INTERNATIONAL ELITE LTD.
精英國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1328)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

HIGHLIGHTS

- The Group's revenue was approximately HK$270,915,000, representing an increase of approximately 5% as compared with approximately HK$258,371,000 in 2017.

- Profit attributable to equity holders of the Company was approximately HK$76,446,000, while loss attributable to equity holders of the Company was approximately HK$49,200,000 in 2017. The significant increase in profit attributable to equity holders of the Company for the year ended 31 December 2018 were mainly attributable to the gains on (i) the distribution in specie of shares in Global Link Communications Holdings Limited ("GLCH"); and (ii) the disposal of the entire issued share capital of Sunward Telecom Limited and MZone Network Limited.

- Basic earnings per share was HK0.82 cents, while basic loss per share was HK0.54 cents in 2017.

- On 9 August 2018, the Board resolved to declare a special dividend by distribution in specie (the "Distribution in Specie") of 873,683,120 ordinary share(s) of HK$0.01 each in the share capital of GLCH ("Global Link Shares"), representing approximately 42% of the then total number of issued Global Link Shares to the shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the record date, 5 October 2018 ("Qualifying Shareholders"), on a pro-rata basis of 961 Global Link Shares for every 10,000 ordinary share(s) of HK$0.01 each in the share capital of the Company held by the Qualifying Shareholders. On 15 October 2018, relevant share certificates of Global Link Shares were issued and despatched to Qualifying Shareholders and the Distribution in Specie was completed. The Board does not recommend the payment of a final dividend for the year ended 31 December 2018.

RESULTS

The board of Directors (the "Board") of International Elite Ltd. (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018, all of which have been reviewed by the audit committee, together with the comparative figures for last year, as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2018

	Notes	**2018** ***HK$'000***	(Restated) 2017 *HK$'000*
Continuing operations			
Revenue	*3,4*	**270,915**	258,371
Cost of providing services		**(244,051)**	(242,170)
Gross profit		**26,864**	16,201
Other income	*3*	**6,334**	6,384
Administrative and other operating expenses		**(61,432)**	(41,190)
Operating loss		**(28,234)**	(18,605)
Finance income		**2,609**	–
Finance cost		**(54)**	–
Finance income, net		**2,555**	–
Loss before income tax		**(25,679)**	(18,605)
Income tax (expenses)/credit	*5*	**(840)**	1,951
Loss from continuing operations		**(26,519)**	(16,654)
Profit/(loss) from discontinued operations	*8*	**100,908**	(44,168)
Profit/(loss) for the year		**74,389**	(60,822)
(Loss)/profit attributable to:			
Owners of the Company			
Continuing operations		**(26,519)**	(16,654)
Discontinued operations		**102,965**	(32,546)
		76,446	(49,200)
Non-controlling interests			
Continuing operations		**–**	–
Discontinued operations		**(2,057)**	(11,622)
		(2,057)	(11,622)
(Loss)/earning per share attributable to the owners of the Company during the year (expressed in HK cents per share)			
Basic and diluted			
Continuing operations		**(0.29)**	(0.18)
Discontinued operations		**1.11**	(0.36)
Total	*7*	**0.82**	(0.54)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

	2018	(Restated) 2017
	HK$'000	*HK$'000*
Profit/(loss) for the year	**74,389**	(60,822)
Other comprehensive income/(loss)		
Item that may be reclassified to profit or loss		
Continuing operations:		
– Currency translation differences	**(6,955)**	9,336
Discontinued operations:		
– Currency translation differences	**(6,253)**	8,433
– Exchange reserves released upon disposal of businesses	**(86,241)**	–
Other comprehensive (loss)/income for the year, net of tax	**(99,449)**	17,769
Total comprehensive loss for the year, net of tax	**(25,060)**	(43,053)
Total comprehensive loss for the year is attributable to		
– Owners of the Company	**(22,291)**	(32,170)
– Non-controlling interests	**(2,769)**	(10,883)
	(25,060)	(43,053)
Total comprehensive (loss)/income for the year is attributable to the owners of the Company arises from:		
Continuing operations	**(33,474)**	(7,318)
Discontinued operations	**11,183**	(24,852)
Total	**(22,291)**	(32,170)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**47,379**	55,085
Goodwill	9	**197,833**	41,459
Intangible assets		**115,208**	45,205
Deferred tax assets		**–**	2,972
Long term deposits		**615**	632
		361,035	145,353
Current assets			
Inventories		**–**	30,313
Trade and bills receivables	10	**98,294**	178,179
Prepayment, deposits and other receivables	10	**44,017**	–
Cash and cash equivalents		**460,352**	383,856
		602,663	592,348
Total assets		**963,698**	737,701
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**113,465**	90,835
Reserves		**721,868**	518,839
		835,333	609,674
Non-controlling interests		**–**	63,796
Total equity		**835,333**	673,470
LIABILITIES			
Non-current liabilities			
Borrowings from a former director	12	**47,445**	–
Deferred tax liabilities		**18,891**	2,025
		66,336	2,025
Current liabilities			
Trade, bills and other payables	11	**60,935**	37,355
Provision for warranty		**–**	15,980
Contract liabilities		**309**	–
Provision for taxation		**785**	8,871
		62,029	62,206
Total liabilities		**128,365**	64,231
Total equity and liabilities		**963,698**	737,701

NOTES:

1. GENERAL INFORMATION

International Elite Ltd. (the "Company") and its subsidiaries (collectively, the "Group") is principally engaged in the provision of Customer Relationship Management ("CRM") services, which include inbound services and outbound services, to companies in various service-oriented industries. Following the acquisition of Sunward Telecom Limited and its subsidiaries ("Sunward Group") in September 2010, the Group is also engaged in research and development, production and sales of Radio-Frequency Subscriber Identity Module ("RF-SIM") products and licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau as well as the research and development and technology transfer of Certificate Authority-SIM ("CA-SIM") application right to customers. Following the acquisition of Global Link Communications Holdings Limited ("GLCH") in April 2016 the Group was also engaged in the provision of passenger information management system ("PIMS"). The Group has no longer engaged in PIMS business and RF-SIM business following the completion of disposal of interest in GLCH through distribution in specie in October 2018 and disposal of interest in Sunward Telecom Limited in November 2018. Following the acquisition of Goldstream Capital Management Limited ("GCML") and Goldstream Securities Limited ("GSL") ("Goldstream Companies") in November 2018, the Group is also engaged in the provision of investment management ("IM") services.

The Company was incorporated in the Cayman Islands on 18 September 2000 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 its registered office is the Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, Grand Cayman KY1-1208, Cayman Islands. The Company has been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 25 May 2009.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis.

On 30 July 2018, the Company entered into a sale and purchase agreement with Mr. Li Kin Shing to dispose of the Group's 100% of the issued capital of MZone Network Limited and Sunward Telecom Limited at a consideration of HK$135,000,000 (the "Disposal Group"). The transaction was completed during the year ended 31 December 2018. Accordingly, the financial results of the Disposal Group are presented in the consolidated income statement and consolidated statement of cash flows as "Discontinued Operations" in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations". Comparative figures for 2017 have also been restated.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) New, amended standards and interpretation adopted by the Group

The following new, amended standards and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2018:

Annual improvements project	Annual Improvements to IFRSs 2014-2016 cycle
IAS 40 (Amendment)	Transfer of Investment Property
IFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
IFRS 4 (Amendment)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration

The Group had to change its accounting policies following the adoption of IFRS 9 and IFRS 15. Except for IFRS 9 and IFRS 15, other new, amended standards and interpretation listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New and amended standards and new interpretation that have been issued but are not yet effective during the year ended 31 December 2018 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Annual improvements project (Amendment)	Annual Improvements to IFRSs 2015 – 2017 Cycle	1 January 2019
IAS 19 (Amendment)	Employee Benefits	1 January 2019
IAS 28 (Amendment)	Investments in Associate and Joint Ventures	1 January 2019
IFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 3 (Revised)	Business Combinations	1 January 2020
IFRS 16	Lease	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
IFRIC – Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

The Group has commenced an assessment of the impact of these new standards, amendments to existing standards and interpretation. Except as discussed below, the Group is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

IFRS 16 Leases

IFRS 16 was issued in January 2016, it addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that almost all leases will be recognised in the consolidated statement of financial position by lessees as the distinction between operating and finance lease is removed.

The Group is a lessee of various properties which are currently classified as operating leases. The Group's current accounting policy for such leases is to record the rental expenses in profit or loss when such expenses were incurred, with the related operating lease commitments being separately disclosed.

The Group will adopt IFRS 16 from its mandatory adoption date of 1 January 2019 using the simplified transition approach as prescribed by IFRS 16 and will recognise the cumulative effect of initial application to opening accumulated losses as at 1 January 2019 and the comparatives will not be restated. Upon adoption of IFRS 16, the Group will recognise a liability reflecting these future lease payments and right-of-use assets, except for the short-term leases of less than twelve months and leases of low-value assets that are exempted from applying this accounting model as a practical expedient. As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately HK$3,110,000 which accounts for approximately 0.3% and 2.4% of the Group's total assets and liabilities respectively as at 31 December 2018. The Group expects that the adoption of IFRS 16 as compared with the current accounting policy would not result in significant impact on the Group's assets, liabilities, financial performance and cash flow classification.

2.2 Changes in accounting policies

The following explains the impact of the adoption of IFRS 9 and IFRS 15 on the Group's financial statements. The Group elected to adopt IFRS 9 and IFRS 15 without restating comparatives.

The reclassifications and the adjustments are therefore not reflected in the restated consolidated statement of financial position as at 31 December 2017, but are recognised in the opening consolidated statement of financial position on 1 January 2018.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

	31 December 2017 as originally presented	**Effects of the adoption of IFRS 9**	**Effects of the adoption of IFRS 15**	**1 January 2018 Restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Trade and bills receivables	178,179	(6,489)	(18,982)	152,708
Contract assets	–	–	18,982	18,982
Current liabilities				
Contract liabilities	–	–	(309)	(309)
Trade and other payables	(37,355)	–	309	(37,046)
Equity				
Accumulated loss	2,570,197	2,714	–	2,572,911
Non-controlling interests	(63,796)	3,775	–	(60,021)

(a) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated with the exception of certain aspects of hedge accounting.

(i) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The measurement categories of each material class of financial assets and liabilities were as follows:

	Measurement Category under IAS 39	Measurement Category under IFRS 9
Financial assets		
Trade receivables	Amortised cost	Amortised cost
Contract assets	N/A	Amortised cost
Bill and other receivables	Amortised cost	Amortised cost
Short-term bank deposits	Amortised cost	Amortised cost
Cash and cash equivalents	Amortised cost	Amortised cost
Financial liabilities		
Trade and bills payables	Amortised cost	Amortised cost
Accruals and other payables	Amortised cost	Amortised cost

(ii) Impairment of financial assets

The Group's financial assets that are subject to IFRS 9's new expected credit loss model include trade and bill receivables, contract assets and other receivables. The Group was required to revise its impairment methodology under IFRS 9 for these classes of financial assets.

The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed below.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

This resulted in an increase of the loss allowance for the discontinued operations on 1 January 2018 by HK$6,489,000 for trade receivables while the impact from the continuing operations is considered immaterial. Below provides more details about the calculation of the loss allowance.

The loss allowance for the discontinued operations increased by a further HK$688,000 to HK$10,306,000 for trade receivables during the current reporting period. While the impact to the continuing operations is considered immaterial.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets related to unbilled receivables and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjust the historical loss rate based on expected changes in these factors.

On that basis, the loss allowance for the discontinued operations as at 1 January 2018 (on adoption of IFRS 9) was determined as follows for both trade receivables and contract assets:

1 January 2018	**not yet due**	**Within 30 days**	**31-60 days**	**61-180 days**	**81-365 days**	**366-730 days**	**Over 730 days**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Expected loss rate	0.44%	0.13%	15.96%	37.20%	35.56%	80.49%	98.25%	
Gross carrying amount								
– trade receivables	29,508	1,525	3,677	3,753	5,064	2,962	3,377	49,866
– Contract assets	–	–	–	–	–	–	–	–
Loss allowance	130	2	587	1,396	1,801	2,384	3,318	9,618

The loss allowances for discontinued operations for trade receivables and contract assets as at 31 December 2017 reconcile to the opening loss allowance on 1 January 2018 as follows:

	Trade receivables	**Contract assets**
	HK$'000	*HK$'000*
At 31 December 2017 – calculated under IAS 39	(3,129)	–
Amounts additional provided through opening retained earnings on the adoption of IFRS 9	(6,489)	–
Opening loss allowance on 1 January 2018 – IFRS 9	(9,618)	–

Trade receivables is written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery includes, amongst other, the failure of a debtor to engage in a repayment plan within the Group, and a failure to make contractual payments for a period of greater than 180 to 365 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit/(loss). Subsequent recoveries of amounts previously written off are credited against the same line item.

Bill and other receivables

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which was immaterial.

(b) IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions in IFRS 15, comparative figures have not been restated.

The Group receives payments from certain customers in advance of the performance under the contracts. Under IFRS 15, these receipt in advance previously recognised in trade and other payables were now recognised as contract liabilities.

3. REVENUE AND OTHER INCOME

(a) Revenue

The amount of each significant category of revenue recognised during the year is as follows:

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
CRM services income	**268,975**	258,371
IM services income	**1,940**	–
	270,915	258,371

The Group has three customers whose transactions accounted for 10% or more of the Group's aggregate revenue for 2018 (2017: three customers). The amounts of revenue from the customers are as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer 1	**108,998**	87,285
Customer 2	**78,837**	85,487
Customer 3	**54,000**	54,238

(b) Other income

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**2,649**	2,357
Government grants *(Note a)*	**2,564**	3,064
Rental income *(Note b)*	**700**	697
Others	**421**	266
	6,334	6,384

Note:

(a) Government grants were provided by the local authorities to support the Group's enhancement of service provision to overseas customers and the Group's application of technical patents. There are no unfulfilled conditions or contingencies relating to these grants.

(b) Rental income of HK$ Nil (2017: HK$8,000) was received from a related party.

4. SEGMENT INFORMATION

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management team of the Group. The CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The CODM assesses the performance of the operating segments based on the results and assets attributable to each reportable segment. Interest income and expense are not allocated to segment, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The CODM has determined the operating segments based on these reports. The Group is organised into four business segments:

(i) CRM services ("CRMS") business: this segment includes (a) inbound services which include customer hotline services and built-in secretarial services, a personalised message taking services; and (b) outbound services which include telesales services and market research services.

(ii) RF-SIM business: this segment includes (a) research and development, production and sales of RF-SIM products; (b) licensing of the RF-SIM operation rights; and (c) research and development and technology transfer of CA-SIM application rights to customers.

(iii) PIMS business: this segment includes sales of PIMS products.

(iv) IM services ("IMS") business: this segment includes (a) advisory services on securities and asset management; and (b) securities trading.

No other operating segments have been aggregated to form the reportable segments.

(a) Segment results and assets

The CODM assesses the performance of the operating segments based on the revenue from external customers and reportable segment profit (i.e. revenue less cost of sales and services).

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments including depreciation and amortisation of assets attributable to those segments.

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets.

Information relating to segment liabilities is not disclosed as such information is not regularly reported to the CODM.

The following tables present revenue, reportable segment profit/(loss) and certain assets, liabilities and expenditure information for the Group's business segments for the years ended 31 December 2018 and 2017:

	Continuing operations			**Discontinued operations**				
	IMS business	**CRMS business**	**Total**	**RF-SIM business**	**PIMS business**	**CRMS business**	**Total**	**Group**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
For the year ended 31 December 2018								
Revenue from external customers	**1,940**	**268,975**	**270,915**	**6,195**	**96,926**	**29**	**103,150**	**374,065**
Reportable segment profit/(loss)	**1,332**	**25,532**	**26,864**	**(22,247)**	**23,890**	**29**	**1,672**	**28,536**
Depreciation and amortisation	**1,796**	**8,910**	**10,706**	**2,527**	**2,952**	**–**	**5,479**	**16,185**
Reportable segment assets	**353,568**	**149,778**	**503,346**	**–**	**–**	**–**	**–**	**503,346**
Additions to non-current segment assets during the year	**116,328**	**769**	**117,097**	**85**	**725**	**–**	**810**	**117,907**

	Continuing operations			Discontinued operations				
	IMS business	CRMS business	Total	RF-SIM business	PIMS business	CRMS business	Total	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2017								
Revenue from external customers	–	258,371	258,371	8,798	61,175	326	70,299	328,670
Reportable segment profit/(loss)	–	16,201	16,201	(8,620)	8,266	326	(28)	16,173
Depreciation and amortisation	–	9,553	9,553	6,875	326	–	7,201	16,754
Reportable segment assets	–	186,007	186,007	108,429	56,233	202	164,864	350,871
Additions to non-current segment assets during the year	–	1,515	1,515	1,279	12	–	1,291	2,806

(b) Reconciliations of reportable segment revenue, profit or loss and assets

Continuing operations	**2018**	2017
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**270,915**	258,371
Consolidated revenue	**270,915**	258,371
Profit/(loss)		
Reportable segment profit	**26,864**	16,201
Other income	**6,334**	6,384
Finance income, net	**2,555**	–
Unallocated head office and administrative and other operating expenses	**(61,432)**	(41,190)
Consolidated loss before income tax	**(25,679)**	(18,605)

Discontinued operations	**2018**	2017
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**103,150**	70,299
Consolidated revenue	**103,150**	70,299
Profit/(Loss)		
Reportable segment profit/(loss)	**1,672**	(28)
Other income	**3,602**	9,334
Unallocated depreciation and amortisation	**–**	(81)
Unallocated research and development expenses	**(8,494)**	(11,986)
Unallocated head office and administrative and other operating expenses	**(37,953)**	(44,638)
Income tax (expenses)/credit	**(763)**	3,231
Gain on disposals of businesses	**142,844**	–
Consolidated profit/(loss) from discontinued operations	**100,908**	(44,168)
Assets		
Reportable segment assets	**503,346**	350,871
Deferred tax assets	**–**	2,972
Cash and cash equivalents	**460,352**	383,856
Unallocated head office and other assets	**–**	2
Consolidated total assets	**963,698**	737,701

(c) Geographical information

The following table sets out information about the geographical locations of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, goodwill intangible assets and long term deposits ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the location of the operation to which they are allocated.

	Continuing operations				Discontinued operations				
	Hong Kong	The People's Republic of China ("PRC")	Macao and others	Total	Hong Kong	The People's Republic of China ("PRC")	Macao and others	Total	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2018									
Revenue from external customers	**145,437**	**115,747**	**9,731**	**270,915**	**482**	**102,639**	**29**	**103,150**	**374,065**
Specified non-current assets	**315,822**	**44,492**	**721**	**361,035**	**-**	**-**	**-**	**-**	**361,035**
Year ended 31 December 2017									
Revenue from external customers	158,453	93,450	6,468	258,371	432	69,541	326	70,299	328,670
Specified non-current assets	3,738	49,345	15,202	68,285	25	74,071	–	74,096	142,381

(d) Disaggregation of revenue from contracts with customers

The Group derives revenue from provision of services over-time and at point in time for the following services types.

	Continuing operations			Discontinued operations				
	IMS business	**CRMS business**	**Total**	**RF-SIM business**	**PIMS business**	**CRMS business**	**Total**	**Group**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
For the year ended 31 December 2018								
At point in time	**–**	**103,776**	**103,776**	**6,195**	**96,926**	**–**	**103,121**	**206,897**
Over-time	**1,940**	**165,199**	**167,139**	**–**	**–**	**29**	**29**	**167,168**
	1,940	**268,975**	**270,915**	**6,195**	**96,926**	**29**	**103,150**	**374,065**

	Continuing operations			Discontinued operations				
	IMS business	CRMS business	Total	RF-SIM business	PIMS business	CRMS business	Total	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2017								
At point in time	–	81,295	81,295	8,798	61,175	–	69,973	151,268
Over-time	–	177,076	177,076	–	–	326	326	177,402
	–	258,371	258,371	8,798	61,175	326	70,299	328,670

5. INCOME TAX EXPENSE/(CREDIT)

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Current income tax:		
PRC corporate income tax	**804**	–
Over provision in the prior years	**(55)**	(1,837)
Total current tax expenses/(credit)	**749**	(1,837)
Deferred tax	**91**	(114)
Income expenses/(tax credit)	**840**	(1,951)

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the year.

(ii) PRC corporate income tax

Xiamen Elite Electric Co. Ltd. ("Xiamen Elite") and China Elite Info. Co. Ltd ("China Elite"). are eligible for a preferential income tax rate of 15% from 2018-2020 and 2017-2019 respectively as a High and New Technology Enterprise ("HNTE").

Guangzhou Global Link Communications Inc. was qualified as a HNTE in 2018 and is entitled to a concessionary rate of PRC Corporate income tax at 15% for 3 years.

Other than the above, remaining subsidiaries located in the PRC are subject to the PRC Corporate income tax rate of 25% (2017: 25%) on its assessable profits.

(iii) Macao complementary tax

Pursuant to Article 12 of Decree-Law No. 58/99/M issued by the Macao Government, the Group is exempted from Macao Complementary Tax. As a result, no provision for Macao Complementary Tax has been made by the Group for the year.

6. DIVIDENDS

On 9 August 2018, the Board declared a special dividend by distribution in specie of 873,683,120 GLCH shares being held by the Company (the "Distribution in Specie"). On 9 October 2018, pursuant to the Distribution in Specie, the Group ceased to be shareholder of 872,920,496 shares in GLCH. The fair value of these shares was at HK$0.114 per share totalling HK$99,513,000.

The board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2018 (2017: Nil).

7. (LOSS)/EARNING PER SHARE

(a) Basic (loss)/earning per share

Basic (loss)/earning per share is calculated by dividing the profit/loss attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2018	2017
Loss attributable to owners of the Company *(HK$'000)*		
– arising from continuing operations	**(26,519)**	(16,654)
– arising from discontinued operations	**102,965**	(32,546)
Weighted average number of ordinary shares in issue *(thousand)*	**9,281,861**	9,083,460
Basic (loss)/earning per share *(HK cents)*		
– from continuing operations	**(0.29)**	(0.18)
– from discontinued operations	**1.11**	(0.36)
Total	**0.82**	(0.54)

(b) Diluted (loss)/earning per share

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares.

Diluted (loss)/earning per share is equal to the basic (loss)/earning per share for the year ended 31 December 2018 as there were no potential dilutive ordinary shares outstanding during the year (2017: same).

8. DISCONTINUED OPERATIONS

On 9 October 2018, pursuant to the Distribution in Specie, the Group ceased to be shareholder of 872,920,496 shares in GLCH, representing approximately 42% of the then total issued shares of GLCH. Distribution of nearly all of its interest in GLCH led to loss of control in GLCH on the same date.

On 30 July 2018, the Company has entered into the agreement with the Mr. Li Kin Shing, a former executive director of the Company ("Mr. Li") pursuant to which the Company conditionally agreed to sell and Mr. Li conditionally agreed to purchase the entire issued share capital of Sunward Telecom Limited and MZone Network Limited. The Group completed such disposal on 29 November 2018.

The Group completed the Distribution in Specie, and the disposals of Sunward Telecom Limited and MZone Network Limited ("the disposed businesses") during the year ended 31 December 2018. Accordingly, the financial results of the disposed businesses are presented in the consolidated income statement and consolidated statement of cash flows as "Discontinued Operations" in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations" issued by the IASB. Comparative figures have been restated.

Details of the profit/(loss) from discontinued operations are as follows:

		2018	2017
	Note	***HK$'000***	*HK$'000*
Loss after tax from discontinued operations	*8(a)*	**(41,936)**	(44,168)
Gain on disposals	*8(b)*	**142,844**	–
		100,908	(44,168)

(a) An analysis of the results of operations of the Discontinued Operations are set out below:

	For the period from 1 January 2018 9 October 2018	For the period from 1 January 2018 to 29 November 2018	Total 2018	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	97,216	8,963	**106,179**	73,711
Cost of sales	(73,649)	(30,858)	**(104,507)**	(73,739)
Gross profit/(loss)	23,567	(21,895)	**1,672**	(28)
Other income	1,783	1,819	**3,602**	9,334
Research and development expenses	(3,963)	(4,628)	**(8,591)**	(12,138)
Net impairment losses of financial assets	(3,482)	–	**(3,482)**	(2,513)
Administrative and other operating expenses	(21,440)	(12,934)	**(34,374)**	(42,054)
Loss before income tax for the year for discontinued operations	(3,535)	(37,638)	**(41,173)**	(47,399)
Income tax (expense)/credit	–	(763)	**(763)**	3,231
Loss after tax for the year for discontinued operations	(3,535)	(38,401)	**(41,936)**	(44,168)
Other comprehensive income/(loss) from discontinued operations				
– Currency translation differences	(1,253)	(5,000)	**(6,253)**	8,433
– Exchange reserves released upon disposal of businesses	1,008	(87,250)	**(86,242)**	–
	(245)	(92,250)	**(92,495)**	8,433

(b) An analysis of gain on the disposals are as follows:

	GLCH 9 October 2018	Sunward Telecom Limited and MZone Network Limited 29 November 2018	Total
	HK$'000	*HK$'000*	*HK$'000*
Consideration			
– Cash consideration	–	135,000	135,000
– Dividend consideration	99,513	–	99,513
Less: direct expenses	–	(10,318)	(10,318)
Less: net assets disposed of:			
– Property, plant and equipment	(1,208)	(1,131)	(2,339)
– Goodwill	(41,459)	–	(41,459)
– Intangible assets	(20,243)	(1,855)	(22,098)
– Deferred tax assets	–	(319)	(319)
– Inventories	(1,987)	(1,383)	(3,370)
– Trade, bills and other receivables	(76,798)	(4,138)	(80,936)
– Amounts due from inter-companies	–	(60,133)	(60,133)
– Cash and cash equivalents	(65,280)	(57,896)	(123,176)
– Deferred tax liabilities	–	319	319
– Trade, bills and other payables	42,484	4,056	46,540
– Amounts due to inter-companies	–	35,989	35,989
– Provision for warranty	17,563	–	17,563
– Non-controlling interests	57,252	–	57,252
– Provision for taxation	7,048	1,527	8,575
	(82,628)	(84,964)	(167,592)
Less: exchange reserve released upon disposal of businesses	(1,008)	87,249	86,241
Gain on disposals	15,877	126,967	142,844

9. BUSINESS COMBINATION AND GOODWILL

In November 2018, the Company completed the acquisition (the "Acquisition") of the entire issued share capital of Goldstream Capital Management Limited and Goldstream Securities Limited ("Goldstream Companies") for a total consideration of HK$351 million, which was settled by the allotment and issuance of consideration shares (being 2,263,012,321 shares of the Company) to the sellers on 29 November 2018 and obtained control of Goldstream Companies which principally engages in financial services business. The intangible assets acquired through acquisition of Goldstream Companies includes customer contracts and licenses. After the acquisition, the Group, will have instant access to a readily available asset management, securities advisory and trading platform which enables the Group to tap into the financial services sector with an aim to broaden the Group's income stream and enhance the shareholders' value.

The management expects the Group could expand its business scope to financial services business through the acquisition of Goldstream Companies.

The following table summarises the consideration paid for the Acquisition, and the fair values of the assets acquired and liabilities assumed at the acquisition date.

	HK$'000
Purchase consideration	
Issue of ordinary shares	350,767
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	15,954
Property, plant and equipment	896
Intangibles assets	116,259
Trade receivables, other financial asset at amortised cost and other current assets	16,548
Amount due from ultimate holding company	27,000
Amount due from a fellow subsidiary	139
Payables and other accruals	(4,679)
Deferred tax liabilities	(19,183)
Total identifiable net assets acquired	152,934
Added: goodwill *(Note a)*	197,833
Net assets acquired	350,767

Acquisition related costs of HK$6,255,000 had been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2018.

	HK$'000
Inflow of cash to acquire business, net of cash	
– Cash and cash equivalents acquired	15,954

The acquired business contributed HK$1,940,000 to the Group's total revenue and HK$1,296,000 loss to the Group's loss before income tax for the period between the date of acquisition and end of the reporting period.

Had the Acquisition occurred on 1 January 2018, consolidated revenue and consolidated loss after income tax for the year ended 31 December 2018 would have been HK$290,397,000 and HK$30,815,000 respectively. The proforma information was for illustrative purposes only and was not necessarily an indication of total revenue and income and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 January 2018, nor is intended to be a projection of future results.

(a) *Goodwill*

The goodwill of HK$197,833,000 arising from the Acquisition is attributable to the synergies expected to arise from the business combination and future growth of Goldstream Companies. None of the goodwill recognised was expected to be deductible for income tax purposes.

The recoverable amount of goodwill was determined based on fair value less cost of disposal. No impairment charge is noted as at 31 December 2018.

10. TRADE, BILL AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables		
– Amounts due from related parties	**10,492**	23
– Amounts due from third parties	**87,983**	150,576
	98,475	150,599
Provision for doubtful debts	**(181)**	(3,550)
Trade receivables, net	**98,294**	147,049
Bill receivables	**–**	8,477
Trade and bills receivables, net	**98,294**	155,526
Other financial assets at amortised cost		
– Deposits and other receivables	**42,220**	20,553
Prepayment	**2,412**	2,732
Less: Non-current deposits	**(615)**	(632)
	44,017	22,653
	142,311	178,179

(a) Ageing analysis

Included in trade receivables are trade debtors (net of loss allowance) with the following ageing analysis based on the dates on which the relevant sales were made:

	2018	2017
	HK$'000	*HK$'000*
Aged within 1 month	**36,974**	51,961
Aged over 1 to 3 months	**22,443**	40,221
Aged over 3 to 6 months	**3,939**	23,889
Aged over 6 months to 1 year	**622**	24,577
Aged over 1 year	**13,301**	6,401
	77,279	147,049

11. TRADE, BILLS AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables *(Note a)*		
– Amounts due to related parties	**548**	11
– Amounts due to third parties	**2,957**	17,682
	3,505	17,693
Bills payables	**–**	2,392
Other payables and accruals		
– Amounts due to related parties	**24,030**	14
– Amounts due to third parties	**33,400**	17,256
	60,935	37,355

The carrying amounts of trade, bills and other payables are considered to be approximate their fair values, due to their short-term nature.

(a) Trade payables

The ageing analysis of trade payables based on invoice date were are follows:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**2,429**	3,482
31–90 days	**848**	6,624
91–180 days	**5**	4,516
181 days–1 year	**175**	2,063
Over 1 year	**48**	1,008
	3,505	17,693

12. BORROWINGS FROM A FORMER DIRECTOR

	2018	2017
	HK$'000	*HK$'000*
Borrowing from a former director	**47,445**	–

The amount due represent balance with a former director, Mr. Li Kin Shing. He was a director of the Company during the year and resigned on 28 December 2018. The amount is unsecured, non-interest bearing and repayable in full amounted to HK$50,000,000 on 29 November 2020. The imputed interest of HK$2,609,000 is unwinded, incurring a finance cost of HK$54,000 for the year ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT

Mature development of China's service outsourcing base cities leads to the fierce competition of CRM market. It becomes a big challenge to the Group. Due to the robust domestic demand of CRM services, the risk exposure to the operation of the Group is still at a manageable level. In 2018, China's economic growth rate reached 6.6% which is higher than the economic growth target of 6.5% expected by the government of China earlier. Capitalizing on the valuable opportunities arising from a number of favorable government policies in China, including the growth in 4G mobile communications, the rapid development of 5G mobile communications technology, the "Internet Plus" strategy, the increase in domestic demand and the demand arising from the 13th Five-Year Plan for the development of "Smart City", the Group continues to explore the China market.

CRM outsourcing is relatively common in the traditional telecommunications industry. CRM customer base has been extended to a wide range of industries, stretching across finance, postal, travel, healthcare, logistics, information technology, online business, media, public utilities and retail. Meanwhile, new concepts such as "Services in China", online services, mobile internet applications ("APP") and the government's "Internet Plus" strategy are getting increasingly popular and these new elements have been integrated into traditional CRM services. In 2018, the Group continued to expand its internet CRM services to customers to operate intelligent online business for them. Therefore, the immense potential scale of a rising intelligent CRM market will be further enhanced along with the swift growth in China's booming consumer market. The Group is well-prepared for capturing the opportunities and meeting the challenges ahead.

The year under review coincided with the 40th anniversary of the reforming and opening up of the PRC government. The PRC government has been persevering in its reform and opening up during the last 40 years, which has brought about earth-shaking changes across the industries. In particular, China's economy maintained its sustained and steady growth, and the continuous enhancement of its comprehensive strength has attracted worldwide admiration. While the Sino-US trade friction has intensified the global economic uncertainty, the Chinese government successively introduced a series of policies such as "The Private Economy Shall Grow Stronger, Not Weaker", "Taking Special Actions to Increase Financial Support to the Private Businesses to Ease Their Difficulty in Financing" and "Taking Innovation-Driven Development as a Major Strategy for the Future with Unremitting Determination" under the guidance of its core strategic policy of unremitting reform and opening up.

The investment management industry enjoyed a strong start to 2018 in January. The favourable environment started to evaporate in February 2018 due to a combination of slowing global growth, changing monetary policies and increased concerns on geopolitics, rising interest rates, trade tensions between the U.S. and China, political uncertainties surrounding Brexit negotiation which made the remaining part of 2018 a challenging period for the industry. Most of the major market indices in 2018 ended down in contrast to 2017.

The return of market volatility combined with the factors described above have exerted significant pressure on the fund management industry. Investment funds across the globe were generally down with some, through exceptional navigation of a highly turbulent markets and perhaps market conditions favourable to their investment strategies, managed to generate decent returns for the year. Funds that diversified in markets and strategies weathered the storm better than those which deployed single strategy or invest only in a single market.

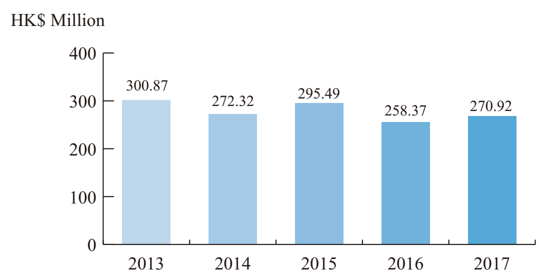
Reducing costs, strengthening of risk management, improving operating model have become a priority to protect assets and improve profit margins. The industry will continue to evolve and develop new operating models to deal with different market environments and volatility.

As we enter a more turbulent phase for investment management, there are many reasons to remain positive; the outlook for Asia and China remains positive for fund managers and investor appetite for the region remains strong, As returns from traditional asset classes become challenging this arguable the time to increase allocation to alternative asset classes which the IM business is focuses on.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, with revenue of approximately HK$268,975,000 and HK$1,940,000 contributed by CRMS and IMS businesses respectively, the Group's total revenue was approximately HK$270,915,000, representing an increase of approximately 5% as compared with approximately HK$258,371,000 in 2017. The following table illustrates the Group's revenue from 2014 to 2018:



Revenue from 2014 to 2018

Revenue from CRMS and IMS businesses accounted for approximately 99% and 1% of the Group's total revenue for the year ended 31 December 2018 respectively. There was an increase of approximately 4% of CRMS business as compared with last year.

Gross Profit

The Group's gross profit for the year ended 31 December 2018 was approximately HK$27,472,000, representing an increase of approximately 70% as compared with last year. The gross profit margin increased by approximately 4% from approximately 6% to approximately 10% as compared with last year.

The gross profit of CRMS business for the year ended 31 December 2018 was approximately HK$25,532,000, which increased by approximately HK$9,331,000, representing an increase of approximately 58% as compared with last year. The gross profit margin of CRMS business increased by approximately 3% from approximately 6% to approximately 9%.

Administrative and Other Operating Expenses

For the year ended 31 December 2018, the total administrative and other operating expenses of the Group were approximately HK$62,040,000 equivalent to approximately 23% of the Group's revenue in 2018. The administrative and other operating expenses to sales ratio was approximately 7% higher as compared with last year.

Profit Attributable to Equity Holders of the Company

The Group's profit attributable to equity holders of the Company for the year ended 31 December 2018 was approximately HK$76,446,000, while the Group's loss attributable to equity holders of the Company for the year ended 31 December 2017 was approximately HK$49,200,000. The net profit margin was approximately 28%. The significant increase in gain attributable to equity holders of the Company for the year ended 31 December 2018 was mainly attributable to the gains on (i) the distribution in specie of shares in GLCH; and (ii) the disposal of the entire issued share capital of Sunward Telecom Limited and MZone Network Limited.

CRMS BUSINESS

Business Review

Customers in Telecommunications Industry

In 2018, the Group continued to provide services to established telecommunications service providers. The Group continued to seek further cooperation with customers in the telecommunications industry, as well as business opportunities with other telecommunications service providers. There was an increase in revenue of the Group from telecommunications service providers for the year ended 31 December 2018 of approximately 5% as compared with last year.

Customers in Non-Telecommunications Industries

In 2018, the Group continued to broaden its non-telecommunications customer base through active negotiation with potential customers in various industries such as realty development, food and beverage, slimming and beauty shops, social welfare, education, information technology, banking and exposition and has successfully acquired service contracts from new customers, details of which are set out in the paragraph – "New Customers" of this announcement.

The Group continued to cooperate with and provide CRM services to well-established customers and customers with business established outside Guangdong Province, China. These customers have stronger demand for the Group's services which is in line with their development and expansion. The existing customers have built up a consolidated customer base for the Group and have witnessed the Group's notable development in non-telecommunications industries.

Multi-Skill Training

Benefiting from the government's favorable training policy for CRM industry in China, the Group provided various training programs for its staff, including a multi-skill-and-management training program. This training program is designed to imbue experienced operators with skills that will allow them to work on multiple projects and to provide both traditional voice and Internet CRM services. This makes the project teams more versatile and better allocates the Group's resources. Consequently, operators that would otherwise be idle can now serve customers of different projects. That has significantly enhanced the Group's efficiency, particularly in small projects with volatile call volume.

An additional benefit of the training program is the further improvement in service quality. The multi-skill operators who have attended at least two structured training programs have demonstrated superior performance in terms of customer satisfaction and telesales success rate. The Directors believe that the operators with multi-skills can form an elite CRM team that particularly suits high-end customers.

CRM Service Centres

The Group has established four CRM service centres and the current production capacity is at an impressive level of over 4,500 seats, securing the Group's leading position in China.

New Customers

During the year under review, the Group has entered into service contracts with the following customers for the provision of CRM services.

Customer	Service	Contract date
China United Network Communications Co., Ltd. Meizhou Branch (中國聯合網路通信有限公司梅州市分公司)	Telesales	May 2018
China United Network Communications Co., Ltd. Shenzhen Branch (中國聯合網路通信有限公司深圳市分公司)	Hotline and Telesales	June 2018
Asus Global Pte. Ltd.	Hotline	September 2018
China United Network Communications Co., Ltd. Guangxi Branch (中國聯合網路通信有限公司廣西壯族自治區分公司)	Hotline and Telesales	October 2018

Awards and Certification

In June 2018, China Elite Info. Co., Ltd. ("China Elite") was certified with ISO/IEC 27001:2013 (the registration No. AN18IS059R2M).

In June 2018, China Elite was awarded the Guangdong Province's Best Customer Service Outsourcing Enterprise of 2017 from Guangdong Service Outsourcing Industry Association.

In November 2018, China Elite was awarded the Top 100 China's Service Outsourcing Enterprise of 2018 from the China Council for International Investment Promotion.

In November 2018, China Elite was awarded the Service Enterprise cultivated with priority by the Government of Guangzhou City.

Internet CRM

During the year under review, the Group continued to provide Internet CRM service named Intelligent Internet Chat Application ("iChat") service, to established telecommunications service providers as well as customers in non-telecomunications industries. The users' usage pattern nowadays is shifting from traditional voice services to value-added online services, therefore Internet CRM service will be the focus of the Group. With the introduction of iChat service, the labour force structure of the traditional CRM service has been optimized. Furthermore, iChat service creates unique value to the Group's customers. The Group believes that by changing the cost structure and increasing the revenue source, the service will enhance profit margin of the Group. As the market trend changes and the artificial intelligent ("A.I.") industry rises, the Group will be exploring the application of A.I. technology in iChat to optimize its services.

The Group had previously developed an A.I. called the "CallVu" system and obtained services agreements, providing online service support to the customer over the past years. However, such CallVu related services project is expected to end in 2019, and the Group has realised in the operation that the technology keeps upgrading and replacing. There are uncertain factors in the renewal of the agreement at this point in time therefore the Group is prudent in the value of CallVu.

The government has become more supportive of the development of A.I. industry. The Directors believe that A.I. applications will become an irresistible trend, and will further invest the Group's resources to the research and development of CRM-related A.I. applications, and seek further business opportunities.

Prospects

The Group strives to increase the penetration in China market and the possibility of developing non-telecommunications markets. The Group expects new market opportunities from the startup of the 13th Five-Year Plan. More clients recognise the importance of the Group's professional service and may cooperate with the Group for lower operation cost, bigger market and higher customer loyalty management. The Group is looking forward to entering into service agreements with these potential customers.

Under a scientific and technological innovative environment in China, including, but not limited to, the growth in 4G mobile communications, the rapid development of 5G mobile communications technology, the penetration of mobile internet application into everyday life, the emerging application for "Smart City" as well as the "Internet Plus" strategy, the Directors anticipate that there will be more opportunities emerged in the market of China and for the business development of the Group. In 2018, the Group expects to enter into service contracts with government departments of cities other than Guangzhou. The Group will continue to seek further business opportunities with other government departments and companies having establishments in provinces other than Guangdong, China.

In addition, the Group has been constantly seeking business improvement and worked out plans on launching new services, new programs and entering into new markets. In the near future, the Group is going to launch a new WiFi service, which is a WiFi access based on wireless access points providing its users with high speed data communications services, including but not limited to Net surfing, Cloud game, Cloud media and SNS chat. With the Group's strong operating team and its developed and advanced in-house technologies, both CRM and evolution gaining increasing recognition, the Directors anticipate that there will be a growing demand for quality intelligent CRM outsourcing solution from various industries in local and overseas markets. The Directors are confident that the Group can capture the lucrative opportunities provided by these future growth drivers.

RF-SIM BUSINESS

Business Review

During the period January to November, 2018, sales volume of RF-SIM products continued to decline. The situation was caused by several factors:

1. QR code technology is becoming more widely adopted by the payment industry over the past few years, and it is difficult to reverse the trend; and

2. The three major operators are focusing on the application development of NB-IoT, which affected the business development of RF-SIM cards.

The Group had been actively introducing the new NB-IoT module developed by the Company to our cooperative operators, card vendors and system integrators, with a view to creating new income for the Group. Despite the Group's efforts, the new initiative has not been widely applied and has not brought about significant increase of the sales of the products. As a result, both the revenue and operating profits of the Group continued to decline as compared with last year.

The construction of smart cities remained the focus of the Group's continuous investment and development. Guangzhou Global Link Intelligent Information Technology Co., Ltd.(廣州國聯智慧信息技術有限公司), a then subsidiary of the Company, continued to promote the launch and operation of the mobile phone CA-SIM people's welfare cards (the "People's Welfare Card") project in Panyu District, under which it was preparing for the launch of its one-card-for-all mobile phone system, and supporting the government's initiatives to promote the application of the mobile phone People's Welfare Cards in the fields of medical care, smart community and public transportation.

Awards and Certification

In 2018, the Group received certificates for two patents:

1. A NFC Bluetooth SIM card supporting multi-channel digital authentication

2. A sensor device and system for smart parking

The Group did not engages in the RF-SIM business after the disposal of the entire issued share capital of Sunward Telecom Limited in November 2018.

PIMS BUSINESS

Business Review

During the period January to October 2018, Guangzhou Global Link Communications Inc. (廣州國聯通信有限公司) ("GZ GLC"), a then subsidiary of the Group, remains engaged in providing overall solution for rail transit information systems as its major business, focused on the delivery of the contracts, including Changsha Metro Line 4, Southern Extension of Wuhan Metro Line 2, Northern Extension of Guangzhou Metro Line 8, Guangzhou Metro Line 14 and Guangzhou Metro Line 21. It was under substantial pressure in guaranteeing the launch of new metro lines in multiple cities during the period. Meanwhile, GZ GLC provided maintenance technology training for the operation and maintenance staff of KTM Berhad on the in-vehicle information system of the Diesel Multiple Unit project. The engineering service staff of GZ GLC worked tirelessly, and received high comments from CRRC Zhuzhou Locomotive Co., Ltd. for their professionalism and dedication demonstrated in their after-sales service in 2018.

In response to the new demands of local owners and vehicle manufacturers, GZ GLC continued its research and development of new products, new applications and new features during the year under review, aiming to consolidate and enhance the competitiveness of its in-vehicle information system through innovation, so as to meet the evolving demands of the customers in the industry. Therefore resulted in a substantial increase in the Company's operating income for the year compared with the previous year. As the urban rail transit construction develops, the requirements of operators and vehicle manufacturing enterprises for rail transit information are also increasing. Network bandwidth, system processing speed, storage capacity and security measures are all prerequisite conditions for product access. In addition, project products under the "Belt and Road" must satisfy climate, cultural traditions, technical standards and service requirements, etc. of all relevant countries, which differed a lot from system products in the past. While coping with fierce price-performance competition, GZ GLC must invest large amount of product innovation resources to achieve the research and development of new projects. In view of the lack of industry professionals in recent years, the rising cost of human resources and product manufacturing are big challenges facing by the Company in its development.

The Group did not engage in the PIMS business after the completion of the Distribution in Specie in October 2018.

IMS BUSINESS

Business Review

IMS business includes Goldstream Capital Management Limited ("GCML") and Goldstream Securities Limited ("GSL").

GCML is incorporated in Hong Kong with limited liability and is a licensed corporation under the Securities and Futures Ordinance (SFO) to engage in Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined under the SFO. It is principally engaged in the provision of advisory services on securities and the asset management business.

GSL is incorporated in Hong Kong with limited liability and is a licensed corporation under the SFO to engage, subject to certain conditions, in Type 1 (dealing in securities) regulated activity as defined under the SFO. It is principally engaged in securities trading.

The Group acquired GCML and GSL in late November 2018 and at the end of December 2018 GCML managed 7 investment contracts across a diversified set of investment strategies.

Prospect

Asia fund management industry enjoyed a positive start to 2019. It began with strong momentum after a challenging 2018 with majority of investment strategies posting gains. Last year's underperformers were the top gainers as fundamental long short strategies fared the best, especially funds with a sizable allocation to China. Risk appetite made a significant return to global markets in January, following a very challenging second half in 2018. Markets oscillated around the latest US-China trade rhetoric but generally maintained their positive momentum throughout the last couple of months. The change in sentiment was sharp, global markets continued to exhibit signs of exuberance with many of the key risk indicators collapsing.

China equity markets were some of the best performers in February 2019 with substantial increase in turnover in domestic exchanges month over month. China focus funds having the best January and February monthly performance in recent years. The market reacted positively to the fast tracking of weighting increase A shares in MSCI Emerging Markets Index. Fund performance in Asia was stronger than other regions for the second successive month and investor interest has subsequently increased.

There has been continued moves to allow a broader access to China's onshore equity market with recent announcements regarding increasing the flexibility of the QFII and RQFII schemes. These have created positive sentiment and favorable environment for the investment management business to recover from 2018.

The IMS business is positioned to benefit from the China markets and will continue to develop steadily through deploying different strategies and expanding our client base.

CAPITAL STRUCTURE

The Group adopts a sound financial policy, and the cash surplus is deposited with the banks to facilitate extra expenditure or investment. Management makes financial forecast on a regular basis. As at 31 December 2018, the Group had outstanding non-interest bearing loan due to Mr. Li Kin Shing, a former executive director of the Company, of HK$50,000,000, discounted value of which as at 29 November 2020 was HK$47,445,000. The gearing ratio (being ratio of total borrowings outstanding less cash and deposits to the sum of total equity and total borrowings) was 0.05. As at 31 December 2018, the Group's balance of cash and deposits was approximately HK$460,352,000, which was attributable to the proceeds from the IPO and cashflow from operations.

SIGNIFICANT ACQUISITION, DISPOSAL OR INVESTMENT

On 30 July 2018, the Company announced, among others, (i) the disposal of the entire issued share capital of MZone Network Limited and Sunward Telecom Limited to Mr. Li Kin Shing, a former executive director of the Company, at a consideration of HK$135 million (subject to adjustment); and (ii) the acquisition of the entire issued share capital of Goldstream Capital Management Limited and Goldstream Securities Limited from Hony Capital Group, L.P. and Expand Ocean Limited, respectively, at an aggregate consideration of HK$270 million, which shall be settled by the allotment and issuance of consideration shares (being 2,263,012,321 shares) to Hony Gold Holdings, L.P. by the Company. The abovementioned disposal and acquisition were completed on 29 November 2018. For details, please refer to the joint announcements of the Company and Hony Gold Holdings, L.P. dated 30 July 2018 and 29 November 2018, and the Company's circular dated 31 August 2018. The consideration of the above mentioned disposal was not adjusted pursuant to relevant agreement.

Save for the above, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures, and investment during the year under review.

DIVIDENDS

On 9 August 2018, the Board resolved to declare a special dividend by distribution in specie (the "Distribution in Specie") of 873,683,120 ordinary shares of HK$0.01 each in the share capital of GLCH ("Global Link Shares"), representing approximately 42% of the total number of the then issued Global Link Shares to the shareholders whose names appear on the registers of members of the Company at the close of business on the record date, 5 October 2018 ("Qualifying Shareholders"), on a pro-rata basis of 961 Global Link Shares for every 10,000 ordinary shares of HK$0.01 each in the share capital of the Company held by the Qualifying Shareholders. On 15 October 2018, relevant share certificates of Global Link Shares were issued and despatched to the Qualifying Shareholders and the Distribution in Specie was completed.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The Directors confirmed that they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange during the year under review.

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

During the year ended 31 December 2018, the Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries has purchased or sold any share of the Company.

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries has redeemed, purchased or cancelled any redeemable securities of the Company.

CORPORATE GOVERNANCE

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct which is not more lenient than Appendix 10 of the Listing Rules. Specific enquiry to all Directors has been made and the Company has confirmed that the Directors have complied with the required standard set out in the code of conduct during the year ended 31 December 2018.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in accordance with the requirements of the CG Code. The primary duties of the audit committee are among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The audit committee consists of the three independent non-executive Directors of the Company, namely, Mr. Cheung Sai Ming, Mr. Chen Xue Dao and Mr. Liu Chun Bao. Mr. Cheung Sai Ming is chairman of the audit committee.

The audit committee of the Company has reviewed the consolidated results of the Group for the year ended 31 December 2018 and is of the opinion that the consolidated results complied with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

By order of the Board
International Elite Ltd.
Zhao John Huan
Chairman

26 March 2019

As at the date of this announcement, the executive directors of the Company are Mr. Zhao John Huan, Mr. Lu Yan, Dr. Lin Tun, Mr. Yuan Bing and Ms. Li Yin and the independent non-executive directors of the Company are Mr. Chen Xue Dao, Mr. Cheung Sai Ming and Mr. Liu Chun Bao.

This announcement is available for viewing on the website of Hong Kong Exchange and Clearing Limited at http://www.hkex.com.hk under "Latest Listed Companies Information" and at the Company's website at http://www.iel.hk.