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 2016

HIGHLIGHTS

- The Group's turnover was approximately HK$295,489,000, representing an increase of approximately 9% as compared with approximately HK$272,320,000 in 2015.
- Loss attributable to equity holders of the Company was approximately HK$33,166,000 while profit attributable to equity holders of the Company was approximately HK$28,294,000 in 2015.
- Basic loss per share was HK0.37 cents, while basic earnings per share was HK0.31 cents in 2015.
- On 16 November 2016, the Board declared a special dividend by way of distribution in specie of 254,336,880 GLCH Shares to Qualifying Shareholders. The fair value of the distribution in specie of these shares was approximately HK$61,804,000 (2015: Nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: 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 2016, 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 2016

	Note	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*3*	**295,489**	272,320
Cost of sales		**(268,168)**	(202,363)
Gross profit		**27,321**	69,957
Other income	*3*	**16,045**	15,321
Other gain		**4,736**	–
Research and development expenses		**(12,020)**	(9,731)
Administrative and other operating expenses		**(73,894)**	(47,930)
(Loss)/profit from income tax		**(37,812)**	27,617
Income tax credit	*5*	**938**	677
(Loss)/profit for the year		**(36,874)**	28,294
(Loss)/profit attributable to:			
– Equity holders of the Company		**(33,166)**	28,294
– Non-controlling interests		**(3,708)**	–
		(36,874)	28,294
(Loss)/earnings per share attributable to equity holders of the Company:			
– basic (HK cents)	*7*	**(0.37)**	0.31
– diluted (HK cents)	*7*	**(0.37)**	0.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(36,874)**	28,294
Other comprehensive (loss)/income		
Item that may be reclassified to profit or loss		
– Fair value gain/(loss) on an available-for-sale financial asset	**10,880**	(6,784)
– Currency translation differences	**(18,608)**	(21,228)
– Reclassification of revaluation of previously held interest in Global Link Communications Holdings Limited ("GLCH")	**(4,736)**	–
Total comprehensive (loss)/income for the year, net of tax	**(49,338)**	282
Attributable to:		
– Equity holders of the Company	**(44,730)**	282
– Non-controlling interests	**(4,608)**	–
	(49,338)	282

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Note	**2016** *HK$'000*	2015 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**56,071**	58,459
Goodwill	*8*	**41,459**	–
Intangible assets		**55,141**	36,679
Deferred tax assets		**3,273**	2,278
Available-for-sale financial asset	*8*	**–**	24,960
		155,944	122,376
Current assets			
Inventories		**45,315**	45,680
Trade, bill and other receivables	*9*	**134,241**	109,713
Time deposits with maturity over three months		**–**	8,004
Cash and cash equivalents		**443,071**	439,697
		622,627	603,094
Total assets		**778,571**	725,470
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**90,835**	90,835
Reserves		**551,009**	611,663
		641,844	702,498
Non-controlling interests		**74,679**	–
Total equity		**716,523**	702,498
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**2,470**	3,131
Provision for long services payment		**56**	–
		2,526	3,131
Current liabilities			
Trade and other payables	*10*	**32,130**	13,187
Provision for warranty		**14,396**	–
Provision for taxation		**12,996**	6,654
		59,522	19,841
Total liabilities		**62,048**	22,972
Total equity and liabilities		**778,571**	725,470

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 Macao 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 is listed on the Main Board since 25 May 2009.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and requirements of the Hong Kong Companies ordinance Cap. 622. 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) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

IAS 1 (Amendment)	Disclosure Initative
IAS 16 and IAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (Amendment)	Agriculture: Bearer Plants
IAS 27 (Amendment)	Equity Method in Separate Financial Statements
IFRS 10, IFRS 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
IFRS 11 (Amendment)	Accounting for Acquisition of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts
Annual improvements Project	Annual Improvement 2012-2014 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
IAS 7 (Amendment)	Statement of Cash Flows: Disclosure Initiative	1 January 2017
IAS 12 (Amendment)	Income Taxes	1 January 2017
IFRS 2 (Amendment)	Classification and measurement of Share-based Payment Transactions	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 10 and IAS 28 (Amendment)	Sales or Contribution of Assets between an Investor and its Associate of Joint Venture	To be determined

The Group has commenced an assessment of the impact of these new standards and amendments to existing standards. 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 9, 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Currently the Group does not have any investment in debt instruments as at 31 December 2016. Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The Group does not apply any hedge accounting, therefore the management expects no financial impact regarding the new hedge accounting rules.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income ("FVOCI"), contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. IFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt IFRS 9 before its mandatory date.

IFRS 15, 'Revenue from contracts with customers'

This standard replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service – the application of IFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue;

- accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under IFRS 15; and

- rights of return – IFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

3. REVENUE AND OTHER INCOME

(a) Revenue

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

	2016	2015
	HK$'000	*HK$'000*
Inbound services	**145,515**	147,111
Outbound services	**91,940**	95,901
Technology transfer income	**–**	4,241
Sales of goods – RF-SIM	**5,280**	20,667
Sales of goods – Passenger information management system ("PIMS")	**51,931**	–
Licensing income	**823**	4,400
	295,489	272,320

The Group has four customers whose transactions accounted for 10% or more of the Group's aggregate revenue for 2016 (2015: two customers). The amounts of revenue from the customers are as follows:

	2016	2015
	HK$'000	*HK$'000*
Largest customer	**97,859**	113,754
Second largest customer	**61,841**	65,634
Third largest customer	**36,378**	N/A
Four largest customer	**29,721**	N/A

(b) Other income

	2016	2015
	HK$'000	*HK$'000*
Interest income	**3,979**	10,195
Government grants *(Note a)*	**7,957**	4,256
Recovery of bad debts	**2,870**	–
Others	**1,239**	870
	16,045	15,321

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

(ii) 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 Macao; and (c) research and development and technology transfer of CA-SIM application rights to customers.

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

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 2016 and 2015:

	For the year ended 31 December 2016				
	CRMS business *HK$'000*	**RF-SIM business** *HK$'000*	**PIMS business** *HK$'000* *(Note 1)*	**Elimination** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**237,455**	**6,103**	**51,931**	**–**	**295,489**
Reportable segment profit/(loss)	**22,139**	**(2,591)**	**7,773**	**–**	**27,321**
Depreciation and amortisation	**10,405**	**5,182**	**367**	**–**	**15,954**
Reportable segment assets	**157,422**	**124,662**	**50,077**	**–**	**332,161**
Additions to non-current segment assets during the year	**5,552**	**41,864**	**126**	**–**	**47,542**

	For the year ended 31 December 2015			
	(Restated) CRMS business *HK$'000* *(Note 2)*	RF-SIM business *HK$'000*	Elimination *HK$'000*	(Restated) Total *HK$'000*
Revenue from external customers	243,012	29,308	–	272,320
Inter-segment revenue	–	4,500	(4,500)	–
	243,012	33,808	(4,500)	272,320
Reportable segment profit	55,031	14,926	–	69,957
Depreciation and amortisation	4,997	3,468	–	8,465
Reportable segment assets	169,737	80,650	–	250,387
Additions to non-current segment assets during the year	31,348	104	–	31,452

Note 1: As described in Note 8 below, PIMS business segment is resulted from the consolidation of GLCH and its subsidiaries ("GLCH Group").

Note 2: In prior year, the CRMS business was split into 2 reportable segments, inbound and outbound services. These two segments were combined in the current year since the CODM regularly has been reviewing the operating results and allocation of resources of these two services as a whole rather than separately. Prior year comparatives are therefore restated.

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

	2016 *HK$'000*	(Restated) 2015 *HK$'000*
Revenue		
Reportable segment revenue	**295,489**	272,320
Consolidated revenue	**295,489**	272,320
(Loss)/profit		
Reportable segment profit	**27,321**	69,957
Other income	**16,045**	15,321
Unallocated depreciation and amortisation	**(51)**	(75)
Research and development expenses	**(12,020)**	(9,731)
Unallocated head office and administrative and other operating expenses	**(69,107)**	(47,855)
Consolidated (loss)/profit before income tax	**(37,812)**	27,617
Assets		
Reportable segment assets	**332,161**	250,387
Deferred tax assets	**3,273**	2,278
Available-for-sales financial asset	**–**	24,960
Time deposits with maturity over three months	**–**	8,004
Cash and cash equivalents	**443,071**	439,697
Unallocated head office and other assets	**66**	144
Consolidated total assets	**778,571**	725,470

(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, 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 2016

	Hong Kong *HK$'000*	**The People's Republic of China ("PRC")** *HK$'000*	**Macao** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**186,266**	**101,982**	**7,241**	**295,489**
Specified non-current assets	**4,695**	**127,709**	**20,267**	**152,671**

Year ended 31 December 2015

	Hong Kong *HK$'000*	PRC *HK$'000*	Macao *HK$'000*	Total *HK$'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

5. INCOME TAX CREDIT

	2016 *HK$'000*	2015 *HK$'000*
Current income tax:		
Hong Kong profits tax	**12**	146
PRC corporate income tax	**1,764**	1,502
Over provision in the prior year	**(1,214)**	(746)
Deferred tax	**(1,500)**	(1,579)
Income tax credit	**(938)**	(677)

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

Guangzhou Global Link Communications Inc. was qualified as a HNTE in October 2014 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% (2015: 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 16 November 2016, the Board declared a special dividend by distribution in specie of 254,336,880 GLCH shares being held by the Company. The fair value of these shares was at HK$0.243 per share totalling HK$61,804,000 (2015: Nil).

7. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	2016	2015
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*	**(33,166)**	28,294
Weighted average number of ordinary shares in issue *(thousand)*	**9,083,460**	9,083,460
Basic (loss)/earnings per share *(HK cents)*	**(0.37)**	0.31

(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 2016 as there were no potential dilutive ordinary shares outstanding during the year (2015: same).

8. BUSINESS COMBINATION, GOODWILL AND AVAILABLE-FOR-SALE FINANCIAL ASSET

On 21 April 2016, Honor Crest Holdings Limited, a direct and wholly-owned subsidiary of the Company, completed the subscription of 1,000,000,000 shares of GLCH (the "Acquisition"), which is principally engaged in the provision of passenger information management system for consideration of HK$80,000,000 Prior to the business combination the Group already held 11.76% equity interest in GLCH and GLCH was classified as available-for-sale financial asset. As a result of the Acquisition the Group held approximately 54% equity interest in GLCH.

(a) Step acquisition of GLCH from available-for-sale financial asset to a subsidiary of the Group

The following table summarises the consideration paid for the Acquisition, and the fair value of the assets acquired, and liabilities assumed and the non-controlling interest at the acquisition date.

	21 April 2016
	HK$'000
Purchase consideration	
– Cash paid	80,000
– Fair value of previously held interest in GLCH *(Note c)*	35,840
	115,840
Recognised amounts of identifiable assets acquired and liabilities assumed	
Pledged bank deposit	1,220
Cash and cash equivalents	92,482
Property, plant and equipment	1,904
Intangibles assets	28,257
Inventories	7,451
Trade and other receivables	44,579
Deposits and prepayments	2,584
Payables and other accruals	(20,483)
Provision for warranty	(12,721)
Provision for long services payment	(56)
Provision for taxation	(7,473)
Total identifiable net assets	137,744
Non-controlling interest	(63,363)
Goodwill *(Note b)*	41,459
	115,840

Acquisition related costs of HK$4,315,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2016.

	21 April 2016
	HK$'000
Inflow of cash to acquire business, net of cash	
– Cash consideration	80,000
– Cash and cash equivalents of subsidiaries acquired	(92,482)
	12,482

The fair value of trade and other receivables is HK$44,579,000 and includes trade receivables with a fair value of HK$42,612,000. The gross contractual amount for trade receivables due is HK$54,475,000, of which HK$11,863,000 is expected to be uncollectible.

The acquired business contributed HK$51,931,000 to the Group's total revenue and HK$7,442,000 loss to the Group's loss before tax for the period between the date of acquisition and end of the reporting period.

Had the acquisition occurred on 1 January 2016, consolidated revenue and consolidated loss after tax for the year ended 31 December 2016 would have been HK$315,715,000 and HK$50,609,000 respectively. The proforma information is for illustrative purposes only and is 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 2016, nor is intended to be a projection of future results.

The Group has chosen to recognise the non-controlling interest at their proportionate share of GLCH's total identifiable net assets for this acquisition.

(b) Goodwill

The acquisition is expected to push forward and execute plans and strategies to improve and develop the existing business, in particular the development of the "Smart City" by using the CA-SIM technology assigned by the Group.

The goodwill of HK$41,459,000 arising from the acquisition is attributable to the synergies expected to arise from the business combination and future growth of GLCH. None of the goodwill recognised is expected to be deductible for income tax purposes.

The recoverable amount of goodwill is determined based on fair value less cost of disposal. No impairment is noted.

(c) Available-for-sale financial asset

	2016	2015
	HK$'000	*HK$'000*
At beginning of the year	**24,960**	31,744
Fair value gain/(loss)	**10,880**	(6,784)
Reclassification to investment in a subsidiary	**(35,840)**	–
At end of the year	**–**	24,960

Available-for-sale financial asset includes the following:

	2016	2015
	HK$'000	*HK$'000*
Listed shares in Hong Kong	**–**	24,960

Available-for-sale financial asset is denominated in HK dollars.

The interest of 11.76% in GLCH previously held by the Group prior to the completion of the acquisition was recognised as an available-for-sale financial asset. The fair value has been re-measured as HK$35,840,000, using the opening share price as at 21 April 2016 and fair value gain of HK$10,880,000 has been recognised in the other comprehensive income. The remaining cumulative fair value gain recognised in the investment reserve of 4,736,000 has been released to the consolidated income statement.

(d) Changes in ownership interests in a subsidiary without change of control

On 16 November 2016, the Group decided to distribute to shareholders 12.17% equity interest in a subsidiary, GLCH, as dividend-in-specie. The carrying amount of the non-controlling interests in GLCH on the date of disposal 2 December 2016, was HK$60,215,000. The Group recognised an increase in non-controlling interests of HK$15,924,000 and an increase in equity attributable to owners of HK$45,880,000 due to revaluation of the non-controlling interest to its fair value prior to distributor. The net effect of changes in the ownership interests of GLCH on the equity attributable to owners of the Group during the year is summarised as follows:

	2016
	HK$'000
Consideration - Dividend	**61,804**
Less: Carrying amount of non-controlling interest disposed of	**15,924**
Gain on disposal within equity	**45,880**

	2016
	HK$'000
Attributable to:	
Equity holders of the Group	**29,956**
Non-controlling interest	**15,924**
	45,880

9. TRADE, BILL AND OTHER RECEIVABLES

	Note	**2016** *HK$'000*	2015 *HK$'000*
Trade receivables			
– amounts due from related parties		**49**	4,229
– amounts due from third parties		**102,142**	85,134
		102,191	89,363
Provision for doubtful debts		**(1,156)**	(680)
Trade receivables, net	*(a)*	**101,035**	88,683
Bill receivables		**8,944**	–
Deposits and other receivables		**19,323**	16,843
Prepayments		**4,939**	4,187
		134,241	109,713

The amounts due from related parties were unsecured, interest free and repayable on demand (2015: same).

(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:

	2016	2015
	HK$'000	*HK$'000*
Aged within 1 month	**39,116**	31,883
Aged over 1 to 3 months	**32,189**	32,196
Aged over 3 to 6 months	**20,409**	17,377
Aged over 6 months to 1 year	**9,321**	7,227
	101,035	88,683

10. TRADE AND OTHER PAYABLES

		2016	2015
	Note	***HK$'000***	*HK$'000*
Trade payables	*(a)*	**15,954**	4,747
Other payables and accruals		**16,176**	8,440
		32,130	13,187

The carrying amounts of trade and other payables approximate their fair value.

(a) Trade payables

The ageing analysis of trade payables is as follows:

	2016	2015
	HK$'000	*HK$'000*
0-30 days	**1,341**	4,632
30-90 days	**4,843**	14
91-180 days	**5,803**	53
181 days-1 year	**3,442**	–
Over 1 year	**525**	48
	15,954	4,747

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 2016, China's economic growth rate reached 6.7%, which has hit the economic growth target range between 6.5% and 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 2016, 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 has successfully developed the CA-SIM products which added Bluetooth support to RF-SIM to interact with Bluetooth mobile phones to enable features including secure data access, trusted computing and identity authentication.

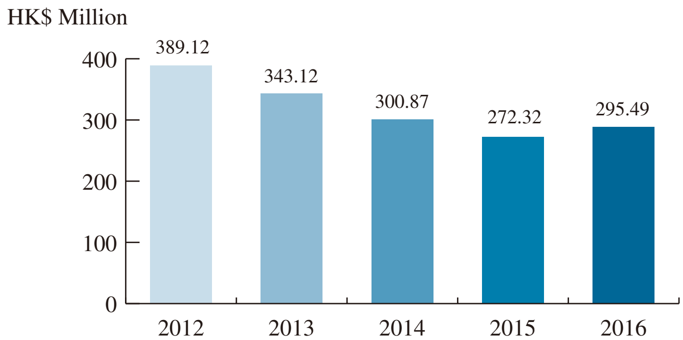
The rapid development of Internet and information technology fosters various digital applications such as e-commerce, network resource access, e-government, e-mail system and electronic bulletin board, etc., data security and access control become the key problems and the market demands solutions for that. CA-SIM is a strong candidate to address such demand which in turn, brings huge market opportunities to the CA-SIM products.

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

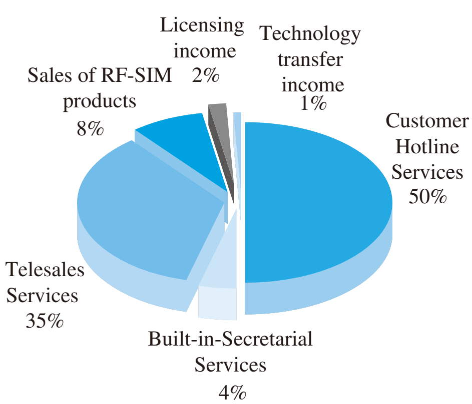
Revenue

For the year ended 31 December 2016, with revenue of approximately HK$237,455,000, HK$6,103,000 and HK$51,931,000 contributed by CRMS, RF-SIM and PIMS businesses respectively, the Group's total revenue was approximately HK$295,489,000, representing an increase of approximately 9% as compared with approximately HK$272,320,000 in 2015. There was an approximately 2% decrease in revenue contributed by CRMS business, an approximately 8% decrease in revenue contributed by RF-SIM business and an approximately 19% increase in revenue contributed by PIMS business. The following table illustrates the Group's revenue from 2012 to 2016:

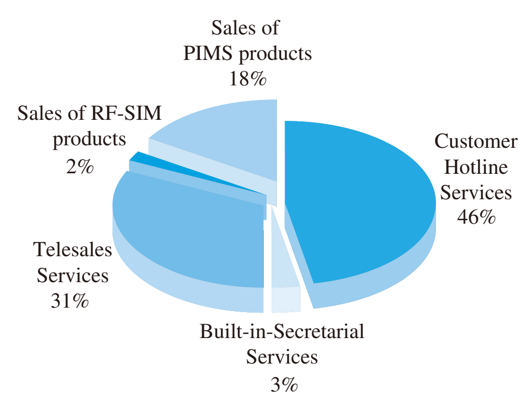


Revenue from 2012 to 2016

Revenue from CRMS, RF-SIM and PIMS businesses accounted for approximately 80%, 2% and 18% of the Group's total revenue for the year ended 31 December 2016 respectively. There were a decrease of approximately 2% of CRMS business and a decrease of approximately 79% of RF-SIM business as compared with last year. Below are the charts illustrating the Group's revenue generated from different sections in 2015 and 2016.



Revenue by services in 2015



Revenue by services in 2016

Gross Profit

The Group's gross profit for the year ended 31 December 2016 was approximately HK$27,321,000, representing a decrease of approximately 61% as compared with last year. The gross profit margin decreased by approximately 17% from approximately 26% to approximately 9% as compared with last year.

The gross profit of CRMS business for the year ended 31 December 2016 was approximately HK$22,139,000, which decreased by approximately HK$32,892,000 as compared with last year and accounted for approximately 47% of the decrease in gross profit of the Group. The gross profit margin of CRMS business decreased by approximately 14% from approximately 23% to approximately 9%. The gross loss of RF-SIM business for the year ended 31 December 2016 was approximately HK$2,591,000 while 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$17,517,000 as compared with last year and accounted for approximately 25% of the decrease in gross profit of the Group. The gross profit margin of RF-SIM business decreased by approximately 93% from approximately 51% to gross loss margin of approximately 42% as compared with last year. The gross profit of PIMS business for the year ended 31 December 2016 was approximately HK$7,773,000 which set off approximately 11% of the decrease in gross profit of the Group. The gross profit margin of PIMS business was 15%.

Administrative and Other Operating Expenses

For the year ended 31 December 2016, the total administrative and other operating expenses of the Group were approximately HK$73,894,000 equivalent to approximately 25% of the Group's revenue in 2016. 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 loss attributable to equity holders of the Company for the year ended 31 December 2016 was approximately HK$33,166,000, while the Group's profit attributable to equity holders of the Company for the year ended 31 December 2015 was approximately HK$28,294,000. The net profit margin also dropped from approximately 10% to net loss margin of approximately 11%. The loss attributable to equity holders of the Company for the year ended 31 December 2016 was mainly attributable to decrease in revenue from the RF-SIM business, increase in costs of the CRMS business and the loss of GLCH Group being consolidated to the results of the Group from the date of completion of the subscription of shares in GLCH, 21 April 2016 to 31 December 2016.

CRMS BUSINESS

Business Review

Customers in Telecommunications Industry

In 2016, 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. However, due to the fierce competition in the CRM and telecommunications industry, there was a decrease in revenue of the Group from telecommunications service providers for the year ended 31 December 2016 of approximately 2% as compared with last year.

Customers in Non-Telecommunications Industries

In 2016, 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.

Subsequent to the cooperation with Guangzhou Xinghai 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 solution of "Smart City", e.g. authentication, payment, protection of the copyright, medical treatment and etc.

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-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. 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 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 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 United Network Communications Co., Ltd. Shantou Branch (中國聯合網絡通信集團有限公司汕頭分公司)	Telesales	March 2016
Guangzhou Panyu Agile Realty Development Co., Ltd. (廣州番禺雅居樂房地產開發有限公司)	Telesales	April 2016
China Unicom (Hongkong) Operations Limited (中國聯通(香港)運營有限公司)	Telesales	Setpember 2016

Awards and Certification

In April 2016, China Elite was awarded the Best Telecommunication Service Outsourcing Enterprise of 2015 from the Guangdong Service Outsourcing Industry Association.

In May 2016, China Elite was certified the 4PS Contact Center International Standard Certification (the registration No. 4PS 2015SSES001-201505012).

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. 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 of the Group.

Furthermore, the Group has integrated internet and mobile phone APPs to develop 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 with 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 2016, sales of RF-SIM products continued to decline, while CA-SIM products yet to achieve volume sales. The situation was caused by several factors. Firstly, there was a trend that mobile operators were steering to other competing technologies (e.g. WeChat Pay, AliPay, etc.) from RF-SIM under the influence of banks and the payment industry, this resulted in the decline of sales of RF-SIM products. For instance, one of the mobile operator had stopped purchasing RF-SIM products from the Group's customer, a SIM card vendor in 2016. Secondly, CA-SIM deployment to the mass market with applications including eID was not realized yet to contribute significant revenue to the Group. 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 take more proactive approaches in promoting the Group's products to mobile operators and relevant system integrators and will consider to promote through media where appropriate.

The Group will put more effort to promote CA-SIM as an enabler for O2O application, requiring secured data access and user-authentication to markets including e-ID and Smart City.

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 higher 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 for the new products has not yet been solid 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 authority organizations quality examination when applicable.

Awards and Certification

In 2016, the Group received the following awards and certification:

Patent:

"An induction antenna structure in mobile phone subscriber identity card" (一種手機SIM卡的感應天線結構)

"A special shaped radio frequency subscriber identity card for multichannel digital authentication" (一種異形感應偶合多通道數字認證射頻SIM卡)

"A radio frequency subscriber identity card supporting 2.4G and Bluetooth communication for digital authentication" (一種支持2.4G和藍牙射頻通信的數字認證手機用户識別卡)

"A radio frequency subscriber identity card supporting SWP for multichannel digital authentication" (一種支持SWP多通道數字認證的射頻SIM卡)

Prospects

The Group continues to extend 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.

PIMS BUSINESS

Business Review

During the year under review, National Development and Reform Commission and Ministry of Transport jointly published the Three-Year Action Plan for Major Projects Construction of Transportation Facilities《交通基礎設施重大工程建設三年行動計劃》, which explicitly states that 303 projects will be developed in priority from 2016-2018, covering railway, road and urban rail transit, etc. Pursuant to the plan, the preparatory work for 103 urban rail transit projects will be facilitated and more than 2,000 kilometers of urban rail transit route will be constructed, which will involve investments of approximately RMB1.6 trillion. Companies in the industrial chain will probably benefit from increased investments in the industry for the coming three years as it is expected that the investment of urban rail transit construction to be completed in the 13th Five-Year Plan will be 50%-70% more than that in the 12th Five-Year Plan. The Group is still primarily focusing on market expansion of urban rail transit and product delivery in accordance with contracts executed. The delivered train information systems for projects entered into last year (including the southern extension of Line 4 as well as Line 7 and Line 9 of the Guangzhou Metro; the Fuzhou Metro; expansion of Line 2 as well as Line 6 of the Wuhan Metro) in accordance with the delivery schedules. During the period, the Group also launched its new lines for operation and maintenance. It implemented the operation and maintenance services for seven new lines in Guangzhou, Wuhan, Guangfo, Fuzhou and Century Link of Hong Kong. In the meantime, at the request of CRRC and customers in various regions, the Group promoted the train system application and innovation for urban rail transit in an orderly manner and signed new order contracts.

Adhering to the national economic development policy of promoting the structural reform at the supply side, the Group emphasized on system product innovation and perfection as well as improving the overall quality of its products delivered for the period, aiming at enhancing the execution of projects and sharpening the competitive edges by means of continuous market exploration. The Group has completed the verification of the first article of train delivered for new projects in cities such as Harbin and Guangzhou during the period.

Prospects

The general economic policy of the PRC government is the reform of supply side and the purpose of reform is to win the market and expand profit margin through quality and efficiency upgrade to stimulate the corporate vitality. The management of the Group is convinced that its overall operation will gain new results as long as we make constant efforts in innovation based on the actual circumstances, adhere to the core concept of "benefit and convenience for people, and serving the community", and concentrate on the construction and operation of specific and feasible projects.

SIGNIFICANT ACQUISITION, DISPOSAL OR INVESTMENT

On 21 April 2016, Honor Crest Holdings Limited ("Honor"), a direct wholly-owned subsidiary of the Company completed the subscription of 1,000,000,000 shares of GLCH, at a subscription price of HK$0.08 per subscription share.

Immediately prior to the entering into the subscription agreement with GLCH on 27 February 2016 (the "Subscription Agreement"), the Company was interested in 128,000,000 shares of GLCH, representing approximately 11.76% of the entire issued share capital of GLCH as at the date of Subscription Agreement. Immediately after the completion, Honor and the parties acting in concert with it owned 1,128,000,000 shares, representing approximately 54% of the entire issued share capital of GLCH as enlarged by the allotment and issue of subscription shares.

Pursuant to Rule 26.1 of the Takeovers Code, the Company was required to make an unconditional mandatory cash offer for all the issued shares, thus, 960,807,500 shares were subject to the unconditional mandatory cash offer to be made by China Galaxy International Securities (Hong Kong) Co., Limited on behalf of Honor (the "Offer"). Subsequent to the completion of the Offer, Honor and other parties acting in concert with it were interested in total of 1,128,020,000 shares of GLCH, representing approximately 54% of the entire issued share capital of GLCH.

Details of the subscription are set out in the announcements of the Company dated 29 February 2016, 3 March 2016, 21 March 2016, 21 April 2016, 28 April 2016 and 19 May 2016 and the circular of the Company dated 30 March 2016.

On 16 November 2016, the Board resolved to declare a special dividend by way of distribution in specie of 254,336,880 ordinary share(s) of HK$0.01 each in the share capital of GLCH ("GLCH Share"), representing approximately 12.18% of the total number of issued GLCH Shares to the shareholder(s) whose name(s) appear on the registers of members of the Company at the close of business on the record date, 2 December 2016, ("Qualifying Shareholders"), on a pro-rata basis of 280 GLCH 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.

Immediately after completion of the distribution, the Company, through Honor, and in its own name, hold the remaining 873,683,120 GLCH Shares in aggregate.

Details of the dividend distribution are set out in the announcement of the Company dated 16 November 2016.

Save as disclosed above, the Group did not have any material acquisition and disposal of subsidiaries and affiliated companies, and investment during the year under review.

DIVIDENDS

On 16 November 2016, the Board resolved to declare a special dividend by way of distribution in specie of 254,336,880 GLCH Shares to Qualifying Shareholders. The fair value of the distribution in specie of these shares was approximately HK$61,804,000 (2015: Nil). On 19 December 2016, share certificates of the relevant shares were issued and despatched to Qualifying Shareholders and the distribution was completed.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016.

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 2016, 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 2016, 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 chairman and 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 2016.

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 2016 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 draft 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 2016 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

Hong Kong, 30 March 2017

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