

---

# HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

## HISTORY AND DEVELOPMENT

### Corporate History

#### *The Company*

The Company was incorporated under the name of China Elite Cyber Information Limited (盛華數碼信息有限公司) as an exempted company in the Cayman Islands on 18 September 2000. On 6 October 2000, Mr. Li Kin Shing, through its then wholly-owned company, Ever Prosper, subscribed for 1 share of US\$0.01 each in the capital of the Company, representing 100% interest in the Company.

On 3 August 2001, pursuant to a special resolution passed by the then sole shareholder of the Company, the Company effected a split of its authorised share capital by setting it at US\$50,000.00 divided into 500,000,000 shares of US\$0.0001 each. In the meantime, it was further resolved that the Company would repurchase 82,050,000 shares of US\$0.0001 each from Ever Prosper. Upon completion of the aforesaid stock split and stock repurchase, Ever Prosper held 17,950,000 shares of US\$0.0001 each. On the same date, the Company changed its name to China Elite Limited.

To further develop the business of the Group, the Company entered into a share purchase agreement (the “**Share Purchase Agreement**”) dated 27 September 2001 with Ever Prosper and Abacus. Pursuant to the Share Purchase Agreement, Ever Prosper transferred its 100% interest in the Company to Abacus in consideration of the 17,525,708 new shares of US\$0.0001 each of Abacus (representing approximately 71% of the then enlarged issued share capital of Abacus) (the “Abacus Shares”). Abacus agreed to transfer its entire interest in the Company to Ever Prosper if it was unable to contribute significant growth to the Group’s business. The Company was then wholly owned by Abacus upon completion of the share exchange. To the best knowledge of the Directors, at the time of entering into of the Share Purchase Agreement, Abacus was wholly owned by UTStarcom, Inc., a listed company in US. Apart from holding less than 0.01% shareholding interest in UTStarcom, Inc. by Mr. Li Kin Shing, the Group and each of the Directors did not have any relationship with UTStarcom, Inc. by that time. Subsequently, on 11 December 2001, the Company changed its name to International Elite Holdings, Ltd. (精英控股有限公司).

Pursuant to the share exchange agreement (the “**Share Exchange Agreement**”) dated 17 April 2002 between Ever Prosper and Abacus, Abacus transferred to Ever Prosper its then entire shareholding interest in the Company and in consideration, Ever Prosper transferred the Abacus Shares to Abacus as Abacus was unable to contribute significant growth to the Group’s business as previously agreed. The Company became a wholly-owned subsidiary of Ever Prosper upon completion of the transactions under the Share Exchange Agreement. On 24 June 2002, the Company changed its name to International Elite Ltd. (精英國際有限公司).

On 8 September 2007, the authorised share capital of the Company was increased by HK\$40,000,000 by the creation of 4,000,000,000 Shares of HK\$0.01 each. On the same date, the Company allotted and issued 1,400,100 Shares of HK\$0.01 each at par to Ever Prosper (the “New Issue”), and in turn, the Company repurchased all 17,950,000 shares of US\$0.0001 each previously held by Ever Prosper at a price of HK\$14,001 in aggregate which was paid out of the proceeds of the New Issue.

On 8 September 2007, the authorised but unissued share capital of Company was diminished by the cancellation of all unissued shares of US\$0.0001 each in the share capital of the Company.

---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

On 8 September 2007, the Company allotted and issued 34,200,000 Shares of HK\$0.01 each at par to Ever Prosper. Upon completion of the said share allotment and issue, Ever Prosper held 35,600,100 Shares of HK\$0.01 each, representing 100% of the issued share capital of the Company.

### *The Subsidiaries*

As at the Latest Practicable Date, the Company has six (6) directly and indirectly wholly owned subsidiaries incorporated in the BVI, PRC, Hong Kong and Macau respectively. Details of each subsidiary are set forth as follows:

#### 1. *Keithick*

Keithick was incorporated in the BVI as a limited liability company on 25 May 1993. As at the date of incorporation, the authorised share capital of Keithick was US\$50,000 divided into 50,000 shares of US\$1.00 each. On 1 June 1993, one share of Keithick was issued to its then sole shareholder, Mr. Li Kin Shing. On 14 May 2001, Mr. Li Kin Shing transferred his entire shareholding interest in Keithick to the Company at a consideration of US\$1, which is the nominal value of the one share. On 16 September 2002, Keithick was registered as an overseas company in Hong Kong.

#### 2. *China Elite*

On 7 July 2000, the Ministry of Foreign Trade and Economic Cooperation Guangzhou Branch (“MOFTEC Guangzhou”) issued an approval number “Sui Wai Jing Mao Ye [2000] 175” (穗外經貿業[2000]175號) and approved the establishment of China Elite. Having obtained a business license number “Qi Du Yue Sui Zong Zi No.006069” (企獨粵穗總字第006069號) from the Guangzhou Administration for Industry and Commerce (廣州市工商行政管理局) (“Guangzhou AIC”) dated 18 July 2000, China Elite was duly established in the PRC as a sino-foreign cooperative joint venture between Keithick and Guangdong Zhitong. At that time, Guangdong Zhitong was owned as to 10% by Ms. Li Yin, an executive Director, and 90% by GDZIL. To avoid holding any minority competing interest in Guangdong Zhitong which is also engaged in the business of provision of CRM outsourcing services, in April 2007, Ms. Li Yin disposed of her 10% shareholding interest in Guangdong Zhitong to Ms. Zheng Hui, an Independent Third Party, for nil consideration. The consideration was determined with reference to the net asset value of Guangdong Zhitong. Based on the audited accounts of Guangdong Zhitong for the year ended 31 December 2006, Guangdong Zhitong had net liabilities of approximately RMB1.9 million. Save for the fact that 1) GDZIL (a company which Ms. Zheng Hui is beneficially interested in 57.75% of the shareholding interest), the subsidiaries of GDZIL (including Guangdong Zhitong) and Guangzhou Zhitong (a company which is indirectly wholly owned by Ms. Zheng Hui) have certain transactions with the Group as disclosed in note 23 to the Accountants’ Report annexed as Appendix I to this prospectus; and 2) Mr. Li Kin Shing, a Controlling Shareholder and an executive Director, leases a property located in the PRC to Guangdong Zhitong as its office, to the best knowledge of the Directors and based on the certified independence undertaking signed by Ms. Zheng Hui, Ms. Zheng Hui is an Independent Third Party who is not connected and has no other business relationship with the Group, its Controlling Shareholders, Directors, employees or any of their respective associates as at the Latest Practicable Date.

In accordance with the cooperative joint venture contract entered into between Keithick and Guangdong Zhitong, the total amount of investment and the registered capital of China Elite was

---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

HK\$5,000,000, which shall be fully contributed by Keithick in cash while Guangdong Zhitong shall provide equipment and operation premises of corresponding value. The board of directors of China Elite shall consist of three directors of which, one shall be nominated by Guangdong Zhitong and two shall be nominated by Keithick. The joint venture period is 15 years, but can be shortened by agreement. China Elite should pay RMB500,000 per annum to Guangdong Zhitong during the joint venture period and Keithick is entitled to the remaining profits and is responsible for all liabilities, losses and management risks. According to the capital verification report dated 24 August 2000 issued by Guangdong Huayue Certified Public Accountants Ltd. (廣東華粵會計師事務所有限公司), as of 23 August 2000, Keithick made a total capital contribution of HK\$5,000,000 in cash, representing its entire capital commitment. China Elite operates the Group's CRM service centres and provides CRM services to the Group's customers in Hong Kong, Macau and the PRC.

On 1 March 2002, a resolution was passed by the board of directors of China Elite to increase the total investment amount and registered capital of China Elite from HK\$5,000,000 to HK\$12,000,000. On 5 March 2002, a supplemental agreement was entered into between Guangdong Zhitong and Keithick, under which the parties agreed to increase the total amount of investment and registered capital of China Elite from HK\$5,000,000 to HK\$12,000,000. The said supplemental agreement was approved by MOFTEC Guangzhou with the approval number "Sui Wai Jing Mao Zi [2002] 233" (穗外經貿資[2002]233號) and took effect on 13 May 2002. According to the capital verification report dated 7 June 2002 issued by Guangdong Yudong Certified Public Accountants (廣東旭東會計師事務所有限公司), as of 27 May 2002, Keithick made an additional capital contribution of HK\$7,000,000 in cash. Following such increase in registered capital, Keithick made a total capital contribution of HK\$12,000,000, representing its entire capital commitment.

On 16 December 2002, resolutions were passed by the board of directors of China Elite to (i) approve the change of legal status of China Elite from a sino-foreign cooperative joint venture to a wholly foreign owned enterprise upon Guangdong Zhitong's disposal of its entire interest in China Elite to Keithick; and (ii) increase the total investment amount and registered capital of China Elite from HK\$12,000,000 to HK\$20,000,000, which were then approved by MOFTEC Guangzhou pursuant to the approval number "Sui Wai Jing Mao Zi [2003]35" (穗外經貿資[2003]35號) issued on 27 January 2003. On 27 January 2003, pursuant to a share transfer agreement entered into between Guangdong Zhitong and Keithick dated 16 December 2002, Guangdong Zhitong transferred, without consideration, its entire investment rights, interests, debts and liabilities in China Elite to Keithick. The main reason for such transfer is due to the decrease in demand for paging services towards the end of 2002, therefore, Guangdong Zhitong was not optimistic about the future development of China Elite. After the share transfer, the legal status of China Elite was changed from a sino-foreign cooperative joint venture to a wholly foreign owned enterprise. According to the capital verification report dated 18 August 2003 issued by Guangdong Qimingxing Certified Public Accountants (廣東啟明星會計師事務所有限公司), as of 22 July 2003, Keithick made an additional capital contribution of HK\$8,000,000 in cash. Following such increase in registered capital, Keithick made a total capital contribution of HK\$20,000,000, representing its entire capital commitment.

---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

On 20 October 2003, a resolution of the board of directors of China Elite was passed to increase the share capital of China Elite from HK\$20,000,000 to HK\$35,000,000, which was then approved by MOFTEC Guangzhou of Baiyun district pursuant to the approval number “Sui Wai Jing Mao Zi [2003]154” (穗外經貿資[2003]154號) issued on 5 November 2003. The additional capital contribution of HK\$15,000,000 was injected in five instalments as detailed below:-

According to the capital verification report dated 1 December 2003 issued by Guangdong Yuexin Certified Public Accountants Co., Ltd. (廣東粵信會計師事務所有限公司), as of 20 November 2003, Keithick made an additional capital contribution of HK\$1,200,000 in cash. Following such increase in registered capital, Keithick made a total capital contribution of HK\$21,200,000.

According to the capital verification report dated 8 January 2004 issued by Guangdong Yuexin Certified Public Accountants Co., Ltd. (廣東粵信會計師事務所有限公司), as of 22 December 2003, Keithick made an additional capital contribution of HK\$1,300,000 in cash. Following such increase in registered capital, Keithick made a total capital contribution of HK\$22,500,000.

According to the capital verification report dated 25 April 2004 issued by Guangdong Qimingxing Certified Public Accountants (廣東啟明星會計師事務所有限公司), as of 18 March 2004, Keithick made an additional capital contribution of HK\$3,800,000 in cash. Following such increase in registered capital, Keithick made a total capital contribution of HK\$26,300,000.

According to the capital verification report dated 25 June 2004 issued by Guangdong Qimingxing Certified Public Accountants (廣東啟明星會計師事務所有限公司), as of 15 June 2004, Keithick made an additional capital contribution of HK\$3,583,568.08 in cash. Following such increase in registered capital, Keithick made a total capital contribution of HK\$29,883,568.08.

According to the capital verification report dated 29 October 2004 issued by Guangdong Qimingxing Certified Public Accountants (廣東啟明星會計師事務所有限公司), as of 21 October 2004, Keithick made an additional capital contribution of HK\$5,116,431.92 in cash. Following such increase in registered capital, Keithick made a total capital contribution of HK\$35,000,000, representing its entire capital commitment.

On 12 March 2005, a resolution of the board of directors of China Elite was passed to increase the total investment amount and registered capital of China Elite from HK\$35,000,000 to HK\$45,000,000, which was then approved by MOFTEC Guangzhou of Baiyun district pursuant to the approval number “Sui Yun Wai Jing Mao Ye [2005]039” (穗雲外經貿業[2005]039號) issued on 22 March 2005.

According to the capital verification report dated 17 June 2005 issued by Guangdong Qimingxing Certified Public Accountants (廣東啟明星會計師事務所有限公司), as of 31 May 2005, Keithick made an additional capital contribution of HK\$10,000,000 in cash. Following such increase in registered capital, Keithick made a total capital contribution of HK\$45,000,000, representing its entire capital commitment.

On 24 August 2005, a resolution of the board of directors of China Elite was passed to increase the total investment amount and registered capital of China Elite from HK\$45,000,000 to HK\$64,000,000, which was then approved by MOFTEC Guangzhou of Baiyun district pursuant to the approval number “Sui Yun Wai Jing Mao Ye [2005]152” (穗雲外經貿業[2005]152號) issued on 5 September 2005.

---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

According to the capital verification report dated 17 November 2005 issued by Guangdong Qimingxing Certified Public Accountants (廣東啟明星會計師事務所有限公司), as of 2 November 2005, Keithick made an additional capital contribution of HK\$19,000,000 in cash. Following such increase in registered capital, Keithick made a total capital contribution of HK\$64,000,000, representing its entire capital commitment.

On 31 March 2006, a resolution of the board of directors of China Elite was passed to increase the share capital of China Elite from HK\$64,000,000 to HK\$94,000,000, which was then approved by MOFTEC Guangzhou of Baiyun district pursuant to the approval number “Sui Yun Wai Jing Mao Ye [2006]37” (穗雲外經貿業[2006]37號) issued on 5 April 2006.

According to the capital verification report dated 28 August 2006 issued by Guangdong Qimingxing Certified Public Accountants (廣東啟明星會計師事務所有限公司), as of 8 August 2006, Keithick made an additional capital contribution of HK\$30,000,000 in cash. Following such increase in registered capital, Keithick made a total capital contribution of HK\$94,000,000, representing its entire capital commitment.

The total investment amount and registered capital of China Elite remained unchanged as at the Latest Practicable Date. As Keithick was wholly owned by the Company throughout the Track Record Period, the source of funding for the capital injections in China Elite by Keithick during the Track Record Period included shareholders’ loan from the Company, which in turn is financed by amount due to related parties of the Company, and cash inflow from operating activities generated by members of the Group other than China Elite.

China Elite established two branch companies in Guangzhou and Sanshui, Guangdong Province in 2006 respectively, the details of which are set out as follows:

- (a) China Elite Sanshui Branch Company was established in Sanshui, Fushan, Guangdong Province on 10 April 2006. Its scope of business includes the research, development and provision of service in relation to the network technology of information and communications system, technology service in relation to data communications system, design and development of computer softwares, provision of customer information service to commercial institutions (excluding Internet cafes), data processing and consulting service.
- (b) China Elite Guangzhou Branch Company was established in Guangzhou, Guangdong Province on 7 September 2006. Its scope of business includes the research, development and provision of service in relation to the network technology of information and communications system, technology service in relation to data communications system, design and development of computer softwares, provision of customer information service to commercial institutions (excluding Internet cafes), data processing and consulting service.

### 3. *Winet*

Winet was incorporated in Hong Kong as a limited liability company on 8 December 1999. On 26 January 2000, each of Mr. Li Kin Shing and Keithick subscribed one share in the capital of Winet at nominal value of HK\$1.00 respectively. Mr. Li Kin Shing held the one share in the capital of Winet as trustee on behalf of Keithick. On 22 March 2007, Mr. Li Kin Shing transferred the one share he held in Winet to Keithick. Upon completion of the share transfer, Winet was 100% held by Keithick.



---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

### 4. International Elite (Macau)

International Elite (Macau) was incorporated as a private company in Macau on 7 December 2002 and obtained the Certificate of Authorisation of Offshore Service on 13 January 2003. The initial registered capital of International Elite (Macau) was MOP25,000, which was contributed by the Company in full in cash. International Elite (Macau) is engaged in the provision of customer support to call centre outsourcing services. As the target markets and target customers of International Elite (Macau) are respectively non-Macau areas (e.g. Hong Kong and the PRC) and non-Macau residents and the transactions are conducted in currencies other than MOP, the economic activities engaged by International Elite (Macau) are defined as Offshore Activities under the relevant law of Macau. In April 2003, the registered capital of International Elite (Macau) was increased to MOP100,000, with all the additional registered capital being contributed by the Company in cash. The registered capital of International Elite (Macau) remained unchanged as at the Latest Practicable Date.

### 5. PacificNet Management

PacificNet Management was incorporated in the BVI as a limited liability company on 11 April 2000. As at the date of its incorporation, the authorised share capital of PacificNet Management was US\$50,000 divided into 50,000 shares of US\$1.00 each.

On 31 December 2003, a sale and purchase agreement was entered into by and among the Company, PacificNet Strategic Investment Holdings Limited (a wholly owned subsidiary of PacificNet Inc., the shares of which are listed on the Nasdaq Global Market), PacificNet Inc., PacificNet Management, Mr. Li Kin Shing, Ms. Kwok King Wa, Mr. Li Wang (a brother of Mr. Li Kin Shing), Ms. Li Yin and Mr. Li Yi Sheng (an Independent Third Party), pursuant to which the Company agreed to purchase from PacificNet Strategic Investment Holdings Limited, and PacificNet Strategic Investment Holdings Limited agreed to sell to the Company, 50 shares of PacificNet Management (representing 100% of the then issued share capital of PacificNet Management) at a consideration of MOP50,100. Upon completion of the share transfer, the Company held 100% shareholding interest in PacificNet Management, and PacificNet Inc. has no relationship with PacificNet Management and PacificNet Communications.

According to the annual reports of PacificNet Inc. for the year ended 31 December 2003 and 31 December 2006, Mr. Li Kin Shing held 1,150,000 shares, representing approximately 18.66% of the then share capital in PacificNet Inc., and 600,000 warrants in respect of shares in PacificNet Inc. at the time of the sale and purchase agreement (as mentioned in the previous paragraph), and held 1,150,000 shares, representing approximately 9.97% of the then share capital in PacificNet Inc. as at 31 December 2006, respectively.

### 6. PacificNet Communications

PacificNet Communications was incorporated in Macau as a private company on 6 February 2003 and obtained the Certificate of Authorisation of Offshore Service on 17 February 2003. At the time of its incorporation, PacificNet Communications was owned as to 50.1% by PacificNet Management, 22.5% by Mr. Li Kin Shing, 22.5% by Ms. Kwok King Wa, 1.7% by Mr. Li Wang (a brother of Mr. Li Kin Shing), 1.7% by Ms. Li Yin and 1.5% by Mr. Li Yi Sheng (an Independent Third Party) respectively. PacificNet Communications is engaged in the provision of customer support to call centre outsourcing services. As the target markets and target customers of PacificNet Communications

---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

are respectively non-Macau areas (e.g. Hong Kong and the PRC) and non-Macau residents and the transactions are conducted in currencies other than MOP, the economic activities engaged by PacificNet Communications are defined as Offshore Activities under the relevant law of Macau.

In December 2003, Mr. Li Kin Shing, Ms. Kwok King Wa, Mr. Li Wang, Ms. Li Yin and Mr. Li Yi Sheng transferred all the shares held by them in PacificNet Communications to Honest Gain at a consideration representing the total nominal value of the shares of MOP49,900. Subsequent to the share transfer, PacificNet Management held 50.1% shareholding while Honest Gain held 49.9% shareholding of PacificNet Communications. At the time of the said share transfer, Honest Gain was held by Mr. Li Kin Shing, Ms. Kwok King Wa, Mr. Li Wang, Ms. Li Yin and Mr. Li Yi Sheng as to 45%, 45%, 3.5%, 3.5% and 3% respectively. In September 2006, Ms. Kwok King Wa, Mr. Li Wang, Ms. Li Yin and Mr. Li Kin Shing transferred their respective shareholdings in Honest Gain to Mr. Li Yi Sheng. As at the Latest Practicable Date, Honest Gain was held as to 100% by Mr. Li Yi Sheng, an Independent Third Party.

On 22 September 2004, Honest Gain transferred its 49.9% shareholding of PacificNet Communications to PacificNet Management at a consideration of MOP49,900, representing the total nominal value of the shares. Subsequent to the share transfer, PacificNet Management held the entire 100% shareholding of PacificNet Communications.

### **Milestones of the Group**

Mr. Li Kin Shing, an executive Director and the chief executive officer of the Company, possesses more than 19 years of experience in the telecommunications industry. He was the founder and general manager of 81<sup>st</sup> Army Paging Company (八一尋呼台) and China-HK Telecom, the Directors believe the latter of which was the first company to provide one card multiple number services between Hong Kong and the PRC.

The Group started to engage in the provision of CRM outsourcing services mainly for telecommunications service providers when Mr. Li Kin Shing and Keithick acquired the entire share capital of Winet in January 2000.

In July 2000, China Elite was established as a sino-foreign contractual joint venture in the PRC between the Group and Guangdong Zhitong to provide CRM outsourcing services in the PRC.

The Group established its first CRM service centre in Guangzhou, with operations commencing in July 2000, with a maximum seating capacity of approximately 2,650.

The Group commenced its CRM outsourcing services in 2000 by providing customer hotlines services to Telecom Service Ltd., which was previously a subsidiary of TDL. The Group subsequently entered into various customer messaging service deeds with TDL for telephone answering and message forwarding services which included among others, inbound directory query services, customer hotline services and secretarial services.

On 27 December 2002, the Group entered into a service agreement with PCCW Mobile in respect of the provision of BIS services to the subscribers of PCCW Mobile in Hong Kong for a period of three years, subject to annual renewal thereafter. The Group has subsequently secured the renewal of this service agreement. For details, please refer to the paragraph headed “Customers” in the section headed “Business” of this prospectus.

---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

In February 2003, PacificNet Communications was incorporated in Macau in order to take advantage of Macau's well-developed and relatively low cost infrastructure.

In November 2004, China Elite obtained the ISO9001 certification for the provision of call centre services including marketing research, sales promotion and after-sale services for customers.

In 2005, the Group established its second CRM service centre in Guangzhou with a seating capacity of about 250 seats.

On 24 February 2005, the Group entered into a service agreement with Hutchison Global in respect of the provision of CRM outsourcing services (including but not limited to telesales services and/or hotline services) in relation to the telecommunications services offered by Hutchison Global from time to time, for a period of 1 year, subject to automatic extension of two successive years. Pursuant to the service agreement, the Group is responsible for providing the necessary premises facilities, office and computer telephony integration equipment, and staff required for the operation of the CRM service centres.

On 22 March 2005, the Group entered into another service agreement with Hutchison Global in respect of the provision of managed customer services solution (including but not limited to the handling of inbound customer services hotline, order entry service and inbound telesales services) to Hutchison Global and its affiliate which carries on any telecommunications, telesales, and/or related value added services business(es) in Hong Kong for a period of 5 years (the "Initial Term") plus automatic extension of 5 years following the expiry of the Initial Term, unless otherwise terminated in accordance with the relevant provisions of the agreement.

On 22 March 2005, the Group entered into a service agreement with Hutchison Telecommunications in respect of the provision of managed customer services solution (including but not limited to the handling of inbound customer services hotline, inbound and outbound telesales and order entry service) to Hutchison Telecommunications and its affiliate which carries on any telecommunications, teleservices, and/or related value added services business(es) in Hong Kong and/or Macau for a period of 5 years (the "Initial Term") plus automatic extension of 5 years following the expiry of the Initial Term, unless otherwise terminated in accordance with the relevant provisions of the agreement.

On 20 May 2005, the Group entered into a service agreement with Hutchison Telecommunications in respect of the provision of BIS services to the subscribers of Hutchison Telecommunications or its affiliate which carries on any telecommunications, teleservices, and/or related value added services business(es) in Hong Kong and Macau for a period of 3 years and shall continue for successive periods of one year term until terminated by either party.

In June 2005, the Group was awarded the "Best Outsourcing Call Centre (Guangdong) 2004 – 2005 (廣東省最佳外包呼叫中心獎 2004-2005)" award by the Guangdong Information Industry Association Customer Service Professional Committee (廣東省信息協會客戶服務專業委員會).

On 14 September 2005, the Group entered into a service agreement with China Unicom Guangdong in respect of the provision of inbound services (including the handling of customer services hotline, BIS services and telesales services) to China Unicom Guangdong for a period of 5 years.



---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

In July 2006, the Group was accredited with the “Best Outsourcing Call Centre in China 2005 – 2006 (中國最佳外包呼叫中心獎 2005-2006)” award by China’s Best Customer Service Appraisal Committee (中國最佳客戶服務評選組委會).

On 28 July 2006, China Elite entered into a lease agreement with Guangzhou Jianwei Enterprise Company Limited (廣州市建緯實業有限公司), an Independent Third Party, pursuant to which China Elite rented the Qiaoli Premises with a maximum seating capacity of about 1,200 as the Group’s third CRM service centre.

In November of 2006, the Group’s third CRM service centre at Qiaoli Premises commenced operation, increasing the Group’s total seating capacity from approximately 2,900 to approximately 4,100.

In July 2007, the Group was yet again awarded with “Best Outsourcing Call Centre in China 2006 – 2007 (中國最佳外包呼叫中心獎 2006-2007)” award by China’s Best Customer Service Appraisal Committee (中國最佳客戶服務評選組委會), for the second year running.

In September 2007, the Group was accredited with the ““Ten Years of China Call Center” Industry Development Contribution Award (“中國呼叫中心十年” 產業發展傑出成就獎)” by the China Call Center & Customer Relations Management Association (中國電子商會呼叫中心與客戶關係管理專業委員會), the Call Center Occupational Standards Committee of the Ministry of Information Industry (中國信息產業部呼叫中心標準指導委員會) and CCM World.

Having accumulated years of experience in providing CRM outsourcing services, the Group has developed into one of the leading CRM outsourcing service providers in the PRC, especially in Guangdong Province, with a total seating capacity of about approximately 4,100.

### STATEMENT OF ACTIVE BUSINESS PURSUITS

The following is a review of the Group’s operations for the two years ended 31 December 2006 and the period from 1 January 2007 to the Latest Practicable Date.

#### **For the year ended 31 December 2005**

##### *Business Operations*

In 2005, the Group secured the following contracts with major telecommunications service providers in Hong Kong and the PRC, significantly increasing the business operations of the Group:

- Agreement for provision of CRM outsourcing services with Hutchison Global dated 24 February 2005, with regard to the provision of CRM services in relation to telesales activities and / or hotline services for customers of Hutchison Global;
- Managed Services Agreement — customer services with Hutchison Global dated 22 March 2005, with regard to the provision of managed services which include, inter alia, inbound customer services enquiry hotline and inbound telesales;
- Managed Services Agreement — customer services with Hutchison Telecommunications dated 22 March 2005, with regard to the provision of managed services which include, inter alia, inbound customer services enquiry hotline, inbound / outbound telesales and 24 hours paging services hotline;

---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

- BIS Services Agreement with Hutchison Telecommunications dated 20 May 2005, with regard to the provision of BIS services to the subscribers of Hutchison Telecommunications and its affiliates;
- Agreements with China Unicom Guangdong in August and September 2005, with regard to the provision of CRM outsourcing services, including inbound customer services enquiry hotlines, BIS services and outbound telesales services;
- Agreement with China Unicom Macau Limited dated 18 October 2005 with regard to the provision of inbound customer services enquiry hotlines; and
- Incentive Agreement with Hutchison Telecommunications dated 5 December 2005 with regard to the provision of telesales of Hutchison Telecommunications' voice and value-added 2G services plans.

Due to the business expansion of the Group in 2005, the Group established its second CRM service centre in Guangzhou, the PRC with a seating capacity of approximately 250 seats, and commenced operation during the same year.

### *Sales and Marketing Activities*

In order to promote the Group's services, senior management and marketing personnel of the Group actively approached potential customers as well as participating in industry related exhibitions and forums. The Group participated in the following events:

- the Third China (Guangzhou) International Forum for Call Centres (第三屆中國(廣州)呼叫中心國際論壇 2004-2005) held on 28 and 29 June 2005. It was on this occasion the Group was awarded the "Best Outsourcing Call Centre (Guangdong) Award for 2004-2005 (廣東省最佳外包呼叫中心獎 2004-2005)" award by the Guangdong Information Industry Association Customer Service Professional Committee (廣東省信息協會客戶服務專業委員會); and
- the "Help Children to Escape from a Silent World" Day (「讓孩子走出無聲的世界」日), a charity event held in June 2005. This event was attended by the Group's volunteer team who, by giving presents, love and warmth to those in need, hopes to strengthen the Group's image not only among the industry but also among the local community.

### *Recruitment and Facilities*

Pursuant to the contracts entered into by the Group as set out in the paragraph headed "Business Operations" in this sub-section headed "Statement of Active Business Pursuits", the Group rapidly expanded its workforce to support business growth and satisfy the increasing demands from the Group's large scale customers. The Group carried out mass recruitment of employees in 2005, increasing the number of employees to approximately 3,733 as at 31 December 2005, with approximately 3,614 operators being directly responsible for the provision of CRM outsourcing services.

### *Turnover and Net Profit*

Turnover and net profit of the Group were approximately HK\$83.43 million and HK\$1.74 million respectively.

---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

### *Awards*

The Group was awarded “The Best Outsourcing Call Centre (Guangdong) 2004-2005 (廣東省最佳外包呼叫中心獎 2004-2005)” award by the Guangdong Information Industry Association Customer Service Professional Committee (廣東省信息協會客戶服務專業委員會).

### **For the year ended 31 December 2006**

#### *Business Operations*

The Group continued to provide CRM outsourcing services to China Unicom Guangdong and Hutchison Telecommunications pursuant to the following agreements:

- Telesales agreement with China Unicom Guangdong in January 2006 for sales and marketing of pre-paid mobile services, “Ru Yi” (「如意」) services;
- Agreement with China Unicom Guangdong dated 31 July 2006 for the provision of inbound customer services hotlines; and
- Revamp Commission Scheme for Contract Sales with Hutchison Telecommunications dated 31 December 2006.

With a view to expanding its business to non-telecommunications companies and overseas companies, the Group entered into the following agreements with other customers:

- Agreement with an insurance company in July 2006 for the provision of real-time call transfer from its target customers to its call centre in respect of insurance plans;
- Service agreement with Times Telecom on 14 September 2006 for telemarketing services in respect of promotion of mobile phone services to subscribers in Canada;
- Agreement with a software company on 18 December 2006 for telemarketing services in respect of promotion of high technology software products; and
- Agreement with a hardware company on 21 December 2006 for telemarketing services in respect of promotion of high technology hardware products.

#### *Corporate Development*

China Elite established two branch companies in Guangzhou and Sanshui, Guangdong Province, the PRC in 2006 respectively, the details of which are set out as follows:-

- (c) China Elite Sanshui Branch Company was established in Sanshui, Fushan, Guangdong Province, the PRC on 10 April 2006. Its scope of business includes the research, development and provision of services in relation to the network technology of information and communications system, technology service in relation to data communications system, design and development of computer softwares, provision of customer information service to commercial institutions (excluding Internet cafes), data processing and consulting service; and
- (d) China Elite Guangzhou Branch Company was established in Guangzhou, Guangdong Province, the PRC on 7 September 2006. Its scope of business includes the research, development and provision of services in relation to the network technology of information and communications system, technology service in relation to data

---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

communications system, design and development of computer softwares, provision of customer information service to commercial institutions (excluding Internet cafes), data processing and consulting service.

### *Sales and Marketing Activities*

In order to promote the Group's services, senior management and marketing personnel of the Group actively approached potential customers as well as participating in industry related exhibitions and forums. The Group participated in the following events:

- A forum for the promotion of mobile phones on 23 April 2006. The Group took this opportunity to raise the Group's profile among the industry by exchanging and sharing its ideas and views with other industry players.
- The 2005-2006 award ceremony for China's Best Customer Service Contest (中國最佳客戶服務評選獎典禮) on 6 July 2006. The Group was awarded the "Best Outsourcing Call Centre in China 2005-2006 (中國最佳外包呼叫中心獎 2005-2006)" award on this occasion.
- The ITU Telecom World 2006, held at Hong Kong's AsiaWorld Expo on 4 December 2006. The Group, led by Mr. Li Kin Shing, headed to the event with a goal to meet and introduce itself to other players in the industry from all around the world. The Group exchanged views and ideas with other telecommunications companies including China Mobile.

### *Recruitment and Facilities*

- As at 31 December 2006, the Group had approximately 3,461 employees, with approximately 3,339 operators being directly responsible for the provision of CRM outsourcing services, a decrease from the number of operators in 2005 due to improved efficiency in operator management.
- The Group leased two floors of the building located at No. 133 Qiyi Road, in the city centre of Guangzhou, for its third CRM service centre increasing the total seating capacity of the Group to about 4,100 seats.

### *Turnover and Net Profit*

Turnover and net profit of the Group were approximately HK\$149.86 million and HK\$36.67 million, representing an approximate of 79.62% and 2,007.47% increase from 2005 respectively.

### *Awards*

The Group won the "Best Outsourcing Call Centre in China 2005-2006 (中國最佳外包呼叫中心獎 2005-2006)" award by the China's Best Customer Service Appraisal Committee (中國最佳客戶服務評選組委會).

---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

**For the period from 1 January 2007 to the Latest Practicable Date**

### ***Business Operations***

The Group has recently entered into the following contracts:

- Dealership agreement with Hutchison Macau dated 1 March 2007 for the promotion and sales of mobile phones and mobile network services;
- Agreement with Guangzhou Ai Che Information and Technology Company Limited (廣州愛車信息科技有限公司) dated 25 April 2007 for the provision of CRM outsourcing services in relation to telesales services;
- Agreement for provision of CRM outsourcing services with Hutchison Global dated 1 May 2007, with regard to the provision of CRM services in relation to telesales activities/or hotline services for customers of Hutchison Global;
- Service agreement with Somewell International Limited dated 21 May 2007 for the provision of CRM outsourcing services in relation to telesales services;
- Agreement with Guangzhou Yue Yi Ceremonial Services Company Limited (廣州粵藝禮儀服務有限公司) dated 25 May 2007 for the provision of CRM outsourcing services in relation to customer hotline and telesales services;
- Agreement with Guangzhou Wang Tai Health Care Products Company Limited (廣州王胎保健品有限公司) dated 25 May 2007 for the provision of CRM outsourcing services in relation to telesales services;
- Agreement with Guangzhou Shun Kong Medical and Health Care Equipment Operation Department (廣州市順康醫療保健器械經營部) dated 12 June 2007 for the provision of CRM outsourcing services in relation to telesales services;
- Agreement with a travel service provider dated 7 August 2007 for the provision of CRM outsourcing services in relation to air tickets and hotel booking services.

### ***Sales and Marketing Activities***

To promote the Group's services, senior management and marketing personnel of the Group participated in the following event:

- The fourth China Call Centre International Forum (第四屆中國(廣州)呼叫中心國際論壇) held on 23 January 2007. The Group's sales and marketing team took this opportunity to promote the Group among other members of the industry, sharing with them the Group's extensive management experience, the latest technology and exchanged views on strategies.

### ***Recruitment and Facilities***

As at the Latest Practicable Date, the Group had approximately 4,020 employees. Following recruitment of additional operators for the Group's third CRM service centre which commenced operation in November 2006, the number of operators increased from approximately 3,339 in 2006 to approximately 3,905 as at the Latest Practicable Date.



---

## HISTORY AND DEVELOPMENT AND STATEMENT OF ACTIVE BUSINESS PURSUITS

---

### *Turnover and Net Profit*

Turnover and net profit of the Group were approximately HK\$74.92 million and HK\$16.82 million respectively for the five months ended 31 May 2007.

### *Awards*

The Group, again, won the “Best Outsourcing Call Centre in China 2006-2007 (中國最佳外包呼叫中心獎 2006-2007)” award by the China’s Best Customer Service Appraisal Committee (中國最佳客戶服務評選組委會).

In September 2007, the Group was accredited with the ““Ten Years of China Call Center” Industry Development Contribution Award (“中國呼叫中心十年” 產業發展傑出成就獎)” by the China Call Center & Customer Relations Management Association (中國電子商會呼叫中心與客戶關係管理專業委員會), the Call Center Occupational Standards Committee of the Ministry of Information Industry (中國信息產業部呼叫中心標準指導委員會) and CCM World.