Guoan International Limited
國安國際有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 143)

ANNUAL RESULTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2017

The board of directors (the "**Board**") of Guoan International Limited (the "**Company**") hereby announces the audited and consolidated results of the Company and its subsidiaries (the "**Group**") for the fifteen months ended 31 December 2017, together with the comparative figures, as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fifteen months ended 31 December 2017	*Notes*	**Fifteen months ended 31 December 2017** ***HK$'000***	Year ended 30 September 2016 *HK$'000*
Revenue	*4*	**116,026**	103,401
Cost of sales		**(85,868)**	(75,668)
Gross profit		**30,158**	27,733
Other revenue	*5*	**1,381**	584
Selling and distribution expenses		**(3)**	(31)
Administrative expenses		**(76,552)**	(53,383)
Other operating expenses		**(659)**	(73)
Finance costs	*6*	**(178)**	(129)
Loss before taxation	*7*	**(45,853)**	(25,299)
Taxation	*8*	**(39)**	–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the fifteen months ended 31 December 2017	*Notes*	**Fifteen months ended 31 December 2017** *HK$'000*	Year ended 30 September 2016 *HK$'000*
Loss for the period/year		**(45,892)**	(25,299)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**133**	133
Other comprehensive income for the period/year, net of tax		**133**	133
Total comprehensive loss for the period/year		**(45,759)**	(25,166)
Loss for the period/year attributable to owners of the Company		**(45,892)**	(25,299)
Total comprehensive loss for the period/year attributable to owners of the Company		**(45,759)**	(25,166)
			(Restated)
Loss per share attributable to owners of the Company			
Basic and diluted (HK cents)	*10*	**(0.68)**	(0.45)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017	*Notes*	**At 31 December 2017** *HK$'000*	At 30 September 2016 *HK$'000*
Non-current assets			
Property, plant and equipment		**322,763**	3,343
Available-for-sale financial assets		**5,950**	5,950
Loan and interest receivables	*11*	**10,167**	–
		338,880	9,293
Current assets			
Inventories		**1,131**	1,432
Trade receivables	*12*	**4,114**	1,137
Prepayments, deposits and other receivables		**9,774**	8,415
Financial assets at fair value through profit or loss		**240**	204
Tax recoverable		**126**	–
Pledged time deposits		**5,084**	5,044
Cash and bank balances		**73,511**	52,923
		93,980	69,155
Current liabilities			
Trade payables	*13*	**1,209**	2,622
Accrued charges and other payables		**43,904**	23,397
Bank borrowings		**4,500**	4,500
Loan from the immediate holding company		**–**	50,000
Loan from the ultimate holding company		**3,602**	–
		53,215	80,519
Net current assets/(liabilities)		**40,765**	(11,364)
Total assets less current liabilities		**379,645**	(2,071)
Non-current liability			
Deferred tax liabilities		**552**	–
Net assets/(liabilities)		**379,093**	(2,071)
Equity			
Capital and reserves attributable to owners of the Company			
Share capital		**77,489**	51,659
Reserves		**301,604**	(53,730)
Total equity		**379,093**	(2,071)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fifteen months ended 31 December 2017

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 9 December 1998 as an exempted company with limited liability and its shares have a primary listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and a secondary listing on Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The registered office of the Company is P.O. Box 309, Ugland House, George Town, Grand Cayman KY1-1104, Cayman Islands and the principal place of business of the Company is located at 15th Floor of Tower II, Admiralty Centre, No.18 Harcourt Road, Hong Kong.

Pursuant to a special resolution passed at an extraordinary general meeting on 18 August 2017, the Company changed its name from "Global Tech (Holdings) Limited" to "Guoan International Limited" and adopted the Chinese name of "國安國際有限公司" as the new dual foreign name of the Company in place of its former dual foreign name of "環球科技(控股)有限公司". The Registrar of Companies in Cayman Islands issued a Certificate of Incorporation on Change of Name bearing the new name of the Company on 21 August 2017. The new name was confirmed by the Registrar of Companies in Hong Kong on 11 September 2017 under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in trading of telecommunications and other products, provision of repair services for telecommunications products, investment in financial assets and money lending business.

The directors of the Company (the "**Directors**") regard Road Shine Developments Limited, a company incorporated in the British Virgin Islands as the immediate holding company, and 中信國安集團有限公司 (CITIC Guoan Group*), a company incorporated in the People's Republic of China (the "**PRC**") as the ultimate holding company.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is also the functional currency of the Company. All values are rounded to the nearest thousand ("HK$'000") except otherwise indicated.

During the current financial period, the reporting period end date of the Group was changed from 30 September to 31 December because the Group would like to align its financial year end date with CITIC Guoan Group* so as to facilitate the preparation of consolidated financial statements of the Company and those of CITIC Guoan Group*, which is for the benefit of the overall development of the Group. Accordingly, the consolidated financial statements for the current period cover the fifteen months ended 31 December 2017. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover the year ended 30 September 2016 and therefore may not be comparable with amounts shown for the current period.

* *For identification purpose only*

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The accounting policies adopted in the consolidated financial statements for the fifteen months ended 31 December 2017 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2016 except as described below.

In the current period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial period beginning on 1 October 2016.

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

In the opinion of the Directors, the application of the new and revised HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKAS 28 (Amendments)	Investments in Associates and Joint Ventures[3]
HKAS 40 (Amendments)	Transfer of Investment Property[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle[3]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based, Payment Transactions[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[5]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[3]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after a date to be determined
[5] Effective for annual period beginning on or after 1 January 2021

3. SEGMENT INFORMATION

The Group's operating segments based on information reported to the chief operating decision maker (the ''**CODM**'') for the purpose of resource allocation and performance assessment are as follows:

(i) Trading of telecommunications and other products

(ii) Provision of repair services for telecommunication products

(iii) Investments in financial assets

(iv) Money lending business

Information regarding the Group's reportable segments for the fifteen months ended 31 December 2017 and the year ended 30 September 2016 is presented as follows:

(a) Segment revenue and results

	For the fifteen months ended 31 December 2017				
	Trading of telecommunications and other products *HK$'000*	Provision of repair services for telecommunication products *HK$'000*	Investments in financial assets *HK$'000*	Money lending business *HK$'000*	Consolidated *HK$'000*
Revenue	18,392	97,431	36	167	116,026
Segment results	896	(10,395)	41	(9)	(9,467)
Interest income					136
Finance costs					(178)
Unallocated expenses					(36,344)
Loss before taxation					(45,853)
Taxation					(39)
Loss for the period					(45,892)

	For the year ended 30 September 2016			
	Trading of telecommunications and other products	Provision of repair services for telecommunication products	Investments in financial assets	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	8,663	94,711	27	103,401
Segment results	5,320	(4,113)	32	1,239
Interest income				16
Finance costs				(129)
Unallocated expenses				(26,425)
Loss before taxation				(25,299)
Taxation				–
Loss for the year				(25,299)

Revenue reported above represents revenue generated from external customers. There are no intersegment sales for the fifteen months ended 31 December 2017 (year ended 30 September 2016: HK$ Nil).

Segment result represents the result generated from each segment without allocation of central administrative costs including directors' salaries, staff costs, legal and professional fees and taxation. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

	At 31 December 2017				
	Trading of telecommunications and other products *HK$'000*	Provision of repair services for telecommunication products *HK$'000*	Investments in financial assets *HK$'000*	Money lending business *HK$'000*	Consolidated *HK$'000*
Segment assets	11,628	12,477	3,374	10,234	37,713
Available-for-sale financial assets					5,950
Unallocated corporate assets					389,197
Consolidated total assets					432,860
Segment liabilities	(618)	(8,479)	–	(20)	(9,117)
Unallocated corporate liabilities					(44,650)
Consolidated total liabilities					(53,767)

	At 30 September 2016			
	Trading of telecommunications and other products	Provision of repair services for telecommunication products	Investments in financial assets	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	7,128	12,263	3,338	22,729
Available-for-sale financial assets				5,950
Unallocated corporate assets				49,769
Consolidated total assets				78,448
Segment liabilities	(476)	(8,465)	–	(8,941)
Unallocated corporate liabilities				(71,578)
Consolidated total liabilities				(80,519)

For the purpose of monitoring segment performance and allocating resources between segments:

i) All assets are allocated to reportable segments other than available-for-sale financial assets, tax recoverable and unallocated corporate assets; and

ii) All liabilities are allocated to reportable segments other than deferred tax liabilities and unallocated corporate liabilities.

(c) Other segment information

	For the fifteen months ended 31 December 2017					
	Trading of telecommunications and other products *HK$'000*	**Provision of repair services for telecommunication products** *HK$'000*	**Investments in financial assets** *HK$'000*	**Money lending business** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Capital expenditure*	**11**	**317**	**–**	**–**	**327,437**	**327,765**
Depreciation	**67**	**734**	**–**	**–**	**7,424**	**8,225**
Loss on written off of property, plant and equipment	**–**	**10**	**–**	**–**	**111**	**121**

	For the year ended 30 September 2016				
	Trading of telecommunications and other products *HK$'000*	Provision of repair services for telecommunication products *HK$'000*	Investments in financial assets *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Capital expenditure*	207	350	–	1,274	1,831
Depreciation	23	585	–	788	1,396
Loss on written off of property, plant and equipment	–	10	–	–	10

* *Capital expenditure consists of additions to property, plant and equipment and assets from the acquisition of a subsidiary.*

(d) Geographical segments

During fifteen months ended 31 December 2017, 91% (year ended 30 September 2016: 100%) of the Group's revenue and more than 99% (year ended 30 September 2016: more than 85%) of the Group's total assets were derived from and located in Hong Kong. Therefore, no geographical segment for the period/year is presented.

(e) Information about major customers

Revenue from customer over 10% of the Group's total revenue is as follows:

	Fifteen months ended 31 December 2017 *HK$'000*	Year ended 30 September 2016 *HK$'000*
Customer A	**60,865**	65,757

4. REVENUE

	Fifteen months ended 31 December 2017	Year ended 30 September 2016
	HK$'000	*HK$'000*
Sales of goods	**18,392**	8,663
Provision of repair services	**97,431**	94,711
Interest income from loan financing	**167**	–
Unrealised gain from financial assets at fair value through profit or loss, net	**36**	27
	116,026	103,401

5. OTHER REVENUE

	Fifteen months ended 31 December 2017	Year ended 30 September 2016
	HK$'000	HK$'000
Dividend income	**5**	5
Interest income	**136**	16
Sundry income	**1,240**	563
	1,381	584

6. FINANCE COSTS

	Fifteen months ended 31 December 2017	Year ended 30 September 2016
	HK$'000	*HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**178**	129

7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting):

	Fifteen months ended 31 December 2017	Year ended 30 September 2016
	HK$'000	*HK$'000*
Auditors' remuneration:		
Auditors of the Company	**2,076**	1,300
Other auditors	**458**	307
Cost of trading inventories sold	**14,051**	4,941
Employee benefit expenses	**44,248**	33,078
Retirement benefit costs	**1,763**	1,245
Depreciation	**8,225**	1,396
Bad debts written off*	**362**	63
Loss on written off of property, plant and equipment*	**121**	10
Allowance for inventories	**48**	58
Reversal of allowance for inventories	**(20)**	(72)
Written off of inventories	**47**	564
Operating lease rental in respect of rental premises	**6,709**	4,516

* *Items included in other operating expenses.*

8. TAXATION

	Fifteen months ended 31 December 2017	Year ended 30 September 2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax:		
Current year	**–**	–
Deferred tax	**39**	–
	39	–

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the fifteen months ended 31 December 2017 (year ended 30 September 2016: HK$ Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of approximately HK$45,892,000 (year ended 30 September 2016: HK$25,299,000) and the weighted average number of 6,713,483,343 ordinary shares for the fifteen months ended 31 December 2017 (year ended 30 September 2016: 5,617,369,713 (restated)). The basic and diluted loss per share have been adjusted and restated for the effect of the rights issue.

The diluted loss per share for the fifteen months ended 31 December 2017 and the year ended 30 September 2016 were the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during both periods.

11. LOAN AND INTEREST RECEIVABLES

The maturity profile of the loan and interest receivables at the end of the reporting period, analysed by the maturity date, is as follows:

	At 31 December 2017 ***HK$'000***	At 30 September 2016 *HK$'000*
Loan receivables:		
Within one year	**–**	–
Two to five years	**10,000**	–
	10,000	–
Interest receivables:		
Within one year	**–**	–
Two to five years	**167**	–
	167	–
	10,167	–

	At 31 December 2017 ***HK$'000***	At 30 September 2016 *HK$'000*
Carrying amount analysed for reporting purpose:		
Current assets	**–**	–
Non-current assets	**10,167**	–
	10,167	–

Note:

No impairment loss was recognised during the fifteen months ended 31 December 2017.

The Group's loan receivable which arises from the money lending business of providing corporate loan in Hong Kong is denominated in Hong Kong dollars.

The loan receivable is secured by collaterals provided by customer, bears interest and repayable with fixed terms agreed with customer.

Before approving any loans to new borrowers, the Group assesses the potential borrower's credit quality and defines credit limits individually. The Group has policy for allowance of doubtful debts which is based on the evaluation of collectability and aging analysis of accounts and on management's judgment, including the current creditworthiness, collaterals and the past collection history of each client.

12. TRADE RECEIVABLES

At the end of the reporting periods, the aging analysis of the trade receivables, based on the invoice date, is as follows:

	At 31 December 2017	At 30 September 2016
	HK$'000	*HK$'000*
Current	**3,736**	460
One to three months overdue	**272**	325
More than three months, but less than twelve months overdue	**92**	59
Over twelve months overdue	**139,319**	139,563
	143,419	140,407
Less: Impairment loss recognised	**(139,305)**	(139,270)
	4,114	1,137

Notes:

(a) The credit terms granted to the Group's customers vary and are generally the results of negotiations between the Group and individual customers.

(b) Included in the trade receivable balances are debtors with an aggregate carrying amount of approximately HK$378,000 (30 September 2016: HK$677,000) which are overdue at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The aging analysis of the trade receivables which are overdue but not impaired is as follows:

	At 31 December 2017 *HK$'000*	At 30 September 2016 *HK$'000*
One to three months overdue	**272**	325
More than three months, but less than twelve months overdue	**92**	59
Over twelve months overdue	**14**	293
	378	677

(c) The movement of the allowance for impairment loss of trade receivables is as follows:

	At 31 December 2017 *HK$'000*	At 30 September 2016 *HK$'000*
At the beginning of the period/year	**139,270**	139,241
Exchange difference	**35**	29
At the end of the period/year	**139,305**	139,270

(d) The aging analysis of the Group's trade receivables which are impaired is as follows:

	At 31 December 2017 *HK$'000*	At 30 September 2016 *HK$'000*
Over twelve months overdue	**139,305**	139,270

13. TRADE PAYABLES

At the end of the reporting periods, the aging analysis of the trade payables, based on the invoice date, is as follows:

	At 31 December 2017 *HK$'000*	At 30 September 2016 *HK$'000*
Current and within one month	**861**	2,611
One to three months overdue	**337**	–
Over three months overdue	**11**	11
	1,209	2,622

14. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

During the fifteen months ended 31 December 2017, the Group acquired a property located in Hong Kong and its related assets and liabilities for a total cash consideration of approximately HK$323,898,000 (the "**Acquisition**"). The Acquisition was completed by way of acquisition of the entire equity interest in Eagle Faith Investments Limited ("**Eagle Faith**"). Details of the Acquisition were disclosed in the Company's announcements dated 26 January 2017 and 17 February 2017, and circular dated 3 March 2017.

Under HKFRS 3 "Business Combination", the Acquisition was accounted for as an acquisition of assets and liabilities as Eagle Faith being acquired by the Group does not constitute a business. The Group identified and recognised the individual identifiable assets acquired and liabilities assumed. The cost of the Acquisition was allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

Details of the net assets acquired in respect of the Acquisition are summarised below:

	HK$'000
Property, plant and equipment	**324,249**
Deposits and prepayments	**92**
Tax prepayment	**80**
Accrued charges	**(10)**
Shareholder loan	**(137,627)**
Deferred tax liabilities	**(513)**
	186,271
Assignment of shareholder loan	**137,627**
	323,898
Net cash outflow arising from the Acquisition:	
Total cash consideration paid	**318,000**
Transaction cost	**5,898**
	323,898

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group announced on 2 June 2017 a change in the financial year end date of the Company from 30 September to 31 December. This change is to align its financial year end date with that adopted by its substantial shareholder, CITIC Guoan Group* so as to facilitate the preparation of consolidated financial statements of the Company and of CITIC Guoan Group*. The Board considers that the change will benefit the overall development of the Group.

As a result of the year end date change, this report presents the audited annual results of the Company covering a period of fifteen months from 1 October 2016 to 31 December 2017 (the "**Period**").

The Company is currently a subsidiary of Road Shine Developments Limited ("**Road Shine**") which holds approximately 53.218% of the total issued share capital of the Company. Road Shine, through Guoan (HK) Holdings Limited, is indirectly owned by CITIC Guoan Group*, a conglomerate in the PRC, headquartered in Beijing. CITIC Guoan Group* has an extensive scope of business worldwide in particular the PRC, spanning from finance, telecommunications, tourism, resources development, mining, chemical plants operation, wine production, real estate, culture, entertainment, hotel operations, media and healthcare.

As the Group's development is being elevated to a new platform, the Board proposed to change the name of the Company to better identify it with CITIC Guoan Group*. This was subsequently approved by the shareholders of the Company at an extraordinary general meeting held on 18 August 2017 whereat the English name of "Guoan International Limited" was officially adopted by the Company, and the Chinese name of "國安國際有限公司" was adopted as its new dual foreign name.

On 31 March 2017, the Group relocated its head office and principal place of business to the office premises it acquired. In order to fully utilise this office property and to generate rental income for the Group, parts of the unoccupied premises are being licensed for use by independent third parties. Such licensing negotiations are ongoing.

During the Period, the Group was principally engaged in the trading of telecommunications and other products, provision of repair services for telecommunications products, investments in financial assets and money leading business.

Performance

During the Period, the Group recorded a 12.2% period on period increase in revenue to approximately HK$116.0 million (year ended 30 September 2016: HK$103.4 million). A gross profit of approximately HK$30.2 million (year ended 30 September 2016: HK$27.7 million) was recorded.

* *For identification purpose only*

A net loss of approximately HK$45.9 million (year ended 30 September 2016: loss of HK$25.3 million) was incurred during the Period, mainly attributable to the increase in amortisation on office premises and administrative expenses.

Revenue generated from the provision of repair services rose 2.9% period on period to approximately HK$97.4 million (year ended 30 September 2016: HK$94.7 million), whereas the trading segment delivered a revenue of HK$18.4 million (year ended 30 September 2016: HK$8.7 million), up 111.5% period on period due to the introduction of trading business of electronic parts.

Business Review

The Group is exploring other investment or business development opportunities to build new avenues of revenue and earnings growth. Leveraging on the strength and exposure of the Group's parent company, and based on the platform of its dual listing in Hong Kong and Singapore, the Group continually seeks to broaden its business scope globally.

Expansion in the Scope of Trading Business

Hong Kong follows a free trade policy and has been ranked the world's freest economy by the Heritage Foundation for 24 consecutive years. In response to an improving global trade environment, Hong Kong demonstrated strong export performance in 2017 representing the fastest growth in six years. Against this backdrop, the Hong Kong economy expanded by 3.9% year on year in real terms in the first three quarters of 2017, while its merchandise exports increased by 8% year on year.

In November 2017, Hong Kong and the Association of Southeast Asian Nations (''**ASEAN**'') signed a free trade agreement to strengthen the trade flows between Hong Kong and ASEAN. The Group notes that the agreement, expected to come into force on 1 January 2019, will expand business opportunities for Hong Kong enterprises in ASEAN member states, which are also economies along the Belt and Road. The closer ties forged will therefore cater for Hong Kong's strategy to tap the opportunities offered by the Belt and Road Initiative.

The Group has continually worked to explore ways to expand its market space in its trading business. During the Period, the Group broadened the scope of traded products to cover telecommunications products and electronic parts. This will help drive new revenue streams for the trading business.

Business Diversification

As the Group is better positioned on a solid platform, it has set out to seek new business developments for the long-term benefit of shareholders. In preparation for participation in the financial services business, the Group has held a money lenders licence since 2016 for conducting related business.

Another diversification initiative is a proposed foray into brokerage business and other financial services. The Board announced that, on 13 February 2018, Exquisite Honor Holdings Limited, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the acquisition of Yicko Securities Limited ("**Yicko**") for a consideration of HK$420,000,000, to be satisfied as to HK$120,000,000 in cash and as to HK$300,000,000 by the Company issuing convertible bonds with an initial conversion price of HK$0.26 per conversion share. The transaction is subject to the approval of shareholders at an extraordinary general meeting.

Yicko is a well-established brokerage company founded in 1992 in Hong Kong. It is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Commission of Hong Kong.

The acquisition will enable the Group to make a meaningful step in its strategic direction towards business diversification, and will allow the Group to leverage on the past experiences of CITIC Guoan Group* and Yicko to create synergies on brokerage and other financial services business in Hong Kong.

Liquidity, Financial and Working Capital Resources

The Group's total non-current assets amounted to approximately HK$338.9 million (30 September 2016: HK$9.3 million) as at 31 December 2017 after completion of acquisition of the office premises.

The Group maintained its conservative low-inventory policy during the Period. As a result, inventories remained at a relatively low level of approximately HK$1.1 million (30 September 2016: HK$1.4 million) at 31 December 2017.

As at 31 December 2017, the Group had net trade receivables of approximately HK$4.1 million (30 September 2016: HK$1.1 million). The Group's bank borrowings stood at HK$4.5 million (30 September 2016: HK$4.5 million), while its gearing ratio, expressed as a percentage of total borrowings over total assets, was 1.9% (30 September 2016: 69.5%). The gearing ratio was significantly improved as the Group has utilised the net proceeds of a rights issue to repay an interest-free and unsecured loan of HK$336.2 million to Road Shine. A fixed deposit of approximately HK$5.1 million (30 September 2016: HK$5.0 million) was pledged to secure banking facilities. The current ratio was approximately 1.77 (30 September 2016: 0.86) while the liquid ratio stood at approximately 1.74 (30 September 2016: 0.84).

The Group's cash and cash equivalents as at 31 December 2017 amounted to HK$73.5 million (30 September 2016: HK$52.9 million).

The objective of the Group's cash management policy is to optimise liquidity to gain a better return for shareholders in a risk-averse manner. At 31 December 2017, the value of the Group's investment in financial assets at fair value through profit or loss amounted to approximately HK$0.2 million (30 September 2016: HK$0.2 million).

* *For identification purpose only*

Amid the prevailing financial volatility, the Group is committed to maintaining a conservative cash management policy and to increasing operating efficiency.

Prospects and Strategic Outlook

2017 concluded with the global economy recording its best performance in six years, and the stage is set for further growth in 2018. However, risks prevail as the world has moved into an unsettling geopolitical phase and as the United States is on track to hike interest rates in 2018.

China's growth remains healthy, and her economy grew faster than expected in the fourth quarter of 2017, helped by a rebound in the industrial sector and strong export growth. In its January update, the International Monetary Fund lifted its forecast for China's economic growth to 6.6% in 2018.

According to the Organisation for Economic Co-operation and Development ("**OECD**"), growth in Emerging Asia (including China, India, and the ten member countries of ASEAN) will remain robust over the medium term on the back of resilient domestic demand, steady investment and trade recovery. Barring unforeseen circumstances, Emerging Asia is expected to post 6.3% growth on average between 2018 and 2022. Southeast Asia's growth will also remain strong. OECD notes that regional integration has deepened over the years in terms of trade, labour and finance. Initiatives promoting further integration will be crucial for maintaining the stability of growth in the region.

The Belt and Road Initiative led by China continues to gain momentum. Spanning more than 60 countries and accounting for about one-third of global GDP, the initiative promotes closer economic cooperation and connectivity while offering development opportunities for both the advanced and emerging economies. In future, more investment projects would emerge and the private sector can leverage its industry and project expertise to participate in some of them.

The economic outlook for Hong Kong remains positive, according to the Hong Kong SAR Government which has pledged to continue promoting diversified economic development.

The mobile segment, nevertheless, is expected to be dragged down by a price war in a crowded five-player market. The addition of a new entrant will continue to disrupt the market and facilitate the grabbing of market share with a competitive pricing strategy, which has triggered price cuts in the market. Industry analysts expect mobile pricing to remain under pressure as operators work to defend their respective market shares. Furthermore, higher spectrum utilisation fees are expected to be a negative factor in the near term.

Responding to the continuing tough market environment for its telecommunications products trading and services provision businesses, the Group will pursue diversification as a means to generate alternate sources of revenue for the long-term viability of its operations. The Group will prudently weigh up the risks as well as the opportunities as it drives new investment or business development initiatives.

Under this diversification drive, the Group has proposed to acquire Yicko as a step to enable it to participate in the brokerage and other financial services business. It will continue to seek other viable investment opportunities in order to broaden its business scope, and thus to strengthen its long-term prospects and returns to shareholders. In particular, the Group will place focus on investments or developments that may create synergy with the businesses of its parent company, and which may leverage its dual listing platform in Hong Kong and Singapore.

To support long-term business growth, the Group will continue to review and strengthen its financial position and asset base. It will also adopt stringent risk management principles in the course of evaluating and negotiating for any new business developments.

Currencies

The Group conducts its core business transactions mainly in Hong Kong dollars, New Taiwan dollars and United States dollars. The majority of the Group's cash and bank balances are also denominated in these three currencies. During the Period, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. As a result, the Group did not enter into any material foreign exchange contracts, currency swaps or other financial derivatives.

Contingent Liability

The Group did not have any significant contingent liability at 31 December 2017.

Material Acquisition or Disposal of Subsidiaries

Except the acquisition of Eagle Faith, there was no material acquisition or disposal of subsidiaries during the fifteen months during 31 December 2017.

Employee Information

At 31 December 2017, the Group employed a work force of 125 (2016: 120). Staff costs, including salaries, bonuses and allowances, were approximately HK$46.0 million (2016: HK$34.3 million).

The Group maintains a competitive remuneration policy to motivate, retain and attract talent. The remuneration packages mainly comprise salary payments, group medical insurance plans and discretionary bonuses awarded on a performance basis. The Group provides pension schemes for employees as part of the staff benefits.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the fifteen months ended 31 December 2017 (2016: HK$ Nil).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the fifteen months ended 31 December 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the period of the fifteen months ended 31 December 2017, the Company has complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors. Specific enquiry has been made to all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the fifteen months ended 31 December 2017.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the audited consolidated annual results of the Group for the fifteen months ended 31 December 2017.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.guoanintl.com), the Stock Exchange (www.hkexnews.hk) and SGX-ST (www.sgx.com). The 2017 annual report containing all the information required by the Listing Rules will be published on the above websites and dispatched to the shareholders of the Company in due course.

On behalf of the Board
Guoan International Limited
DU Jun
Chairman

Hong Kong, 15 March 2018

As at the date of this announcement, the Board comprises 9 directors, of which 2 are executive directors, namely Mr. HUANG Zhen Qian, Mr. SO Haw Herman, 4 are non-executive directors, namely Mr. DU Jun, Mr. LI Xiang Yu, Mr. CUI Ming Hong and Mr. YANG Li Ming and 3 are independent non-executive directors, namely Mr. WONG Chun Man, Mr. TSE Yung Hoi and Mr. NG Man Kung.