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GLOBAL INTERNATIONAL CREDIT GROUP LIMITED

環球信貸集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1669)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022, together with relevant comparative figures of 2021, as follows:

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

| | Note | Six months ended 30 June | |
|---|------|---------------------------------|---------------------------------|
| | | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Revenue | 3,4 | 44,544 | 43,318 |
| Other income | 4 | 233 | 3 |
| Administrative expenses | 5 | (10,952) | (11,317) |
| (Impairment losses)/reversal of impairment losses-net | 6 | (500) | 197 |
| Finance costs | 7 | (604) | (151) |
| Profit before income tax | | 32,721 | 32,050 |
| Income tax expense | 8 | (5,295) | (5,208) |
| Profit and total comprehensive income for the period attributable to owners of the Company | 9 | 27,426 | 26,842 |
| Earnings per share attributable to owners of the Company | | | |
| – Basic and diluted (<i>expressed in HK cents per share</i>) | 9 | 6.9 | 6.7 |

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

| | | As at 30 June 2022 | As at 31 December 2021 |
|---|-------------|--------------------------------|------------------------------|
| | <i>Note</i> | <i>HK\$'000</i> (Unaudited) | <i>HK\$'000</i> (Audited) |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 381 | 354 |
| Right-of-use assets | | 6,172 | 7,915 |
| Loans receivable | 11 | 422,654 | 454,246 |
| Deferred income tax assets | | 675 | 620 |
| Deposits | | 1,480 | 1,480 |
| Total non-current assets | | 431,362 | 464,615 |
| Current assets | | | |
| Loans receivable | 11 | 409,676 | 319,863 |
| Interest receivables | 12 | 6,548 | 5,554 |
| Repossessed assets | | 4,888 | 7,293 |
| Prepayments, deposits and other receivables | | 6,227 | 6,841 |
| Pledged deposits | | 1,518 | 18,962 |
| Cash and cash equivalents | | 28,152 | 82,330 |
| Total current assets | | 457,009 | 440,843 |
| Total assets | | 888,371 | 905,458 |

| | | As at 30 June 2022 <i>HK\$'000</i> (Unaudited) | As at 31 December 2021 <i>HK\$'000</i> (Audited) |
|---|-----------|---|---|
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | <i>13</i> | 4,000 | 4,000 |
| Reserves | | 857,687 | 851,461 |
| | | <hr/> | <hr/> |
| Total equity | | 861,687 | 855,461 |
| | | <hr/> | <hr/> |
| LIABILITIES | | | |
| Non-current liability | | | |
| Lease liabilities | | 2,838 | 3,448 |
| | | <hr/> | <hr/> |
| Total non-current liability | | 2,838 | 3,448 |
| | | <hr/> | <hr/> |
| Current liabilities | | | |
| Accruals and other payables | | 2,377 | 3,435 |
| Tax payable | | 7,965 | 2,615 |
| Bank borrowing | <i>14</i> | 10,000 | 35,900 |
| Lease liabilities | | 3,504 | 4,599 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 23,846 | 46,549 |
| | | <hr/> | <hr/> |
| Total liabilities | | 26,684 | 49,997 |
| | | <hr/> | <hr/> |
| Total equity and liabilities | | 888,371 | 905,458 |
| | | <hr/> | <hr/> |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the money lending business of providing property mortgage loans and personal loans in Hong Kong.

The immediate holding company of the Company is Blossom Spring Global Limited (“Blossom Spring”), a company incorporated in the British Virgin Islands. The directors of the Company (the “Directors”) regard Blossom Spring as the ultimate holding company of the Company.

This unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The unaudited condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report, and accordingly should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the adoption of new and amended standards effective for the financial year beginning on 1 January 2022. The adoption of the new standards and amendments to HKFRSs effective for the financial year beginning on 1 January 2022 did not have a material impact on the preparation of the unaudited condensed consolidated interim financial information.

There are no other standards and interpretations that have been issued by the HKICPA but are not effective yet that would be expected to have a material impact on the Group’s financial statements once adopted.

3. SEGMENT INFORMATION

During the six months ended 30 June 2022 and 2021, 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 six months ended 30 June 2022 and 2021.

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 | |
|---------------------------------------|--------------------------|---------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Revenue | | |
| Interest income | <u>44,544</u> | <u>43,318</u> |
| Other income | | |
| Bank interest income | 1 | 3 |
| Government grants (<i>Note (a)</i>) | <u>232</u> | <u>–</u> |
| | <u>233</u> | <u>3</u> |

- (a) Being subsidies provided by the Hong Kong Government under the Subsidy Scheme of Anti-epidemic Fund and the Reimbursement of Maternity Leave Pay Scheme during the six months ended 30 June 2022. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

5. ADMINISTRATIVE EXPENSES

| | Six months ended 30 June | |
|---|--------------------------|---------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Employee benefit expenses (including directors' emoluments) | 5,022 | 5,150 |
| Advertising and marketing expenses | 2,155 | 1,895 |
| Depreciation of property, plant and equipment | 62 | 128 |
| Depreciation of right-of-use assets | 1,743 | 1,923 |
| Other administrative expenses | 1,970 | 2,221 |
| | <u>10,952</u> | <u>11,317</u> |

6. (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSSES – NET

| | Six months ended 30 June 2022 (Unaudited) | | | |
|---|---|--|--|-------------------|
| | 12 months expected credit loss (Stage 1) HK\$'000 | Lifetime expected credit loss not credit impaired (Stage 2) HK\$'000 | Lifetime expected credit loss credit impaired (Stage 3) HK\$'000 | Total HK\$'000 |
| Net (charge for)/reversal of provision for impairment assessment on loans receivable | (955) | 616 | (122) | (461) |
| Net (charge for)/reversal of provision for impairment assessment on interest receivables | (15) | 17 | (6) | (4) |
| Provision for impairment assessment on a repossessed asset | – | – | (35) | (35) |
| | <u>(970)</u> | <u>633</u> | <u>(163)</u> | <u>(500)</u> |

| | Six months ended 30 June 2021 (Unaudited) | | | |
|---|---|--|--|-------------------|
| | 12 months expected credit loss (Stage 1) HK\$'000 | Lifetime expected credit loss not credit impaired (Stage 2) HK\$'000 | Lifetime expected credit loss credit impaired (Stage 3) HK\$'000 | Total HK\$'000 |
| Net (charge for)/reversal of provision for impairment assessment on loans receivable | (260) | 844 | (393) | 191 |
| Net reversal of/(charge for) provision for impairment assessment on interest receivables | 4 | 30 | (28) | 6 |
| | <u>(256)</u> | <u>874</u> | <u>(421)</u> | <u>197</u> |

7. FINANCE COSTS

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Interest expenses on secured bank loan | 446 | 67 |
| Interest expenses on lease liabilities | 158 | 84 |
| | <u>604</u> | <u>151</u> |

8. INCOME TAX EXPENSE

Hong Kong profits tax for the six months ended 30 June 2022 and 2021 has been provided for at the rate of 8.25% for the first HK\$2,000,000 estimated assessable profits and 16.5% for estimated assessable profits above HK\$2,000,000 for the group entity qualified for the two-tiered profits tax rates regime introduced pursuant to the Inland Revenue (Amendment) (No. 7) Bill 2017. For group entities not qualifying for the two-tiered profits tax rates regime, Hong Kong profits tax has been provided for at a flat rate of 16.5%.

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

| | Six months ended 30 June | |
|---|--------------------------|--------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Hong Kong profits tax – current year | 5,350 | 5,130 |
| (Increase)/decrease in deferred income tax assets | (55) | 78 |
| | <u>5,295</u> | <u>5,208</u> |

During the year ended 31 December 2017, the Hong Kong Inland Revenue Department (the “IRD”) had issued enquiries and a letter to the Company disagreeing with certain interest income received by the Company during the years of assessment 2015/16 and 2016/17 being claimed as capital and offshore in nature.

Notices of assessment of HK\$129,000 and HK\$3,058,000 were issued by the IRD to the Company for the years of assessment 2015/16 and 2016/17, respectively. The Company has lodged an objection against the tax assessments with the IRD considering that valid technical grounds are available in claiming the said interest income as capital and offshore in nature. The IRD agreed to hold over the tax claim subject to the purchase of tax reserve certificates of HK\$3,187,000, which were purchased by the Company during the year ended 31 December 2018. During the year ended 31 December 2020, a notice of assessment of HK\$1,310,000 was further issued by the IRD to the Company for the year of assessment 2017/18 on the said interest income. The Company has lodged an objection against the tax assessment 2017/18 with the IRD on the same technical grounds and has purchased an additional tax reserve certificate of HK\$1,310,000 for holding over the tax claim during the year ended 31 December 2020.

As at 30 June 2022, the case is referred to the Appeals Section for the Commissioner's determination. As the ultimate outcome cannot presently be determined and with a view of probable outflow with resources, a tax provision of HK\$4,522,000 in respect of the tax enquiries has been provided in previous years and the Company considered that adequate provision has been made in the Group's condensed consolidated interim financial information.

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\$27,426,000 (2021: HK\$26,842,000) by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 of 400,000,000 shares (2021: 400,000,000 shares).

| | Six months ended 30 June | |
|--|---------------------------------|-----------------|
| | 2022 | 2021 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Profit attributable to owners of the Company (<i>HK\$'000</i>) | 27,426 | 26,842 |
| Weighted average number of ordinary shares in issue for basic earnings per share (<i>'000</i>) | 400,000 | 400,000 |
| Basic earnings per share (<i>HK cents</i>) | <u>6.9</u> | <u>6.7</u> |

(b) Diluted earnings per share

There were no potential dilutive ordinary shares in issue during the six months ended 30 June 2022 and 2021 and hence the diluted earnings per share is the same as basic earnings per share.

10. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

A final dividend in respect of the year ended 31 December 2021 of HK5.3 cents per share, totaling HK\$21,200,000, was declared, approved and paid in June 2022.

11. LOANS RECEIVABLE

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|---|--|--|
| Loans receivable | 835,789 | 777,107 |
| Less: | | |
| Provision for impairment assessment of loans receivable | | |
| – Stage 1 | (2,266) | (1,311) |
| – Stage 2 | (612) | (1,228) |
| – Stage 3 | (581) | (459) |
| | <hr/> | <hr/> |
| Loans receivable, net of provision | 832,330 | 774,109 |
| Less: non-current portion | (422,654) | (454,246) |
| | <hr/> | <hr/> |
| Current portion | 409,676 | 319,863 |

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 2022, except for loans receivable of HK\$1,240,000 (31 December 2021: HK\$1,230,000) 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 date 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 2022 <i>HK\$'000</i> (Unaudited) | As at 31 December 2021 <i>HK\$'000</i> (Audited) |
|--------------------------------|--|--|
| Current | 409,676 | 319,863 |
| Over 1 year and within 5 years | 223,641 | 275,423 |
| Over 5 years | 199,013 | 178,823 |
| | 832,330 | 774,109 |

As at 30 June 2022, loans receivable with carrying value of HK\$116,537,000 (31 December 2021: HK\$94,751,000) were charged to a bank to secure a bank loan facility granted to a subsidiary of the Company (Note 14).

12. INTEREST RECEIVABLES

| | As at 30 June 2022 <i>HK\$'000</i> (Unaudited) | As at 31 December 2021 <i>HK\$'000</i> (Audited) |
|---|--|--|
| Interest receivables | 6,644 | 5,646 |
| Less: | | |
| Provision for impairment assessment of interest receivables | | |
| – Stage 1 | (25) | (10) |
| – Stage 2 | (8) | (25) |
| – Stage 3 | (63) | (57) |
| Interest receivables, net of provision | 6,548 | 5,554 |

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 2022, except for interest receivables of HK\$8,000 (31 December 2021: HK\$12,000), 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 interest receivables, based on the maturity date, net of provision, is as follows:

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|--------------|--|--|
| Current | 2,329 | 2,279 |
| 1–30 days | 2,373 | 1,400 |
| 31–90 days | 581 | 914 |
| Over 90 days | 1,265 | 961 |
| | <u>6,548</u> | <u>5,554</u> |

13. SHARE CAPITAL

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|--|--|--|
| Authorised: | | |
| 10,000,000,000 shares of HK\$0.01 each | <u>100,000</u> | <u>100,000</u> |
| Issued and fully paid: | | |
| 400,000,000 shares of HK\$0.01 each | <u>4,000</u> | <u>4,000</u> |

14. BANK BORROWING

As at 30 June 2022, a secured revolving bank loan facility of HK\$50,000,000 (31 December 2021: HK\$50,000,000) was obtained from an independent third party bank of which HK\$10,000,000 was utilised (31 December 2021: HK\$35,900,000). Such secured bank loan was denominated in Hong Kong dollars, repayable in one year and bore interest rate of 4.90% (31 December 2021: 4.26%) per annum. The bank loan facility was secured by (i) a floating charge on loans receivable of a subsidiary of the Company with carrying value of HK\$116,537,000 (31 December 2021: HK\$94,751,000); (ii) a floating charge on certain bank accounts of a subsidiary of the Company with carrying value of HK\$1,518,000 (31 December 2021: HK\$18,962,000); and (iii) a corporate guarantee from the Company.

15. RELATED PARTY TRANSACTIONS

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

The 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.

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 2022 and 2021.

(a) Key management compensation

| | Six months ended 30 June | |
|-----------------------------------|--------------------------|--------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Salaries, commission and benefits | 2,151 | 2,049 |
| Pension costs | 36 | 45 |
| | <u>2,187</u> | <u>2,094</u> |

(b) Remuneration paid to a related party

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Salaries and pension costs paid to the spouse of a director of the Company | 126 | 126 |

(c) Loan facility from a related party

During the six months ended 30 June 2022, the Group obtained an unsecured revolving loan facility from World Deluxe Limited, a related company of the Group where Ms. Jin Xiaoqin is the sole ultimate beneficial owner, with a facility limit of HK\$50,000,000 (31 December 2021: Nil). The loan is denominated in Hong Kong dollars, repayable in one year and bears fixed interest rate of 5.5% per annum (31 December 2021: Nil). As at 30 June 2022, the Group did not utilise the loan facility (31 December 2021: Nil).

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).

The fifth wave of the local epidemic has disrupted the pace of economic recovery in Hong Kong during the six months ended 30 June 2022, and Hong Kong recorded a contraction in gross domestic product year-on-year for the first and second quarter of 2022 and the unemployment rate increased from 3.9% in the fourth quarter of 2021 to 4.7% in the second quarter of 2022. Amidst a struggling economy, the residential property market in Hong Kong remained soft in the first half of 2022 with the number of residential property transactions dropped by 37.8% from the previous year and the residential property price index in June 2022 decreased by 3.4% as compared to the price index in December 2021.

As the overall economy activity in Hong Kong remained subdued for the six months ended 30 June 2022, the Group continued to conduct its mortgage loan business with stringent credit control and gradually expanded its loan portfolio on lower-risk first mortgage loans during the reporting period. The Group thus managed to record a growth on its loan portfolio, whereby the gross loans receivable increased by approximately HK\$58.7 million or 7.6% from approximately HK\$777.1 million as at 31 December 2021 to approximately HK\$835.8 million as at 30 June 2022. The Group's revenue increased slightly by approximately HK\$1.2 million or 2.8% from approximately HK\$43.3 million for the six months ended 30 June 2021 to approximately HK\$44.5 million for the six months ended 30 June 2022.

FINANCIAL REVIEW

Revenue

The Group's interest income received from the money lending business of providing property mortgage loans and personal loans increased slightly by approximately HK\$1.2 million or 2.8% from approximately HK\$43.3 million for the six months ended 30 June 2021 to approximately HK\$44.5 million for the six months ended 30 June 2022. Such increase was primarily due to the increase of average month-end balance of the Group's gross loans receivable by approximately HK\$96.1 million or 13.0% from approximately HK\$740.2 million for the six months ended 30 June 2021 to approximately HK\$836.3 million for the six months ended 30 June 2022.

Other Income

Other income increased by HK\$230,000 from HK\$3,000 for the six months ended 30 June 2021 to HK\$233,000 for the six months ended 30 June 2022. Other income for the six months ended 30 June 2022 mainly represented subsidies provided by the Hong Kong Government under the Subsidy Scheme of Anti-epidemic Fund and the Reimbursement of Maternity Leave Pay Scheme.

Administrative expenses

The Group incurred administrative expenses of approximately HK\$11.0 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$11.3 million), which mainly comprised employee benefit expenses, advertising and marketing expenses, depreciation of property, plant and equipment, depreciation of right-of-use assets and other administrative expenses. Administrative expenses decreased by approximately HK\$0.3 million mainly due to the decrease in depreciation of right-of-use assets and other administrative expenses during the reporting period.

(Impairment losses)/reversal of impairment losses – net

The Group recognised a provision for impairment losses on loans receivable, interest receivables and repossessed assets of HK\$500,000 for the six months ended 30 June 2022 while a reversal of impairment losses of HK\$197,000 was recognised for the six months ended 30 June 2021.

Finance costs

Finance costs increased by HK\$453,000 from HK\$151,000 for the six months ended 30 June 2021 to HK\$604,000 for the six months ended 30 June 2022. The increase in finance costs was primarily due to the increase in average borrowings during the reporting period.

Net interest margin

Net interest margin decreased from 11.7% for the six months ended 30 June 2021 to 10.7% for the six months ended 30 June 2022. The decrease was mainly due to the increase in finance costs as mentioned above.

Net interest margin 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 reporting period.

Income tax expenses

The Group's effective tax rate was 16.2% for the six months ended 30 June 2022 and 2021.

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 2022 was approximately HK\$27.4 million, representing a slight increase of approximately HK\$0.6 million or 2.2% from approximately HK\$26.8 million for the six months ended 30 June 2021.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 June 2022, the Group's operation and capital requirements were financed principally through share capital, retained earnings and loans from a bank.

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 2022.

As at 30 June 2022, cash and cash equivalents and pledged deposits amounted to approximately HK\$29.7 million, representing a decrease of approximately HK\$71.6 million as compared to the position as at 31 December 2021. The decrease was mainly attributable to the increase in loans receivable and decrease in bank borrowing during the reporting period. Cash and cash equivalents and pledged deposits as at 30 June 2022 were all denominated in Hong Kong dollars.

As at 30 June 2022, interest-bearing bank borrowing amounted to HK\$10.0 million, representing a decrease of HK\$25.9 million as compared to the position as at 31 December 2021.

As at 30 June 2022, the interest-bearing bank borrowing was denominated in Hong Kong dollars, repayable in one year and bore interest at variable rates. Bank loan facility obtained by the Group was 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 six months ended 30 June 2022, the Group obtained an unsecured revolving loan facility in the amount of HK\$50,000,000 from a related company of the Group where Ms. Jin Xiaoqin is the sole ultimate beneficial owner. The loan facility has a one-year term and bears fixed interest rate at 5.5% per annum. As at 30 June 2022, the Group did not utilise the loan facility (31 December 2021: Nil).

During the six months ended 30 June 2022, 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 2022, the unutilised facility available to the Group for drawdown amounted to HK\$90.0 million (31 December 2021: HK\$14.1 million).

Gearing Ratio

The Group's gearing ratio was calculated by dividing net debts (being the total borrowings and lease liabilities less pledged deposits and cash and cash equivalents) by total equity. The Group was in a net cash position as at 30 June 2022 and 31 December 2021.

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 2022.

EMPLOYEES AND REMUNERATION

As at 30 June 2022, the Group has employed 18 full-time employees (31 December 2021: 20). The Group's total employee benefit expenses (including directors' emoluments) for the six months ended 30 June 2022 and 2021 were approximately HK\$5.0 million and HK\$5.2 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 2022 and 31 December 2021, the Group had no material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2022, certain loans receivable and bank accounts of a subsidiary of the Company with carrying value of approximately HK\$116.5 million (31 December 2021: approximately HK\$94.8 million) and approximately HK\$1.5 million (31 December 2021: approximately HK\$19.0 million), respectively, were charged to a bank to secure a loan facility granted to the Group.

Such loan facility granted to the Group was for the expansion of the Group's mortgage loans business.

FOREIGN CURRENCY EXPOSURE

The business activities of the Group were denominated in Hong Kong dollars. The Directors did not consider the Group was exposed to any significant foreign exchange risks during the six months ended 30 June 2022. 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 foreign 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 2022) and up to the date of this announcement.

PROSPECT

With stabilising pandemic conditions and government policy support, it is expected that the economy in Hong Kong may gradually rebound in the second half of 2022, but the extent will be subject to, among other things, the development of the local epidemic and the timetable for the Hong Kong-mainland border reopening. However, the tightening of the monetary policy in the United States and the expected escalation of Hong Kong Dollar interest rate in the second half of 2022 may dampen market sentiment. It is expected that risk appetites for various investment and business expansion may remain conservative and that loan growth momentum will be constrained in the near term. In view of interest rate hikes and geopolitical tensions, the residential property price in Hong Kong may face a modest downward pressure.

With these challenges ahead, the Group will remain cautious and sensibly uphold its risk management policies and credit review process to control the quality of the Group's loan portfolio and at the same time continue to seek loan growth at reasonable yields. The Group will strive to enhance its marketing efficiency and launch different marketing activities to expand its customer base at a reasonable cost. While it is expected that the growth of the Group's loan portfolio may be constrained by subdued loan demand, the Group will continue to implement stringent cost control measures and strengthen its treasury management and pricing policies to uphold its profitability.

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

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

During the six months ended 30 June 2022, 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 has 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 2022, we have complied with the Code Provisions except the following deviations:

- Pursuant to Code Provision C.2.1 of the Code, the roles 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 Board believes 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 enabling more effective and efficient overall strategic planning for the Group. A balance of power and authority between the Board and management can be ensured by the operation of the Board, whose members (including the three independent non-executive directors) are individuals with ample experience, such that the interests of shareholders can be safeguarded. Furthermore, the Directors had regular discussions in relation to major matters affecting the operations of the Group and the Group has an effective risk management and internal control systems in place for providing adequate checks and balances. 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 F.2.2 of the Code, the chairman of the Board should attend the annual general meeting (“AGM”). The chairman of the Board, Ms. Wang Yao was unable to attend the Company’s AGM held on 1 June 2022 due to other business commitments. Mr. Man Yiu Kwong, Nick, an independent non-executive director of the Company, took the chair of the AGM, and Ms. Yip Lee Ying, an executive director of the Company, and other independent non-executive directors of the Company attended the AGM to answer questions regarding activities of the Group.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the “Company’s Code”) regarding securities transactions by 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 to the Listing Rules. Having made specific enquiries, the Company confirms that all of the Directors have complied with the required standards as stated in the Model Code and the Company’s Code throughout the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Board (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 unaudited condensed consolidated interim financial information for the six months ended 30 June 2022. It has also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 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 2022 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 does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

PUBLICATION

The interim results announcement of the Company for the six months ended 30 June 2022 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 2022 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, 25 August 2022

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