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 2015

HIGHLIGHTS

- The Group's turnover was approximately HK$272,320,000, representing a drop of approximately 10% as compared with approximately HK$300,874,000 in 2014.

- Profit attributable to equity holders of the Company was approximately HK$28,294,000, while profit attributable to equity holders of the Company was approximately HK$44,513,000 in 2014, representing a decrease of approximately 36%. The decrease in profit attributable to equity holders of the Company for the year ended 31 December 2015 was mainly attributable to decrease in technology transfer income.

- Basic earnings per share was HK0.31 cents, while basic earnings per share was HK0.49 cents in 2014.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

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 2015, all of which have been reviewed by the audit committee, together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	3	**272,320**	300,874
Cost of sales		**(202,363)**	(207,725)
Gross profit		**69,957**	93,149
Other revenue	3	**15,321**	16,525
Research and development expenses		**(9,731)**	(18,435)
Administrative and other operating expenses		**(47,930)**	(42,336)
Profit before income tax		**27,617**	48,903
Income tax credit/(expense)	5	**677**	(4,390)
Profit for the year attributable to equity holders of the Company		**28,294**	44,513
			(As restated)
Earnings per share attributable to equity holders of the Company:			
– basic *(HK cents)*	7	**0.31**	0.49
– diluted *(HK cents)*	7	**0.31**	0.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**28,294**	44,513
Other comprehensive income		
Items that may be reclassified to profit or loss		
– Fair value (loss)/gain on available-for-sale financial asset	**(6,784)**	640
– Currency translation differences	**(21,228)**	(1,086)
Total comprehensive income for the year, net of tax	**282**	44,067

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**58,459**	62,351
Intangible assets		**36,679**	15,184
Deferred tax assets		**2,278**	1,095
Available-for-sale financial asset	*8*	**24,960**	31,744
		122,376	110,374
Current assets			
Inventories		**45,680**	39,769
Trade and other receivables	*9*	**109,713**	120,068
Time deposits with maturity over three months		**8,004**	–
Cash and cash equivalents		**439,697**	453,923
		603,094	613,760
Total assets		**725,470**	724,134
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*10*	**90,835**	30,278
Reserves		**611,663**	671,938
Total equity		**702,498**	702,216
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**3,131**	3,725
		3,131	3,725
Current liabilities			
Trade and other payables	*11*	**13,187**	12,294
Current income tax liabilities		**6,654**	5,899
		19,841	18,193
Total liabilities		**22,972**	21,918
Total equity and liabilities		**725,470**	724,134

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.

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 Company has established a place of business in Hong Kong and was registered in Hong Kong under Part XI of the Companies Ordinance as an overseas company on 27 June 2007. The address of its registered office is The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, Grand Cayman KY1-1208, Cayman Islands. On 16 October 2007, the Company listed its shares with a par value of HK$0.01 each on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). On 16 April 2009, the Company applied to the Stock Exchange for the transfer of listing from the GEM to the Main Board of the Stock Exchange in respect of the 946,200,000 shares in issue. Approval was granted by the Stock Exchange for the shares to be listed on the Main Board and to be de-listed from GEM on 15 May 2009. Dealings in the shares on the Main Board commenced on 25 May 2009.

2. BASIC OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS 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) Amendments to existing standards that are effective in 2015 but do not have a significant impact to the Group

IAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

The adoption of the above amendments to existing standards did not have significant effect on the financial information or result in any significant changes in the Group's significant accounting policies.

(ii) New standards and amendments to existing standards that have been issued but are not yet effective during the year and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Annual improvements 2014	Annual Improvements 2012-2014 Cycle	1 January 2016
IAS 1 (Amendment)	Disclosure Initiative	1 January 2016
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 10, IFRS 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 11 (Amendment)	Accounting for Acquisition of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IAS 16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 and IAS 41 (Amendments)	Agriculture: Bearer Plants	1 January 2016
IAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
IAS 34	Interim Financial Reporting	1 July 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019

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

(iii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3. REVENUE AND OTHER REVENUE

Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) CRM services

CRM services comprise (1) inbound services which include customer hotline services and built-in secretary services, a personalised message taking services, and (2) outbound services which include telesales services and market research services.

Revenue is recognised when the services have been provided and the Group has obtained the right to demand payment of the consideration. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due or when the amount of revenue and the costs incurred or to be incurred in respect of the services cannot be measured reliably.

(ii) Sales of goods

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue from sales of goods is recognised when the Group has delivered the goods to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(iii) Licensing income

Licensing income is recognised on an accrual basis in accordance with the underlying terms of the relevant agreements.

(iv) Technology transfer income

Technology transfer income is recognised at the fair value of the consideration received in accordance with the underlying terms of the relevant agreements. Revenue is recognised when the risks and rewards of ownership of the application rights of the technology has been transferred to the buyer and the Group has no remaining performance obligations subsequent to the transfer.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(a) Revenue

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

	2015	2014
	HK$'000	*HK$'000*
Inbound services	**147,111**	141,570
Outbound services	**95,901**	85,443
Technology transfer income *(Note i)*	**4,241**	31,104
Sales of goods	**20,667**	38,518
Licensing income	**4,400**	4,239
	272,320	300,874

Note:

(i) On 30 December 2014, the Group completed an assignment with Global Link Communications Holdings Limited ("Global Link"), a third party listed entity on the GEM Board of the Hong Kong Stock Exchange), pursuant to which the Group assigned certain application of CA-SIM technology throughout Panyu Region, Guangdong Province of the PRC to Global Link and its subsidiaries, for a consideration of 128,000,000 listed shares in Global Link. Such revenue was recognised at the fair value of the shares at the date of completion on 30 December 2014.

On 23 November 2015, the Group entered into a technology development agreement with Directel Holdings Limited ("Directel"), a related company of the Group, pursuant to which Directel entrusted the Group to research and develop the OTA Card based on CA-SIM and RF-SIM technology and the application programming interface for the "One Card Multiple Number" for Directel at a consideration of RMB3,500,000 (equivalent to HK$4,241,000).

By the end of the reporting period, the software and applications created in the course of performance of the technology development agreements have been transferred to Directel and the income was recognised as a technology transfer income.

The Group has two customers whose transactions accounted for 10% or more of the Group's aggregate revenue for 2015 (2014: 3 customers). The amounts of revenue from the customers are as follows:

	2015	2014
	HK$'000	*HK$'000*
Largest customer	**113,754**	112,916
Second largest customer	**65,634**	70,346
Third largest customer	**N/A**	31,104

(b) Other revenue

	2015	2014
	HK$'000	*HK$'000*
Interest income	**10,195**	8,847
Government grants *(Note a)*	**4,256**	7,193
Others	**870**	485
	15,321	16,525

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.

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 Company. 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 three business segments:

(i) Inbound services: this segment includes customer hotline services and built-in secretarial services, a personalized message taking services.

(ii) Outbound services: this segment includes telesales services and market research services.

(iii) RF-SIM business: this segment includes (a) the research and development, production and sales of RF-SIM products; (b) licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau; and (c) research and development and technology transfer of CA-SIM application rights to customers.

No 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).

Revenue and expenses are allocated to the reportable segments with reference to sales 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 assets.

The following tables present revenue, reportable segment profit and certain assets, liabilities and expenditure information for the Group's business segments for the years ended 31 December 2015 and 2014:

	For the year ended 31 December 2015				
	Inbound services	**Outbound services**	**RF-SIM business**	**Elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**147,111**	**95,901**	**29,308**	**–**	**272,320**
Inter-segment revenue	**–**	**–**	**4,500**	**(4,500)**	**–**
	147,111	**95,901**	**33,808**	**(4,500)**	**272,320**
Reportable segment profit	**30,343**	**24,688**	**14,926**	**–**	**69,957**
Depreciation and amortisation	**2,427**	**474**	**3,468**	**–**	**6,369**
Reportable segment assets	**77,097**	**24,709**	**80,650**	**–**	**182,456**
Additions to non-current segment assets during the year	**25,843**	**817**	**104**	**–**	**26,764**

	For the year ended 31 December 2014				
	Inbound services	Outbound services	RF-SIM business	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	141,570	85,443	73,861	–	300,874
Inter-segment revenue	5,953	–	2,514	(8,467)	–
	147,523	85,443	76,375	(8,467)	300,874
Reportable segment profit	28,399	17,343	47,407	–	93,149
Depreciation and amortisation	2,366	324	3,632	–	6,322
Reportable segment assets	54,221	29,600	84,900	–	168,721
Additions to non-current segment assets during the year	18	2,784	351	–	3,153

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

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**272,320**	300,874
Consolidated revenue	**272,320**	300,874
Profit		
Reportable segment profit	**69,957**	93,149
Other revenue	**15,321**	16,525
Unallocated depreciation and amortisation	**(2,171)**	(2,279)
Research and development expenses	**(9,731)**	(18,435)
Unallocated head office and administrative and other operating expenses	**(45,759)**	(40,057)
Consolidated profit before income tax	**27,617**	48,903
Assets		
Reportable segment assets	**182,456**	168,721
Deferred tax assets	**2,278**	1,095
Available-for-sales financial asset	**24,960**	31,744
Time deposits with maturity over three months	**8,004**	–
Cash and cash equivalents	**439,697**	453,923
Unallocated head office and other assets	**68,075**	68,651
Consolidated total assets	**725,470**	724,134

(c) Geographical information

The following tables set out information about the geographical locations of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets and available-for-sale financial asset ("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.

Year ended 31 December 2015

	Hong Kong	**PRC**	**Macau**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**207,099**	**57,934**	**7,287**	**272,320**
Specified non-current assets	**27,934**	**67,346**	**24,818**	**120,098**

Year ended 31 December 2014

	Hong Kong *HK$'000*	PRC *HK$'000*	Macau *HK$'000*	Total *HK$'000*
Revenue from external customers	233,893	60,494	6,487	300,874
Specified non-current assets	32,519	76,760	–	109,279

5. INCOME TAX EXPENSE

	2015 ***HK$'000***	2014 *HK$'000*
Current income tax:		
Hong Kong profits tax	**146**	38
PRC corporate income tax	**1,502**	4,821
Under/(over) provision in the prior year	**(746)**	437
Deferred tax	**(1,579)**	(906)
Income tax (credit)/expense	**(677)**	4,390

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

(ii) PRC corporate income tax

China Elite Info. Co., Ltd. ("China Elite") was approved as a Technology Advanced Service Enterprise ("TASE") during the year. According to the tax circular, Caishui [2014] No. 59, China Elite is eligible for a preferential PRC corporate income tax rate of 15% during the 5-year period from 2014-2018 as a TASE, subject to the in-charge tax authority's acceptance of the annual record filing for the entitlement of this reduced corporate income tax rate.

Xiamen Elite Electric Co. Ltd. ("Xiamen Elite") is eligible for a preferential income tax rate of 15% 2015-2018 as a High and New Technology Enterprise ("HNTE"), subject to the approval of Science and Technology Bureau, Ministry of Finance and tax authorities and fulfilment of all the criteria as a HNTE.

(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

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

7. EARNINGS PER SHARE

(a) Basic earnings per share

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

On 23 July 2015, the Group completed a bonus issue of 6,055,640,000 shares at HK$0.01 each on the basis of two bonus shares for every one share pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 June 2015. The basic earnings per share for the year ended 31 December 2014 have been restated to take into account the bonus issue during the year. The weighted average number of shares outstanding was retrospectively adjusted to reflect the effect of bonus issue. For the year ended 31 December 2014, the weighted average of number of ordinary shares in issue was 3,027,820,000 before the restatement.

	2015	2014 (As restated)
Profit attributable to equity holders of the Company *(HK$'000)*	**28,294**	44,513
Weighted average number of ordinary shares in issue *(thousand)*	**9,083,460**	9,083,460
Basic earnings per share *(HK cents)*	**0.31**	0.49

(b) Diluted earnings per share

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

Diluted earnings per share are equal to the basic earnings per share for the year ended 31 December 2015 as there were no potential dilutive ordinary shares outstanding during the year (2014: same).

8. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**31,744**	–
Additions	**–**	31,104
Fair value (loss)/gain	**(6,784)**	640
At 31 December	**24,960**	31,744

Available-for-sale financial asset includes the following:

	2015	2014
	HK$'000	*HK$'000*
Listed shares in Hong Kong	**24,960**	31,744

The fair value of the available-for-sale financial asset is based on its current bid prices in an active market. It represents 128,000,000 listed shares in Global Link (approximately 11.76% of the entired issued share capital of Global Link), a listed company in Hong Kong. Fair value loss during the year was recognised as other comprehensive income.

9. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables		
– amounts due from related parties	**4,229**	60
– amounts due from third parties	**85,134**	104,624
	89,363	104,684
Provision for doubtful debts	**(680)**	(421)
Trade receivables, net *(Note a)*	**88,683**	104,263
Deposits, prepayments and other receivables	**21,030**	15,805
	109,713	120,068

The amounts due from related parties were unsecured, interest free and repayable on demand (2014: same).

According to the contracts entered into between the Group and its customers, payments in respect of the Group's provision of services are made on an open account with credit terms ranging from 15 to 30 days. Its customers are granted with credit terms of a maximum of 30 days for the sales of goods. Subject to negotiation, credit terms could be further extended to three to six months for certain customers with well-established trading and payment records on a case-by-case basis. The Group generally gives credit terms to its customers based on certain criteria, such as the length of business relationship with the customers and the customer's payment history, background and financial strength. The Group reviews the settlement records of its customers on a regular basis to determine their credit terms.

(a) Ageing analysis

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

	2015	2014
	HK$'000	*HK$'000*
Aged within 1 month	**31,883**	29,629
Aged over 1 to 3 months	**32,196**	37,667
Aged over 3 to 6 months	**17,377**	33,804
Aged over 6 months to 1 year	**7,227**	3,163
	88,683	104,263

10. SHARE CAPITAL

Authorised and issued share capital

		2015		2014	
		Number of shares	**Nominal value**	Number of shares	Nominal value
	Note	***'000***	***HK$'000***	*'000*	*HK$'000*
Ordinary shares of HK$0.01 each					
Authorised:					
At 1 January		**10,000,000**	**100,000**	10,000,000	100,000
Increase on 3 June 2015	*(i)*	**10,000,000**	**100,000**	–	–
At 31 December		**20,000,000**	**200,000**	10,000,000	100,000
Issued and fully paid:					
At 1 January		**3,027,820**	**30,278**	3,027,820	30,278
Issue of bonus shares	*(ii)*	**6,055,640**	**60,557**	–	–
At 31 December		**9,083,460**	**90,835**	3,027,820	30,278

Notes:

(i) Pursuant to an ordinary resolution passed at the annual general meeting of the Company on 3 June 2015, the authorised share capital of the Company was increased from HK$100,000,000 (divided into 10,000,000,000 ordinary shares of HK$0.01 each) to HK$200,000,000 (divided into 20,000,000,000 ordinary shares of HK$0.01 each) by the creation of an additional 10,000,000,000 ordinary shares of HK$0.01 each of the Company.

(ii) Pursuant to an ordinary resolution passed at the annual general meeting of the Company on 3 June 2015, the Company issued two bonus shares for every one share held. The issued share capital of the Company was therefore increased from 3,027,820,000 shares of HK$0.01 each to 9,083,460,000 shares of HK$0.01 each accordingly. On 23 June 2015, the Company completed the bonus issue, in which, the share premium account for the period ended 30 June 2015 was reduced by approximately HK$60,557,000 and the same amount was credited to share capital account.

11. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables *(Note a)*	**4,747**	3,502
Other payables and accruals	**8,440**	8,792
	13,187	12,294

(a) Ageing analysis

The ageing analysis of trade payables is as follows:

	2015	2014
	HK$'000	*HK$'000*
0-30 days	**4,632**	3,299
31-90 days	**14**	79
91-180 days	**53**	–
181 days to 1 year	**–**	66
Over 1 year	**48**	58
	4,747	3,502

12. EVENT AFTER THE REPORTING PERIOD

Pursuant to a subscription agreement dated 27 February 2016, entered into between a subsidiary of the Group and Global Link, whereby the subsidiary has conditionally agreed to subscribe in cash for and Global Link has conditionally agreed to allot and issue 1,000,000,000 subscription shares at a subscription price of HK$0.08 per share payable. The net consideration of the subscription is estimated to be approximately HK$79,000,000.

Immediately prior to the entering into of the subscription agreement, the Company is interested in 128,000,000 shares of Global Link (Note 8), representing approximately 11.76% of the entired issued share capital of Global Link as at the date of subscription agreement. Immediately after completion of the acquisition, the Company will be interested in 1,128,000,000 shares, representing approximately 54.00% of the entire issued share capital of Global Link as enlarged by the allotment and issue of the subscription shares. Pursuant to Listing Rule 26.1 of the Takeovers Code, the Company is required to make an unconditional mandatory cash offer for all the issued shares. Further details of the acquisition are set out in the announcement of the Company dated 29 February 2016 and the circular dated 30 March 2016.

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 2015, China's economic growth rate reached 6.9%, which was slightly lower than the economic growth target of 7% 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 "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 application ("APP") and the government's "Internet Plus" strategy are getting increasingly popular and these new elements have been integrated into traditional CRM services. In 2015, 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 Group is supplying RF-SIM products, a widely commercialized and proven technology in the market, as one of the alternative solutions to Near Field Communication ("NFC") handsets to mobile service providers in China and exploring the overseas market.

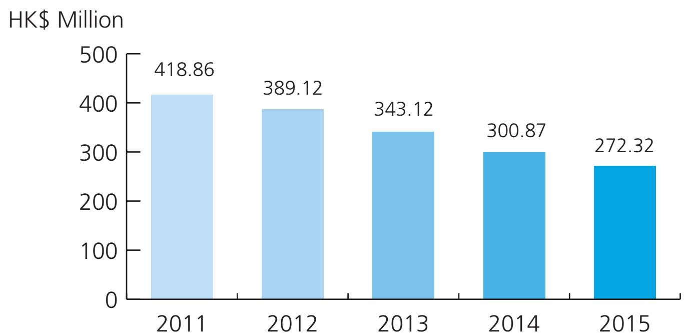
The Group continues to develop CA-SIM, which is based on the RF-SIM technologies with new capabilities to enable Online-to-Offline (O2O) transactions. According to the Ministry of Industry and Information Technology ("MIIT") of China, in 2014, one of the MIIT's initiatives was to further promote the use of e-payment in China. With this initiative in mind, MIIT has been actively promoting technologies including Mobile Internet, Cloud Computing, Internet-of-Things (IOT), etc., enabling O2O to become a new and popular way of spending. It is the Group's vision that the CA-SIM products will open up new sales opportunities by riding the wave of the newly developed O2O spending.

The Group is still keeping its vision on the long term opportunity of its product portfolio derived from its RF-SIM technology as prudently optimistic despite the uncertainty and risks on its business growth and product strategies due to the total accessible market which is huge and its unique position in the complex mobile payment ecosystem. The Group has been paying a lot of attention and caution to the changing market environment and adjusted its company's development direction accordingly, by reviewing its existing challenges and prospects.

FINANCIAL REVIEW

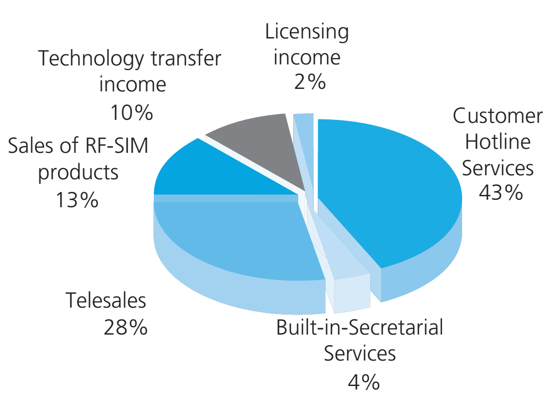
Revenue

For the year ended 31 December 2015, with approximately HK$243,012,000 and HK$29,308,000 contributed by CRM service business and RF-SIM business respectively, the Group's total revenue was approximately HK$272,320,000, representing a drop of approximately 10% as compared with approximately HK$300,874,000 in 2014. There was an approximately 5% increase in revenue contributed by CRM service business and an approximately 15% decrease in revenue contributed by RF-SIM business. The following table illustrates the Group's revenue from 2011 to 2015:

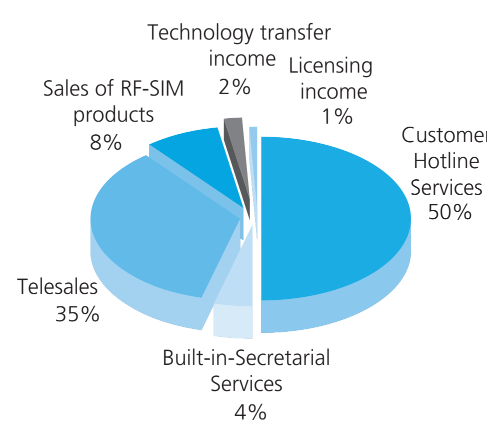


Revenue from 2011 to 2015

Revenue from inbound services, outbound services and RF-SIM business accounted for approximately 54%, 35% and 11% of the Group's total revenue for the year ended 31 December 2015 respectively. There were an increase of approximately 4% of inbound services, an increase of approximately 12% of outbound services and a decrease of approximately 60% of RF-SIM business as compared with last year. The new revenue stream of RF-SIM business, income from technology transfer, accounted for approximately 2% of the total revenue. Below are the charts illustrating the Group's revenue generated from different sections in 2014 and 2015.



Revenue by services in 2014



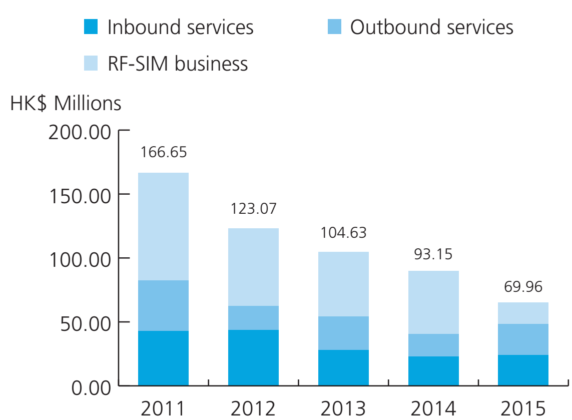
Revenue by services in 2015

Gross Profit

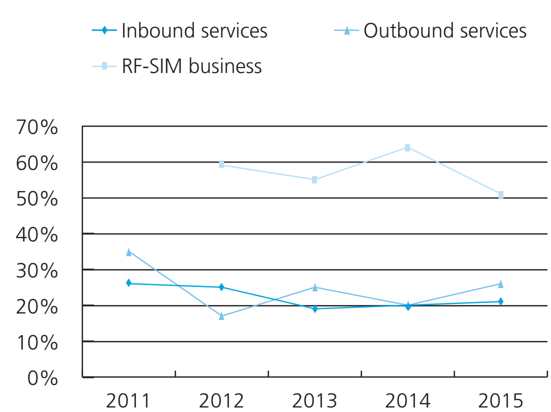
The Group's gross profit for the year ended 31 December 2015 was approximately HK$69,957,000, representing a decrease of approximately 25% as compared with last year. The gross profit margin decreased by approximately 5% from approximately 31% to approximately 26% as compared with last year.

The gross profit of CRM service business for the year ended 31 December 2015 was approximately HK$55,031,000, which increased by approximately HK$9,289,000 as compared with last year and accounted for approximately 10% of the increase in gross profit of the Group. The gross profit margin of CRM service business increased by approximately 3% from approximately 20% to approximately 23%. The gross profit of RF-SIM business for the year ended 31 December 2015 was approximately HK$14,926,000, which decreased by approximately HK$32,481,000 as compared with last year and accounted for approximately 35% of the decrease in gross profit of the Group. The gross profit margin of RF-SIM business decreased by approximately 13% from approximately 64% to approximately 51% as compared with last year.

The gross profit of inbound services, outbound services and RF-SIM business accounted for approximately 44%, 35% and 21% of the Group's gross profit for the year ended 31 December 2015 respectively. The gross profit margins of the inbound services, outbound services and RF-SIM business for the year ended 31 December 2015 were approximately 21%, 26% and 51% respectively. Below are the charts illustrating the Group's gross profit from different business segments from 2011 to 2015.



Gross profit by segment



Gross profit margin by segment

Administrative and Other Operating Expenses

For the year ended 31 December 2015, the total administrative and other operating expenses of the Group were approximately HK$47,930,000 equivalent to approximately 18% of the Group's revenue in 2015. The administrative and other operating expenses to sales ratio was approximately 4% 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 2015 was approximately HK$28,294,000, while the Group's profit attributable to equity holders of the Company for the year ended 31 December 2014 was approximately HK$44,513,000, representing a decrease of approximately 36%. The net profit margin also dropped from approximately 15% to approximately 10%. The decrease in profit attributable to equity holders of the Company for the year ended 31 December 2015 was mainly attributable to decrease in technology transfer income.

CRM SERVICE BUSINESS

Business Review

Customers in Telecommunications Industry

In 2015, 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 2015 of approximately 2% as compared with last year.

Customers in Non-Telecommunications Industries

In 2015, the Group continued to broaden its non-telecommunications customer base through active negotiation with potential customers in various industries such as food and beverage, slimming and beauty shops, social welfare, education, information technology, banking and exposition and has successfully acquired service contracts from new customers under the paragraph – "New Customers" of this announcement.

Subsequent to the cooperation with Guangzhou Xinghai Digital Television Golden Card Co., Ltd. (廣州星海數字電視金卡有限公司) in supporting the development and promotion of the "People's Welfare Card" in Panyu Region, the PRC, the Group entered into cooperative agreements with Beijing Shuntiantong Property Management Co., Ltd. (北京順天通物業管理有限公司), Cable Television Working Committee of China Alliance of Radio, Film and Television (中國廣播電影電視社會組織聯合會有線電視工作委員會), China Smartpay Group Holdings Limited (中國支付通集團控股有限公司) (HKEX Stock Code: 8325) and Guangdong Sunshine Kangzhong Medical Investment Management Limited (廣東陽光康眾醫療投資管理有限公司) in respect of CA-SIM collaboration on soultion of "Smart City", e.g. authentication, payment, protection of the copyright and medical treatment.

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 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-telecommunication 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. 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 of service quality. The multi-skill operators have attended at least two structured training programs, and 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 for high-end customers.

CRM Service Centers

The Group has established four CRM service centers 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 Guangfa Bank Co., Ltd. (廣發銀行股份有限公司)	Hotline Service	July 2015
Shanghai CHC Exhibition Co. Ltd. (上海荷瑞會展有限公司)	Telephone Survey Service	August 2015

Awards and Certification

In July 2015, China Elite was certified with the ISO/IEC 27001:2013 (the certificate registration No.AN15IS112R1M).

Internet CRM

During the year under review, the Group continued to provide the Internet CRM service named Intelligent Internet Chat Application ("iChat") service, to established telecommunications service providers as well as customers in non-telecomunications industries. With the introduction of iChat service, the labor force structure of the traditional CRM service has been optimized. Furthermore, iChat service creates a unique value to the Group's customers. The Group believes that by changing the cost structure and increasing revenue source, the service will enhance profit margin for the Group.

Furthermore, the Group has integrated internet and mobile phone APPs to develope an artificial intelligence "CallVu" system and be able to redirect customers by using intelligent robots. CallVu is a visual customer service system, an extension of the Group's call center system and CRM system. Taking the advantage of the call center and based on voice interaction, CallVu provides a visual multimedia interactive display, through which users can communicate by voice as well as Interactive Display Response ("IDR") or by digital call-enhanced customer service system which combines voice and IDR. CallVu develops a visual and smart solution for call centers. The Directors believe that such new online customer service model of "Internet + CRM" will become an inevitable trend.

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 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 2016, 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 named Mzone, which is a WiFi access based on wireless access points providing its users high speed data communication services, including but not limited to Net surfing, Cloud game, Cloud media, 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

For the year ended 31 December 2015, sales of RF-SIM products continued to decline, while CA-SIM products yet to achieve volume sales. The situation is caused by several factors. Firstly, technologies available for mobile payments and mobile e-commerce are increased. Secondly, the rollout of QR Code and Mobile APP based payment solutions (such as Wechat Wallet and Alipay) caused impact on mobile micro payment industry. Thirdly, mobile handset manufacturers have launched their own handset-based contactless payment solutions (such as Apple Pay) and aroused participation of many commercial banks. Fourthly, mobile operators tend to adopt NFC-based SWP SIM solution as mobile payment solution. Fifthly, though the Group's technology and products are comparatively more advanced in features and of higher security level, its cost in manufacturing and marketing is high. As a result, the Group encountered significant decline in revenue and operating profit as compared with last year.

Marketing Strategy

The Group will continue to keep its marketing strategy to deploy its RF-SIM and NFC-SIM products as well as the CA-SIM products through its well-established channels including SIM card vendors, system integrators as well as service aggregator companies. The Group will also explore to establish direct sales channel with mobile operators and to offer different incentive programs with channels to promote product sales.

The Group has never stopped exploring the international market, but there was not much progress due to the long sales cycle as well as different business environments and requirements as compared to that in China for the overseas business. The Group will leverage on the CA-SIM products together with the existing product portfolio to explore the international market through co-operation with overseas system integrators and service operators.

The Group will continue to explore and expand the new licensing program to increase revenue.

Product Development

The Group is actively studying new technology to develop a NFC-based SIM card with Bluetooth-enabled product in order to meet demand in the industry particularly of mobile operators. The new product will be able to overcome technology deficiencies of all solutions and applications available to mobile payment and mobile e-commerce industry nowadays.

In addition, the Group will continue to invest in research and development on new technology and sphere, strive to achieve technology diversification and enhance the accumulate technical reserves.

Manufacturing and Production

The Group did experience a slowdown in demand for the products under outsourcing arrangement but two contracted manufacturing facilities were still employed in the meantime. New products were on trial run and pilot manufacturing in one of them while volume production was being carried out in another one with a bigger capacity. The readiness for supplying a larger scale of the Group's RF-SIM, NFC-SIM and CA-SIM products was maintained and the supply chain management techniques were being continuously enhanced to reduce the inventory level despite the demand for the existing products was not strong and has not been solid for the new products yet. The Group had tried whatever measures to ensure the improvement in quality of production and products, including submitting the products for third party certification and authoritative organizations in quality examination when applicable.

Awards and Recognition

In 2015, the Group received the following awards and certifications:

"Innovative Product Award of Golden Ant Award" by Office of China Golden Card Project (中國金卡工程辦公室金「螞蟻獎-創新產品獎」)

"Model Enterprise of Intellectual Property" by Intellectual Property Office of Xiamen (廈門市知識產權局「知識產權示範企業」)

"Innovative Enterprise" by Xiamen Municipal Government (廈門市市政府「廈門市創新性企業」)

Patent: Mobile phone subscriber identity card based on multichannel digital authentication of mobile payment.

Prospects

The Group is extending its product portfolio with new product line and licensing programs which can continue to meet the requirements from both the market as well as the customers, and to arouse new demand for the Group's products. These initiatives to extend the Group's product portfolio and to explore international markets will be a challenge for the Group but the Group will continue to pursue with a proper risk assessment and management philosophy in place.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015. No dividend was paid in respect of the year ended 31 December 2014.

ISSUANCE OF BONUS SHARES

The Board has made a bonus issues of two new shares credited as fully paid for every one share held by shareholders of the Company whose names appeared on the register of members of the Company on 10 June 2015 after the ordinary resolution was passed on the same date. For further details about the bonus issues, please refer to announcement dated 4 June 2015.

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 2015, 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 2015, 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 except for the deviation as described below:

The code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing. The roles of the Chairman and the Chief Executive Officer of the Company are not separated and are performed by the same individual, Mr. Li Kin Shing. The Board will meet regularly to consider, discuss and review the major and appropriate issues affecting the operations of the Company. As such, the Board considers that sufficient measures have been taken and the vesting of the roles of chairman and the chief executive officer of the Company in Mr. Li Kin Shing will not impair the balance of power and authority between the Board and the management. The Board considers that the structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

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 2015.

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 2015 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers. These figures were the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in respect of this announcement 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 2015 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.
Li Kin Shing
Chairman

30 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. Li Kin Shing, Ms. Li Yin, Mr. Wong Kin Wa and Mr. Li Wen 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