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 2017

HIGHLIGHTS

- The Group's revenue was approximately HK$328,670,000, representing an increase of approximately 11% as compared with approximately HK$295,489,000 in 2016.

- Loss attributable to equity holders of the Company was approximately HK$49,200,000, while loss attributable to equity holders of the Company was approximately HK$33,166,000 in 2016, representing an increase of approximately 48%. The significant increase in loss attributable to equity holders of the Company for the year ended 31 December 2017 was mainly attributable to (i) the increase in costs as compared with last year; (ii) the provisions for slow moving inventories of the RF-SIM business; and (iii) the loss of Global Link Communications Holdings Limited being consolidated to the results of the Group.

- Basic loss per share was HK0.54 cents, while basic loss per share was HK0.37 cents in 2016.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: 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 2017, 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 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3, 4*	**328,670**	295,489
Cost of sales		**(312,497)**	(268,168)
Gross profit		**16,173**	27,321
Other income	*3*	**15,718**	16,045
Other gain		**–**	4,736
Research and development expenses		**(12,138)**	(12,020)
Administrative and other operating expenses		**(85,757)**	(73,894)
Loss before income tax		**(66,004)**	(37,812)
Income tax credit	*5*	**5,182**	938
Loss for the year		**(60,822)**	(36,874)
Loss attributable to:			
– Owners of the Company		**(49,200)**	(33,166)
– Non-controlling interests		**(11,622)**	(3,708)
		(60,822)	(36,874)
Loss per share attributable to owners of the Company:			
– Basic (HK cents)	*7*	**(0.54)**	(0.37)
– Diluted (HK cents)	*7*	**(0.54)**	(0.37)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(60,822)**	(36,874)
Other comprehensive income/(loss)		
Item that may be reclassified to profit or loss		
– Fair value gain on an available-for-sale financial asset	**–**	10,880
– Currency translation differences	**17,769**	(18,608)
– Reclassification of revaluation of previously held interest in Global Link Communications Holdings Limited ("GLCH")	**–**	(4,736)
Total comprehensive loss for the year, net of tax	**(43,053)**	(49,338)
Total comprehensive loss for the year is attributable to:		
– Owners of the Company	**(32,170)**	(44,730)
– Non-controlling interests	**(10,883)**	(4,608)
	(43,053)	(49,338)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**55,085**	56,071
Goodwill		**41,459**	41,459
Intangible assets		**45,205**	55,141
Deferred tax assets		**2,972**	3,273
Long term deposits	*8*	**632**	–
		145,353	155,944
Current assets			
Inventories		**30,313**	45,315
Trade, bills and other receivables	*8*	**178,179**	134,241
Cash and cash equivalents		**383,856**	443,071
		592,348	622,627
Total assets		**737,701**	778,571
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**90,835**	90,835
Reserves		**518,839**	551,009
		609,674	641,844
Non-controlling interests		**63,796**	74,679
Total equity		**673,470**	716,523
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**2,025**	2,470
Provision for long services payment		**–**	56
		2,025	2,526
Current liabilities			
Trade, bills and other payables	*9*	**37,355**	32,130
Provision for warranty		**15,980**	14,396
Provision for taxation		**8,871**	12,996
		62,206	59,522
Total liabilities		**64,231**	62,048
Total equity and liabilities		**737,701**	778,571

NOTES:

1. GERENAL INFORMATION

International Elite Ltd. (the "Company") and its subsidiaries (together, 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. Following the acquisition of GLCH in April 2016, the Group is also engaged in the provision of passenger information management system ("PIMS").

The Company was incorporated in the Cayman Islands on 18 September 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is the Grand Pavilion Commercial Centre Oleander Way, 802 West Bay Road, Grand Cayman KY1-1208 Cayman Islands. The Company is listed on the Main Board of the Hong Kong Stock Exchange 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 ("IFRSs") issued by the International Accounting Standards Board and the disclosure 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) New 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 2017:

IAS 7 (Amendments)	Statement of Cash Flows: Disclosure Initiative
IAS 12 (Amendments)	Income Taxes
Annual improvement project (IFRS 12 (Amendments))	Disclosure of Interest in other entities

The adoption of the above amendments to existing standards did not have significant effect on the consolidated financial statements 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 improvement project (IAS 28 (Amendments))	Investments in Associates and Joint Ventures	1 January 2018
Annual improvement project (IFRS 1 (Amendments))	First Time Adoption of IFRS	1 January 2018
IAS 40 (Amendments)	Transfers of Investment Property	1 January 2018
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Lease	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC – Int 23	Uncertainty over Income Tax Treatments	1 January 2019

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 2017. 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. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

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 consolidated 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.

The Group is assessing the impact of this standard by analysing the above criteria regarding the revenue recognition and currently has not identified any material impact to the Group. IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings/(accumulated losses) as at 1 January 2018 and that comparatives will not be restated.

3. REVENUE AND OTHER INCOME

(a) Revenue

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

	2017	2016
	HK$'000	*HK$'000*
Inbound services	**167,169**	145,515
Outbound services	**91,528**	91,940
Sales of goods – RF-SIM	**6,660**	5,280
Sales of goods – PIMS	**61,175**	51,931
Licensing income	**2,138**	823
	328,670	295,489

The Group has three customers whose transactions accounted for 10% or more of the Group's aggregate revenue for 2017 (2016: four customers). The amounts of revenue from the customers are as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer 1	**87,285**	97,859
Customer 2	**85,487**	36,378
Customer 3	**54,238**	61,841
Customer 4	**N/A**	29,721

(b) Other income

	2017	2016
	HK$'000	*HK$'000*
Interest income	**4,195**	3,979
Government grants *(Note a)*	**4,179**	7,957
Recovery of bad debts	**5,951**	2,870
Rental income *(Note b)*	**697**	718
Others	**696**	521
	15,718	16,045

Note:

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

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

4. SEGMENT INFORMATION

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

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

The CODM has determined the operating segments based on these reports. The Group is organised into 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 message taking services; and (b) outbound services which include telesales services and market research services.

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

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

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

(a) Segment results and assets

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

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 corporate assets.

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

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 2017 and 2016:

	For the year ended 31 December 2017			
	CRMS business	**RF-SIM business**	**PIMS business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**258,697**	**8,798**	**61,175**	**328,670**
Reportable segment profit/(loss)	**16,527**	**(8,620)**	**8,266**	**16,173**
Depreciation and amortisation	**9,553**	**6,875**	**326**	**16,754**
Reportable segment assets	**186,209**	**108,429**	**56,233**	**350,871**
Additions to non-current segment assets during the year	**1,515**	**1,279**	**12**	**2,806**

	For the year ended 31 December 2016			
	CRMS business	RF-SIM business	PIMS business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**328,670**	295,489
Consolidated revenue	**328,670**	295,489
Loss		
Reportable segment profit	**16,173**	27,321
Other income	**15,718**	16,045
Unallocated depreciation and amortisation	**(81)**	(51)
Unallocated research and development expenses	**(11,986)**	(12,020)
Unallocated head office and administrative, other gains and other operating expenses	**(85,828)**	(69,107)
Consolidated loss before income tax	**(66,004)**	(37,812)
Assets		
Reportable segment assets	**350,871**	332,161
Deferred tax assets	**2,972**	3,273
Cash and cash equivalents	**383,856**	443,071
Unallocated head office and other assets	**2**	66
Consolidated total assets	**737,701**	778,571

(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 long term deposits ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the location of the operation to which they are allocated.

Year ended 31 December 2017

	Hong Kong	**The People's Republic of China ("PRC")**	**Macao and others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**158,885**	**162,992**	**6,793**	**328,670**
Specified non-current assets	**3,763**	**123,416**	**15,202**	**142,381**

Year ended 31 December 2016

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

5. INCOME TAX CREDIT

	2017 ***HK$'000***	2016 *HK$'000*
Current income tax:		
Hong Kong profits tax	**162**	12
PRC corporate income tax	**–**	1,764
Over provision in the prior year	**(5,106)**	(1,214)
Total current tax (credit)/expenses	**(4,944)**	562
Deferred tax	**(238)**	(1,500)
Income tax credit	**(5,182)**	(938)

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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% from 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 ("GZ GLC"). was qualified as a HNTE in 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% (2016:25%) 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

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

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.

7. LOSS PER SHARE

(a) Basic loss per share

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

	2017	2016
Loss attributable to owners of the Company *(HK$'000)*	**(49,200)**	(33,166)
Weighted average number of ordinary shares in issue *(thousand)*	**9,083,460**	9,083,460
Basic loss per share *(HK cents)*	**(0.54)**	(0.37)

(b) Diluted loss per share

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

Diluted loss per share are equal to the basic loss per share for the year ended 31 December 2017 as there were no potential dilutive ordinary shares outstanding during the year (2016: same).

8. TRADE, BILLS AND OTHER RECEIVABLES

	Note	2017 *HK$'000*	2016 *HK$'000*
Trade receivables			
– Amounts due from related parties		**23**	49
– Amounts due from third parties		**150,576**	102,142
		150,599	102,191
Provision for doubtful debts		**(3,550)**	(1,156)
Trade receivables, net	*(a)*	**147,049**	101,035
Bill receivables		**8,477**	8,944
Deposits and other receivables		**20,553**	19,323
Prepayments		**2,732**	4,939
Less: Long term deposits		**(632)**	–
		178,179	134,241

The amounts due from related parties were unsecured, interest free and repayable on demand (2016: 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:

	2017 *HK$'000*	2016 *HK$'000*
Aged within 1 month	**51,961**	39,116
Aged over 1 to 3 months	**40,221**	32,189
Aged over 3 to 6 months	**23,889**	20,409
Aged over 6 months to 1 year	**24,577**	9,321
Aged over 1 year	**6,401**	–
	147,049	101,035

9. TRADE, BILLS AND OTHER PAYABLES

	Note	2017 HK$'000	2016 HK$'000
Trade payables			
– Amounts due to related parties		**11**	–
– Amounts due to third parties		**17,682**	15,954
	(a)	**17,693**	15,954
Bills payables		**2,392**	–
Other payables and accruals			
– Amounts due to related parties		**14**	–
– Amounts due to third parties		**17,256**	16,176
		37,355	32,130

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

(a) Trade payables

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

	2017 HK$'000	2016 HK$'000
0-30 days	**3,482**	1,341
31-90 days	**6,624**	4,843
91-180 days	**4,516**	5,803
181 days to 1 year	**2,063**	3,442
Over 1 year	**1,008**	525
	17,693	15,954

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 2017, China's economic growth rate reached 6.9%, which is higher than the economic growth target of 6.5% expected by the government of China earlier. Capitalizing on the valuable opportunities arising from a number of favorable government policies in China, including the growth in 4G mobile communications, the rapid development of 5G mobile communication technology, the "Internet Plus" strategy, the increase in domestic demand and the demand arising from the 13th Five-Year Plan for the development of "Smart City", the Group continues to explore the China market.

CRM outsourcing is relatively common in the traditional telecommunications industry. CRM customer base has been extended to a wide range of industries, stretching across finance, postal, travel, healthcare, logistics, information technology, online business, media, public utilities and retail. Meanwhile, new concepts such as "Services in China", online services, mobile internet applications ("APP") and the government's "Internet Plus" strategy are getting increasingly popular and these new elements have been integrated into traditional CRM services. In 2017, 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 phone to enable features including secure data access, trusted computing and identity authentication.

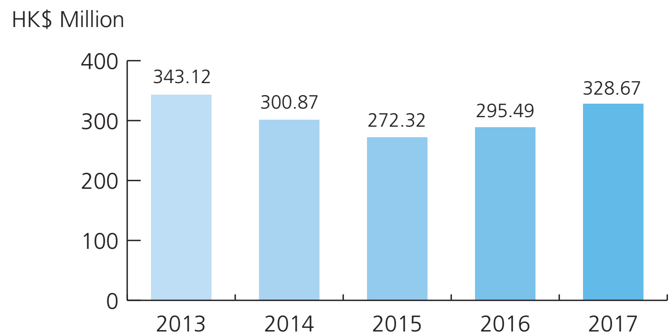
The rapid development of Internet and information technology fosters various digital applications such as e-commerce, network resource access, e-government, e-mail system and electronic bulletin board, etc., data security and access control become the key problems and the market demands solutions for 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

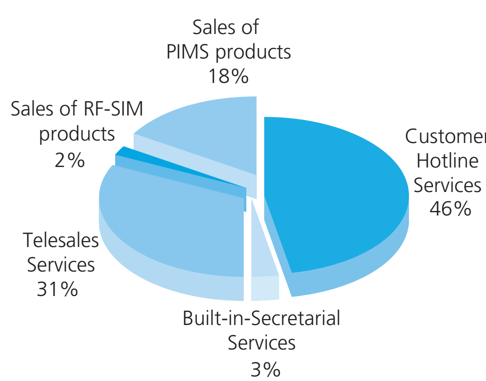
Revenue

For the year ended 31 December 2017, with revenue of approximately HK$258,697,000, HK$8,798,000 and HK$61,175,000 contributed by CRMS, RF-SIM and PIMS businesses respectively, the Group's total revenue was approximately HK$328,670,000, representing an increase of approximately 11% as compared with approximately HK$295,489,000 in 2016. There was an approximately 7% increase in revenue contributed by CRMS business, an approximately 1% increase in revenue contributed by RF-SIM business and an approximately 3% increase in revenue contributed by PIMS business. The following table illustrates the Group's revenue from 2013 to 2017:

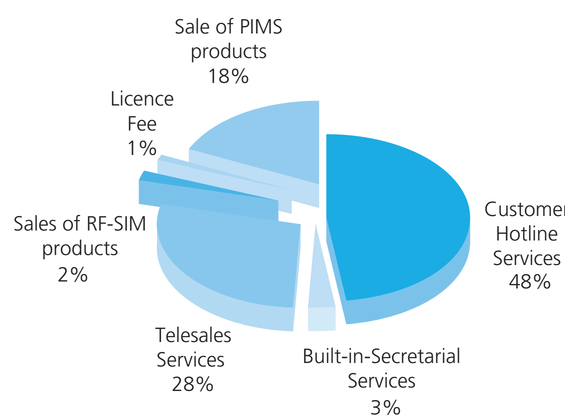


Revenue from 2013 to 2017

Revenue from CRMS, RF-SIM and PIMS businesses accounted for approximately 79%, 3% and 18% of the Group's total revenue for the year ended 31 December 2017 respectively. There were an increase of approximately 9%, 44% and 18% of CRMS, RF-SIM and PIMS businesses respectively as compared with last year. Below are the charts illustrating the Group's revenue generated from different sections in 2016 and 2017.



Revenue by services in 2016



Revenue by services in 2017

Gross Profit

The Group's gross profit for the year ended 31 December 2017 was approximately HK$16,173,000, representing a decrease of approximately 41% as compared with last year. The gross profit margin decreased by approximately 4% from approximately 9% to approximately 5% as compared with last year.

The gross profit of CRMS business for the year ended 31 December 2017 was approximately HK$16,527,000, which decreased by approximately HK$5,612,000 as compared with last year and accounted for approximately 21% of the decrease in gross profit of the Group. The gross profit margin of CRMS business decreased by approximately 3% from approximately 9% to approximately 6%. The gross loss of RF-SIM business for the year ended 31 December 2017 was approximately HK$8,620,000, which increased by approximately HK$6,029,000 as compared with last year and accounted for approximately 22% of the decrease in gross profit of the Group. The gross loss margin of RF-SIM business increased by approximately 56% from approximately 42% to approximately 98% as compared with last year. The gross profit of PIMS business for the year ended 31 December 2017 was approximately HK$8,266,000, which increased by approximately HK$493,000 as compared with last year and offset approximately 2% of the decrease in gross profit of the Group. The gross profit margin of PIMS business decreased by approximately 1% from approximately 15% to approximately 14%.

Administrative and Other Operating Expenses

For the year ended 31 December 2017, the total administrative and other operating expenses of the Group were approximately HK$85,757,000 equivalent to approximately 26% of the Group's revenue in 2017. The administrative and other operating expenses to sales ratio was approximately 1% higher as compared with last year.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to equity holders of the Company for the year ended 31 December 2017 was approximately HK$49,200,000, while the Group's loss attributable to equity holders of the Company for the year ended 31 December 2016 was approximately HK$33,166,000, representing an increase of approximately 48%. The net loss margin also increased from approximately 11% to approximately 15%. The significant increase in loss attributable to equity holders of the Company for the year ended 31 December 2017 was mainly attributable to (i) the increase in costs as compared with last year; (ii) the provisions for slow moving inventories of the RF-SIM business; and (iii) the loss of Global Link Communications Holdings Limited being consolidated to the results of the Group.

CRMS BUSINESS

Business Review

Customers in Telecommunications Industry

In 2017, 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 2017 of approximately 15% as compared with last year.

Customers in Non-Telecommunications Industries

In 2017, the Group continued to broaden its non-telecommunications customer base through active negotiation with potential customers in various industries such as realty development, food and beverage, slimming and beauty shops, social welfare, education, information technology, banking and exposition and has successfully acquired service contracts from new customers, details of which are set out in the paragraph – "New Customers" of this announcement.

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

Multi-Skill Training

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

An additional benefit of the training program is the further improvement in service quality. The multi-skill operators 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
Shenzhen Pepper Technology Co., Ltd. (深圳小辣椒科技有限公司)	Telesales	January 2017
China United Network Communications Co., Ltd. Guangdong Province Branch (中國聯合網絡通信有限公司廣東省分公司)	Online CRM	April 2017
China Guangfa Bank Co., Ltd. (廣發銀行股份有限公司)	Hotline	August 2017
Beijing Antutianxia Auto Service Ltd. (北京安途天下汽車服務有限公司)	Telesales	September 2017

Awards and Certification

In March 2017, China Elite Info. Co., Ltd. ("China Elite") was certified with the ISO 14001:2015 (the registration No. USA17E31181R0S).

In March 2017, China Elite was certified with the BS OHSAS 18001:2007 (the registration No. USA17S21182R0S).

In September 2017, China Elite was awarded the Top 100 China's Growing Service Provider of 2017 from the China Council for International Investment Promotion.

Internet CRM

During the year under review, the Group continued to provide Internet CRM service named Intelligent Internet Chat Application ("iChat") service, to established telecommunications service providers as well as customers in non-telecomunications industries. The users' usage pattern nowaday is shifting from traditional voice services to value-added online services, therefore Internet CRM service will be the focus of the Group. With the introduction of iChat service, the 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 rapid development of 5G mobile communication technology, the penetration of mobile internet application into everyday life, the emerging application for "Smart City" as well as the "Internet Plus" strategy, the Directors anticipate that there will be more opportunities emerged in the market of China and for the business development of the Group. In 2018, the Group expects to enter into service contracts with government departments of cities other than Guangzhou. The Group will continue to seek further business opportunities with other government departments and companies having establishments in provinces other than Guangdong, China.

In addition, the Group has been constantly seeking business improvement and worked out plans on launching new services, new programs and entering into new markets. In the near future, the Group is going to launch a new WiFi service 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 2017, sales volume increment of RF-SIM products was far below our expectation. The situation is caused by several factors:

1. despite the Group has broadened the RF-SIM and CA-SIM product lines by introducing different models for different market segments, they are SIM card products and the deployment is limited by the choice of Mobile Network Operators;

2. the RF-SIM products are facing strong competition from alternative or newer technologies and solutions, the RFSIM products are not yet to achieve mass market adoption;

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

4. the mobile-pay business of some mobile network operators in the PRC was stagnant while the others turn to use alternative technical solutions.

Despite of the Group's effort, the new initiative is yet to achieve adoption by mass and is yet to bring substantial improvement to the sales of the products. As a result, the Group only encountered a slight increase in revenue as compared with last year.

Marketing Strategy

The Group had taken the following proactive actions in order to increase sales, lower the inventory level as well as introduce new products to the market:

1. to allocate more sales resources to MNOs by actively participating in relevant sales and marketing activities by MNOs and system integrators, and at the same time to actively promote the Group's products to card vendor and system integrators;

2. to take a more proactive sales approach by actively contact and visit potential customers for opportunities to deploy the Group's product in their upcoming project;

3. to take proactive action to lower the inventory level by allocating more sales resources to market the stock in the inventory;

4. to encourage our partners to actively step up investment to several provinces with better business development in the existing campus card and corporate card markets so as to raise our market share; and

5. to refine the aftersales service system by means of extending the warranty period in order to provide better support to our partners.

Product Development

The Group continued to develop new RF-SIM products including CA-SIM card and CA-SIM reader module. In addition, the Group is trying to tap into the field of NB-IoT and foster cooperation with international professional companies to develop communication products and applications on NB-IoT with a view to providing comprehensive solutions for specific industries.

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 together with another one with a bigger capacity in order to increase production 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 various 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

During 2017, the Group received 2 certificates of utility patent:

1. A mobile phone SIM card supporting 2.4G, Bluetooth RF communications and digital authentication; and

2. A RF-SIM card supporting SWP and multi-channel digital authentication.

Prospects

The Group will continue to extend its product lines by introducing new product line which can continue to meet the requirements from both the market as well as the customers, and to arouse demand for the Group's products.

In addition, 2018 will be the outset for NB-IoT to commence commercialization. The Group will allocate more resources to speed up the R&D on NB-IoT products and technology to create new revenues and at the same time to achieve diversification of the Group's technology reserve, product portfolio as well as business risks.

Guangzhou Global Link Intelligent Information Technology Co., Ltd. (廣州國聯智慧信息技術有限公司) ("GZ GLI"), the Group's subsidiary in charge of the Smart City project development, has been continuously promoting the project with the government of Panyu District and administration office, and has launched the implementation together with the Guangzhou Xinghai Digital Television Golden Card Co., Ltd. (廣州星海數字電視金卡有限公司). As to the Panyu mobile phone CA-SIM people's welfare cards (the "People's Welfare Card") project, upon the completion of the linkage with telecommunications operators, the two parties have signed the agreement of issuing 500,000 cards, aiming at issuing no less than 55,000 cards in 2018. The CA-SIM+ face detection technology of the GZ GLI is expected to install on a trial basis as an important implementation for "Smart Panyu" in the operation and management of the area. With the promotion of Smart City project and the popularization of the new-generation technology, the smart community project will enjoy a new wave of rapid development.

These initiatives to enhance 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 Guangzhou Global Link Communications Inc. (廣州國聯通信有限公司) ("GZ GLC"), the subsidiary of the Group, remains engaged in providing overall solution for rail transit information systems as its major business. The main operation and marketing of the company include the provision of operation and maintenance as well as engineering service for a number of projects in operation for over ten cities and dozens routes. On 15 May 2017 the first train of Pakistan Lahore Rail Transit Orange Line Project, for which the enterprise provided rail transit information systems, was moved off the assembly line of CRRC Zhuzhou Electric Locomotive Co., Ltd., representing the service of GZ GLC has tapped in another country under the national strategy of "The Belt and Road Initiative". The projects with large quantity of deliveries included the Northern Extension of Guangzhou Metro Line 8, Guangzhou Line 14/21, Phase 3 of Harbin Metro Line 1, Wuhan Metro Line 21, the Southern Extension of Wuhan Metro Line 2 and Pakistan Lahore Rail Transit Orange Line etc. The major projects of "the Belt and Road Initiative" such as that in Ankara of Turkey, the Pakistan Lahore Rail Transit Orange Line Project, and the first demo-train of the new high-speed motor train unit. The Company has shaped its competitive advantages in the future market by means of proactive innovation and constant investment in research and development, thereby obtaining new supply contracts of Changsha Metro Line 4 and various in-vehicle system on two routes of Malaysia ETS-2 motor train unit and HMU hybrid power motor train unit. During the year, the relevant application of Wuhan Metro Line 2 Extension project was completely developed, accepted and passed the verification of the first application conducted through metro operation and by professional technicians of CRRC Changchun Railway Vehicles Co., Ltd. (中車長客軌道車輛有限公司). Under the close cooperation of the marketing and technical team, the company has secured new order contracts in provincial capital cities and Southeast Asian countries which participating the "The Belt and Road Initiative", thereby creating certain competitive advantages to further expand its footholds in the market.

Prospect

The overall Chinese economy has shown a sign of recovery for the first time since 2011. More guiding policies to be provided to real economy has become a consensus among Chinese governments at all levels in order to further advance the reform. The growth of disposable income of household is higher than that of the GDP, laying down a solid foundation for the high quality development of Chinese economy. The general public's demand for quality life has been providing driving forces to the economic development, which in turns requests desirable and diversified services with higher quality and efficiency, thereby creating more business opportunities for companies with specialties and well established services.

SIGNIFICANT ACQUISITION, DISPOSAL OR INVESTMENT

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

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017.

On 16 November 2016, the Board resolved to declare a special dividend by distribution in specie of 254,336,880 ordinary share(s) of HK$0.01 each in the share capital of GLCH ("Global Link Share"), representing approximately 12.18% of the total number of issued Global Link 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 Global Link Shares for every 10,000 ordinary share(s) of HK$0.01 each in the share capital of the Company held by the Qualifying Shareholders. On 19 December 2016, share certificates of the relevant shares were issued and despatched to Qualifying Shareholders and the distribution was completed.

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 2017, 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 2017, 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 2017.

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 2017 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 2017 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

27 March 2018

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