses	**3,014**	2,927
	16,363	16,918

6 REVERSAL OF IMPAIRMENT LOSSES – NET

	Six months ended 30 June 2019 (Unaudited)			
	12 months expected credit loss (Stage 1)	**Lifetime expected credit loss not credit impaired (Stage 2)**	**Lifetime expected credit loss credit impaired (Stage 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Net (charge for)/reversal of provision for impairment assessment on loans receivable	**(1,066)**	**1,896**	**22**	**852**
Net (charge for)/reversal of provision for impairment assessment on interest receivables	**(15)**	**40**	**–**	**25**
	(1,081)	**1,936**	**22**	**877**

	Six months ended 30 June 2018 (Unaudited)			
	12 months expected credit loss (Stage 1)	Lifetime expected credit loss not credit impaired (Stage 2)	Lifetime expected credit loss credit impaired (Stage 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net reversal of/(charge for) provision for impairment assessment on loans receivable	1,434	(410)	(150)	874
Net reversal of/(charge for) provision for impairment assessment on interest receivables	7	(12)	(56)	(61)
	1,441	(422)	(206)	813

7 FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on secured bank loans	**1,150**	964
Interest expenses on unsecured bank loans	**308**	–
Interest expenses on secured other borrowings	**6,468**	2,988
Interest expenses on loans from a related company *(Note 14(a))*	**757**	–
Interest expenses on lease liabilities	**79**	–
	8,762	3,952

8 INCOME TAX EXPENSE

Hong Kong profits tax for the six months ended 30 June 2019 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 provision for Hong Kong profits tax for the six months ended 30 June 2018 was provided for at the rate of 16.5%.

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong profits tax – current year	**6,115**	5,574
Deferred income tax	**67**	388
	6,182	5,962

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 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 during the year ended 31 December 2018.

The Company has lodged an objection and holdover application against the tax assessments with the IRD with the purchase of tax reserve certificates of HK$3,187,000 considering that valid technical grounds are available in claiming the said interest income as capital and offshore nature. With a view that the ultimate outcome of the tax enquiries cannot presently be determined and there may be a probable outflow with resources, the Company has provided a tax provision of HK$4,522,000 in respect of the tax enquiries in last financial year and the Directors consider that adequate provision has been made in the Group's consolidated financial statements.

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$32,098,000 (2018: HK$28,214,000) by the weighted average number of ordinary shares in issue during the six months ended 30 June 2019 of 400,000,000 (2018: 400,000,000 shares).

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK$'000)	**32,098**	28,214
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**400,000**	400,000
Basic earnings per share (HK cents)	**8.0**	7.1

(b) Diluted earnings per share

There were no potential dilutive ordinary shares in issue during the six months ended 30 June 2019 and 2018 and hence the diluted earnings per share is the same as basic earnings per share.

10 DIVIDEND

At the date of this announcement, the Board declared an interim dividend of HK2.4 cents (2018: HK2.1 cents) per share. The interim dividend amounting to HK$9,600,000 have not been recognised as a liability for the six months ended 30 June 2019. It will be recognised in shareholders' equity in the year ending 31 December 2019.

A final dividend in respect of the year ended 31 December 2018 of HK3.0 cents per share, totaling HK$12,000,000, was declared, approved and paid in June 2019.

11 LOANS RECEIVABLE

	As at 30 June 2019 *HK$'000* **(Unaudited)**	As at 31 December 2018 *HK$'000* (Audited)
Loans receivable	**919,163**	992,238
Less:		
Provision for impairment assessment of loans receivable		
– Stage 1	**(2,081)**	(1,015)
– Stage 2	**(95)**	(1,991)
– Stage 3	**(521)**	(577)
Loans receivable, net of provision	**916,466**	988,655
Less: non-current portion	**(273,177)**	(340,737)
Current portion	**643,289**	647,918

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.

As at 30 June 2019, except for loans receivable of HK$2,548,000 (31 December 2018: HK$3,658,000), 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 periods, based on the maturity date, net of provision, is as follows:

	As at 30 June 2019 *HK$'000* **(Unaudited)**	As at 31 December 2018 *HK$'000* (Audited)
Current	**643,289**	647,918
Over 1 year and within 5 years	**62,073**	79,679
Over 5 years	**211,104**	261,058
	916,466	988,655

As at 30 June 2019 and 31 December 2018, certain properties mortgaged to a subsidiary of the Company for loans granted to its respective customers were pledged to independent third parties to secure other borrowings granted to a subsidiary of the Company. These properties were mortgaged to the Group for securing loans receivable of HK$201,683,000 (31 December 2018: HK$266,926,000) (Note 13).

As at 30 June 2019, loans receivable with carrying value of HK$123,959,000 (31 December 2018: HK$136,485,000) were charged to a bank to secure a bank loan facility granted to a subsidiary of the Company (Note 13).

12 INTEREST RECEIVABLES

	As at 30 June 2019 *HK$'000* **(Unaudited)**	As at 31 December 2018 *HK$'000* (Audited)
Interest receivables	**6,516**	7,933
Less:		
Provision for impairment assessment of interest receivables		
– Stage 1	**(28)**	(13)
– Stage 2	**(3)**	(43)
– Stage 3	**(57)**	(60)
Interest receivables, net of provision	**6,428**	7,817

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.

As at 30 June 2019, except for interest receivables of HK$33,000 (31 December 2018: HK$42,000), which are unsecured and repayable with fixed terms agreed with the customers, all interest receivables are secured by collaterals provided by customers and repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the interest receivables mentioned above.

The ageing analysis of these interest receivables, based on the maturity date, net of provision, is as follows:

	As at 30 June 2019 *HK$'000* **(Unaudited)**	As at 31 December 2018 *HK$'000* (Audited)
Current	**2,010**	3,567
0–30 days	**3,446**	2,640
31–90 days	**962**	1,211
Over 90 days	**10**	399
	6,428	7,817

13 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

	As at 30 June 2019 *HK$'000* **(Unaudited)**	As at 31 December 2018 *HK$'000* (Audited)
Bank loans – secured *(Note (a))*	**50,000**	50,000
Bank loans – unsecured *(Note (b))*	**9,975**	11,970
Other borrowings – secured *(Note (c))*	**203,378**	234,934
	263,353	296,904

(a) Bank loans – secured

As at 30 June 2019, the secured bank loans of HK$50,000,000 (31 December 2018: HK$50,000,000) were denominated in Hong Kong dollars, repayable in one year and bore average interest rate of 6.54% (31 December 2018: 6.33%) per annum. The bank loans were obtained from an independent third party bank and were secured by (i) a floating charge on loans receivable of a subsidiary of the Company with carrying value of HK$123,959,000 (31 December 2018: HK$136,485,000); (ii) a floating charge on certain bank accounts of a subsidiary of the Company with carrying value of HK$9,805,000 (31 December 2018: HK$8,690,000); and (iii) a corporate guarantee from the Company.

(b) Bank loans – unsecured

As at 30 June 2019, the unsecured bank loans of HK$9,975,000 (31 December 2018: HK$11,970,000), were denominated in Hong Kong dollars, repayable in one year and bore average interest rate of 6.50% (31 December 2018: 6.27%) per annum.

(c) Other borrowings – secured

As at 30 June 2019, other borrowings of HK$203,378,000 (31 December 2018: HK$234,934,000), which were denominated in Hong Kong dollars, repayable in one year and bore interest at rates ranging from 5.875% to 6.5% (31 December 2018: 5.875% 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 corporate guarantee from the Company. The fair value of these properties were HK$471,300,000 and HK$571,600,000 as at 30 June 2019 and 31 December 2018, respectively.

14 RELATED PARTY TRANSACTIONS

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

The Group is controlled by Blossom Spring, 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 condensed consolidated interim financial information, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2019 and 2018.

(a) Interest expenses on loans from a related company

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on loans from a related company		
– Evercrest Wealth Management Limited ("EWML") *(Note7)*	**757**	–

As at 30 June 2019, 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 (31 December 2018: HK$50,000,000), of which the Group utilised an amount of nil (31 December 2018: HK$50,000,000). The loan is denominated in Hong Kong dollars, repayable in one year and bears fixed interest rate of 6.5% (31 December 2018: 6.5%) per annum.

(b) Key management compensation

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries, commission and benefits	**1,940**	1,949
Pension costs	**45**	45
	1,985	1,994

(c) Remuneration paid to a related party

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries and pension costs paid to the spouse of a director of the Company	**126**	126

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the money lending business focusing primarily on providing property mortgage loans in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

During the six months ended 30 June 2019, property prices in Hong Kong showed rebound from the temporary blip since mid last year and reached a new all-time high in May 2019. Nevertheless, the mounting Sino-US trade war and the volatile stock market has weakened the market sentiment from the second quarter of 2019. With a view that the global market and property market remains highly uncertain, the Group continued to reinforce its risk management policy and increase its effort in recovering loans from high risk customers. Our gross loans receivable thus showed a decline from HK$992.2 million as at 31 December 2018 to HK$919.2 million as at 30 June 2019. Although the overall market sentiment and the Group's business strategy has affected a further expansion of the Group's loan portfolio from last year end, with a higher average month-end balance of loans receivable as compared to last corresponding period, the Group managed to achieve a growth of 15.3% and 13.8% in revenue and profit attributable to owners of the Company, respectively for the six months ended 30 June 2019.

FINANCIAL REVIEW

Revenue

The Group's interest income received from the money lending business of providing property mortgage loans and personal loans increased by HK$8.3 million or 15.3% from HK$54.2 million for the six months ended 30 June 2018 to HK$62.5 million for the six months ended 30 June 2019. Such increase was primarily due to the increase of average month-end balance of our gross loans receivable by HK$141.6 million or 16.9% from HK$837.0 million for the six months ended 30 June 2018 to HK$978.6 million for the six months ended 30 June 2019.

Administrative expenses

The Group incurred administrative expenses of HK$16.4 million for the six months ended 30 June 2019 (six months ended 30 June 2018: HK$16.9 million), which mainly comprised employee benefit expenses, advertising and marketing expenses, depreciation of property, plant and equipment, depreciation of right-of-use assets, operating lease of land and buildings and other miscellaneous expenses. Administrative expenses decreased by HK$0.5 million mainly due to decrease in advertising and marketing expenses as the Group devoted less resources in television advertising during the period.

Reversal of impairment losses – net

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

The reversal of impairment losses of HK$0.9 million for the six months ended 30 June 2019 was mainly attributable to the Group's effort in reducing loans with high loan-to-value ratio and delinquent records.

Finance costs

Finance costs increased by HK$4.8 million from HK$4.0 million for the six months ended 30 June 2018 to HK$8.8 million for the six months ended 30 June 2019. The increase in finance costs was primarily due to the increase in average borrowings during the period.

Net interest margin

Net interest margin decreased from 12.3% for the six months ended 30 June 2018 to 10.9% for the six months ended 30 June 2019. The decrease was mainly due to the increase in finance costs as mentioned above.

Net interest margin during the period 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 period.

Income tax expenses

The Group's effective tax rate was 16.1% for the six months ended 30 June 2019 as compared to 17.4% for the corresponding period in 2018.

Profit and total comprehensive income

As a result of the foregoing, the Group's profit and total comprehensive income for the six months ended 30 June 2019 was HK$32.1 million, representing an increase of HK$3.9 million or 13.8% from HK$28.2 million for the corresponding period in 2018.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2019, the Group's operation and capital requirements were financed principally through retained earnings, loans from a bank and independent third party licensed money lenders and loans from a related company.

Based on the Group's current and anticipated levels of operation, the Group's future operations and capital requirements will be financed principally 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 30 June 2019.

As at 30 June 2019, cash and cash equivalents and pledged deposits amounted to HK$95.9 million, representing an increase of HK$26.4 million as compared to the position as at 31 December 2018. The increase was mainly attributable to the decrease in the Group's loan portfolio.

As at 30 June 2019, interest-bearing bank and other borrowings amounted to HK$263.4 million and loans from a related company amounted to nil, representing a decrease of HK$33.5 million and HK$50.0 million, respectively as compared to the position as at 31 December 2018. The decrease was mainly attributable to the decrease in the Group's loan portfolio which led to lower financing needs.

During the six months ended 30 June 2019, 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 30 June 2019, the unutilised facility available to the Group for drawdown amounted to HK$196.6 million (31 December 2018: HK$115.1 million).

Gearing Ratio

As at 30 June 2019, the Group's gearing ratio, which was calculated by dividing net debts (being the total borrowings less pledged deposits and cash and cash equivalents) by total equity, was 0.22 as compared to 0.37, the position as at 31 December 2018.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investments held, material acquisitions and disposals of subsidiaries and associated companies for the six months ended 30 June 2019.

EMPLOYEES AND REMUNERATION

As at 30 June 2019, the Group has employed 23 full-time employees (31 December 2018: 24). The Group's total employee benefit expenses (including directors' emoluments) for the six months ended 30 June 2019 and 2018 were HK$6.0 million and HK$5.8 million, respectively. The remuneration of the employees of the Group 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.

CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen, the Group is eager to contribute towards the society through community focused commitments. The Group has demonstrated its corporate social responsibility commitment through the participation in various charitable and volunteer activities. The Group also encourages its staff members to support community activities as well as to promote healthy and balanced physical and mental development. Where possible, the Group will endeavor to participate in community and public welfare activities in particular to support and aid the needs of the underprivileged in Hong Kong.

CONTINGENT LIABILITIES

As at 30 June 2019 and 31 December 2018, the Group had no material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2019, certain properties mortgaged to a subsidiary of the Company by its respective customers were pledged to secure certain loan facilities granted to the Group. These properties were mortgaged to the Group for securing loans receivable of HK$201.7 million (31 December 2018: HK$266.9 million).

As at 30 June 2019, certain loans receivable and bank accounts of a subsidiary of the Company with carrying value of HK$124.0 million (31 December 2018: HK$136.5 million) and HK$9.8 million (31 December 2018: HK$8.7 million), respectively, were charged to a bank to secure a loan facility granted to the Group.

Such loan facilities granted to the Group were for the expansion of the Group's mortgage business.

FOREIGN CURRENCY EXPOSURE

The business activities of our Group were denominated in Hong Kong dollars. The Directors did not consider the Group was exposed to any significant foreign exchange risks during the six months ended 30 June 2019. As the impact from foreign exchange exposure was minimal, the Directors were of the view that no hedging against foreign currency exposure was necessary. In view of the operational needs, the Group will continue to monitor the foreign currency exposure from time to time and take necessary actions to minimise the exchange related risks.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have any significant events since the end of the reporting period (i.e. 30 June 2019) and up to the date of this announcement.

PROSPECT

The economic outlook in Hong Kong in the second half of 2019 is expected to face increasing challenges as impacted by the escalation of the Sino-US trade war and local political tensions which may deteriorate consumer and investor sentiment. The Hong Kong government has recently downgraded its gross domestic product growth forecast for 2019 to 0-1% from 2-3%, citing both domestic and international uncertainties. Investment activities from small and medium-sized enterprises are expected to be sluggish which will lower the demand on financing. Surrounded by various uncertainties and the recent social unrest, the property market in Hong Kong, after a relatively strong start in 2019, has showed signs of correction from June 2019.

Despite the challenges ahead, the Group is pleased with the positioning of its loan portfolio and will continue to adopt a prudent but sensible risk management policy to maintain a balance risk reward. Although the uncertain external factors may limit the growth of the Group in the current financial year, the Group is confident that it will be well positioned in facing the upcoming challenges and preserving long-term profitability growth for its shareholders.

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company adopted the code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During the six months ended 30 June 2019, we have complied with the Code Provisions except the following deviations:

– Pursuant to code provision A.2.1 of the Code, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive and Ms. Wang Yao currently performs these two roles. The Directors believe that vesting the roles of both chairman and chief executive in the same position has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

– Pursuant to code provision E.12 of the Code, the chairman of the Board should attend the annual general meeting ("AGM"), Ms. Wang Yao, the chairman of the Board, was absent from the Company's AGM held on 4 June 2019 due to other business commitments. Other Directors including executive and independent non-executive Directors, attended the AGM to answer questions regarding activities of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the "Company's Code") regarding securities transactions by Directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, the Company confirms that each and every Director has complied with the required standards as stated in the Model Code and the Company's Code throughout the six months ended 30 June 2019.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, namely, Dr. Ng Lai Man, Carmen ("Dr. Ng"), Mr. 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 the internal control and financial reporting matters including the accounting principles and practices related to the preparation of the condensed consolidated interim financial information for the six months ended 30 June 2019. It has also reviewed the condensed consolidated interim financial information for the six months ended 30 June 2019 with the management and the independent auditor of the Company and recommended the same to the Board for approval. In addition, the independent auditor of the Company has reviewed the interim results for the six months ended 30 June 2019 in accordance with Hong Kong Standard of Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK2.4 cents per share for the six months ended 30 June 2019 and will be payable to the Shareholders whose names appear on the register of members of the Company on Friday, 20 September 2019. The declared interim dividends will be paid on or about Friday, 11 October 2019.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to the payment of interim dividend, the register of members of the Company will be closed from Wednesday, 18 September 2019 to Friday, 20 September 2019 (both days inclusive), during which no transfer of shares of the Company will be registered. The interim 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 Friday, 20 September 2019. In order to qualify for the payment of interim 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 Tuesday, 17 September 2019.

PUBLICATION

The interim results announcement of the Company for the six months ended 30 June 2019 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gicl.com.hk) respectively. The interim report of the Company for the six months ended 30 June 2019 will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company, respectively, in due course.

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

Hong Kong, 27 August 2019

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