



INTERNATIONAL ELITE LTD.

精英國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8313)



2008

INTERIM REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of this report. This report for which the directors (the “Directors”) of International Elite Ltd., collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

Turnover for the six months ended 30 June 2008 was approximately HK\$119,438,000, representing a 30% increase from that of the Last Corresponding Period.

Profit attributable to shareholders of the Company was approximately HK\$18,886,000, representing a 12% decrease from that of the Last Corresponding Period.

Profit attributable to shareholders of the Company before the Share Options expenses was approximately HK\$27,887,000, representing a 30% increase from that of the Last Corresponding Period.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The board of directors (the "Board") of International Elite Ltd. (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the three months and the six months ended 30 June 2008 (the "Relevant Periods") together with the unaudited comparative figures for the respective corresponding period in 2007 (the "Last Corresponding Period") as follows:

CONSOLIDATED INCOME STATEMENTS

for the three months and six months ended 30 June 2008

	Note	For the three months ended 30 June HK\$'000		For the six months ended 30 June HK\$'000	
		2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
Turnover	4	58,984	49,260	119,438	92,044
Cost of Sales		(35,948)	(26,401)	(70,394)	(52,732)
Gross profit		23,036	22,859	49,044	39,312
Other revenue		1,575	171	3,576	184
Administrative expenses		(16,488)	(7,730)	(31,372)	(15,651)
Profit from operations		8,123	15,300	21,248	23,845
Finance costs		(74)	–	(156)	–
Profit before taxation	6	8,049	15,300	21,092	23,845
Income tax	7	(1,538)	(1,259)	(2,206)	(2,424)
Profit for the period attributable to equity shareholders of the Company		6,511	14,041	18,886	21,421
Earnings per share	9				
– Basic and diluted		HK\$0.01	HK\$0.02	HK\$0.02	HK\$0.03

CONSOLIDATED BALANCE SHEET

at 30 June 2008

	Note	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	10	23,917	25,013
Deferred tax assets		2,478	4,432
Total non-current assets		26,395	29,445
Current assets			
Trade and other receivables	11	65,882	61,663
Cash at bank and in hand	12	410,171	385,715
Total current assets		476,053	447,378
Total assets		502,448	476,823
Current liabilities			
Trade and other payables	13	14,939	20,686
Current taxation		586	335
Total current liabilities		15,525	21,021
Net current assets		460,528	426,357
Total assets less current liabilities		486,923	455,802
Net assets		486,923	455,802
Equity			
Share capital		9,462	9,462
Reserves		477,461	446,340
Total equity		486,923	455,802

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2008

	Attributable to equity shareholders of the Company							Total (Unaudited) HK\$'000
	Share capital	Statutory reserve	Exchange reserve	Share premium	Capital contribution reserve	Capital reserve	Retained profits	
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	
As at 1 January 2007	14	97	654	-	5,966	-	53,947	60,678
Net Profit for the period	-	-	-	-	-	-	21,421	21,421
Exchange difference on translation of financial statements of subsidiaries	-	-	431	-	-	-	-	431
As at 30 June 2007	14	97	1,085	-	5,966	-	75,368	82,530
As at 1 January 2008	9,462	97	2,476	326,387	5,966	4,204	107,210	455,802
Net Profit for the period	-	-	-	-	-	-	18,886	18,886
Waiver of rental payable due to an ultimate shareholder (Note 16b(iv))	-	-	-	-	702	-	-	702
Equity settled share-based payment (Note 14)	-	-	-	-	-	9,001	-	9,001
Exchange difference on translation of financial statements of subsidiaries	-	-	2,532	-	-	-	-	2,532
As at 30 June 2008	9,462	97	5,008	326,387	6,668	13,205	126,096	486,923

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*for the six months ended 30 June 2008*

	Note	For the six months ended 30 June	
		2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Net cash generated from operating activities		26,113	21,713
Net cash generated from investing activities		802	9,381
Net cash used in financing activities		(2,910)	(12,946)
Net increase in cash and cash equivalents		24,005	18,148
Cash and cash equivalents at 1 January		345,715	13,032
Effect of foreign exchange rate changes		451	(448)
Cash and cash equivalents at 30 June	12	370,171	30,732

NOTES TO THE FINANCIAL STATEMENTS

1. BACKGROUND OF THE COMPANY

International Elite Ltd. (the "Company") was incorporated in the Cayman Islands on 18 September 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company has established a place of business in Hong Kong and was registered in Hong Kong under Part XI of the Companies Ordinance as an overseas company on 27 June 2007. On 16 October 2007, the Company listed its shares with a par value of HK\$0.01 each on the GEM of the Stock Exchange.

2. BASIS OF PREPARATION

This interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange, including compliance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") adopted by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 13 August 2008.

The interim financial report has been prepared in accordance with substantially the same accounting policies adopted in the 2007 annual financial statements. Please refer to Note 3 for the discussion of new and revised International Financial Reporting Standards ("IFRSs") adopted by the Group in 2008.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2007 annual financial statements.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs. IFRSs include International Accounting Standards ("IAS") and related interpretations.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2007 that is included in the interim financial report as being previously reported information does not constitute the Group's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The Group's annual financial statements for the year ended 31 December 2007 are available at the Company's registered office. The independent auditor has expressed an unqualified opinion on those financial statements in the audit report dated 25 March 2008.

3. NEW AND REVISED IFRSs

The IASB has issued a number of new and revised IFRSs that are effective or available for early adoption for the current accounting period of the Group. The Board has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements prepared under IFRSs for the year ending 31 December 2008, on the basis of IFRSs currently in issue.

The IFRSs that will be effective or are available for voluntary early adoption in the annual financial statements prepared under IFRSs for the year ending 31 December 2008 may be affected by the issue of additional interpretation(s) or other changes announced by the IASB subsequent to the date of issuance of this interim financial report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies applied in this interim financial report for the periods presented.

4. REVENUE RECOGNITION

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Customer Relationship Management (“CRM”) services

CRM services comprise inbound services which include customer hotline services and built-in secretarial services, a personalised message taking services, and outbound services which include telesales services and market research services.

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

(ii) Interest income

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

5. SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group has two business segments: inbound services and outbound services.

In accordance with the Group’s internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, borrowings, tax balances, corporate and financing expenses.

Business segments

The business segments of the Group comprise:

- (i) Inbound services; and
- (ii) Outbound services.

	For the six months ended 30 June, 2008			For the six months ended 30 June, 2007		
	Inbound services (unaudited) HK\$'000	Outbound services (unaudited) HK\$'000	Total (unaudited) HK\$'000	Inbound services (unaudited) HK\$'000	Outbound services (unaudited) HK\$'000	Total (unaudited) HK\$'000
Revenue from external customers	67,156	52,282	119,438	51,702	40,342	92,044
Segment results	<u>23,915</u>	<u>25,129</u>	<u>49,044</u>	<u>18,092</u>	<u>21,220</u>	<u>39,312</u>
Unallocated income and expenses			<u>(27,952)</u>			<u>(15,467)</u>
Profit before taxation			<u>21,092</u>			<u>23,845</u>
Income tax			<u>(2,206)</u>			<u>(2,424)</u>
Profit for the period			<u>18,886</u>			<u>21,421</u>
Depreciation for the period	<u>452</u>	<u>547</u>		<u>381</u>	<u>459</u>	
Segment assets	39,805	29,761	69,566	23,850	17,933	41,783
Unallocated assets			<u>432,882</u>			<u>83,365</u>
Total assets			<u>502,448</u>			<u>125,148</u>
Segment liabilities	-	-	-	-	-	-
Unallocated liabilities			<u>15,525</u>			<u>42,618</u>
Segment capital expenditure incurred during the period	380	394	774	542	301	843
Unallocated capital expenditure incurred during the period			<u>1,862</u>			<u>265</u>
Total capital expenditure incurred during the period			<u>2,636</u>			<u>1,108</u>

Geographical segments

The Group primarily operates in the PRC, Hong Kong and Macau. Hong Kong is a major market for all of the Group's businesses.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

FOR THE SIX MONTHS ENDED 30 JUNE, 2008

	PRC (unaudited) HK\$'000	Hong Kong (unaudited) HK\$'000	Macau and others (unaudited) HK\$'000	Total (unaudited) HK\$'000
Revenue from external customers	13,912	101,896	3,630	119,438
Segment assets	19,461	48,325	1,780	69,566
Capital expenditure incurred during the period	2,579	57	–	2,636

FOR THE SIX MONTHS ENDED 30 JUNE, 2007

	PRC (unaudited) HK\$'000	Hong Kong (unaudited) HK\$'000	Macau and others (unaudited) HK\$'000	Total (unaudited) HK\$'000
Revenue from external customers	9,760	78,859	3,425	92,044
Segment assets	12,501	28,007	1,275	41,783
Capital expenditure incurred during the period	909	197	2	1,108

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the three months ended 30 June HK\$'000		For the six months ended 30 June HK\$'000	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
(a) Finance costs:				
Finance charges	74	–	156	–
(b) Staff costs:				
Contributions to defined contribution retirement plan	2,746	1,654	5,369	3,297
Equity settled share-based payment expenses	4,501	–	9,001	–
Salaries, wages and other benefits	32,822	22,534	64,531	46,884
	40,069	24,188	78,901	50,181
(c) Other items:				
Depreciation	2,461	2,233	4,838	4,445
Taxes other than income tax	1,760	1,227	3,268	2,300
Repairs and maintenance	413	199	761	359
Operating lease charges in respect of				
– rental of building, offices and dormitories	1,327	1,120	2,605	2,235
– hire of transmission lines	1,913	1,835	3,523	3,617

7. INCOME TAX

	For the three months ended 30 June HK\$'000		For the six months ended 30 June HK\$'000	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
(Over-provision) / provision for Hong Kong profits tax	(32)	–	252	–
Deferred taxation	1,570	1,259	1,954	2,424
Total income tax expense	1,538	1,259	2,206	2,424

(i) Hong Kong profits tax

The provision for Hong Kong profits tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the three months and six months ended 30 June 2008.

No provision has been made for Hong Kong profits tax for the three months and six months ended 30 June 2007 as the Group had no assessable profits arising in or derived from Hong Kong during the periods.

(ii) Income taxes outside Hong Kong

The Company's subsidiaries established in the British Virgin Islands, namely Keithick Profits Limited and PacificNet Management Limited, are incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from payment of the British Virgin Islands income tax.

The Company's subsidiaries established in Macau, namely International Elite Ltd. – Macao Commercial Offshore and PacificNet Communications Limited – Macao Commercial Offshore, are incorporated under the Commercial Code and regulations on offshore activities of Macau and, accordingly, are exempted from payment of the Macau income tax.

The applicable tax rate of the Company's subsidiary in the PRC, namely 廣州盛華信息有限公司 (China Elite Info. Co. Limited, "China Elite"), was 25% during the period. (2007: 33%). China Elite had no assessable profit for the periods as it has reported tax losses brought forward from 31 December 2007, which were sufficient to offset its assessable profit for the three months and six months ended 30 June 2008.

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008. No interim dividend was paid in respect of the six months ended 30 June 2007.

9. EARNINGS PER SHARE**(a) Basic earnings per share**

The calculation of basic earnings per share for each of the three months and six months ended 30 June 2008 is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK\$6,511,000 and HK\$18,886,000 respectively (Last Corresponding Periods: HK\$14,041,000 and HK\$21,421,000 respectively) and the weighted average of 946,200,000 shares in issue during the periods (Last Corresponding Periods: 649,800,000 after adjusting for the capitalisation issues in July 2007).

(b) Diluted earnings per share

Diluted earnings per share are same as the basic earnings per share for each of the three months and six months ended 30 June 2007 and 2008 as the inclusion of the effect of deemed issue of ordinary shares under the share options scheme would have an anti-dilutive effect on the basic earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2008, the Group acquired equipment with an aggregate cost of HK\$2,636,000 (six months ended 30 June 2007: HK\$1,108,000).

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Trade receivables	63,831	59,251
Deposits, prepayments and other receivables	2,051	2,412
	65,882	61,663

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

Included in trade receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Aged within 1 month	45,905	22,526
Aged between 1 to 3 months	3,461	33,559
Aged between 3 to 6 months	8,649	3,166
Aged between 6 months to 1 year	5,816	–
	63,831	59,251

12. CASH AT BANK AND IN HAND

	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Fixed deposits	359,735	318,733
Cash in hand and demand deposits	50,436	66,982
Cash at bank and in hand in the consolidated balance sheet	410,171	385,715
Fixed deposits held as security for letters of credit	(40,000)	(40,000)
Cash and cash equivalents in the condensed consolidated cash flow statement	370,171	345,715

13. TRADE AND OTHER PAYABLES

	Note	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Creditors and accrued charges		14,113	19,524
Amount due to an ultimate shareholder	16(c)	826	967
Amounts due to related parties	16(c)	–	195
		14,939	20,686

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Due within 3 months or on demand	9,671	12,964

The amounts due to an ultimate shareholder and related parties are unsecured, interest free and repayable on demand.

14. EQUITY SETTLED SHARE-BASED PAYMENT

The Company has two share option schemes, namely the Share Option Scheme and the Pre-IPO Share Option Scheme, which were adopted on 21 September 2007 whereby the Board is authorised, at its discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at a cash consideration of HK\$1.00 for each grantee to subscribe for shares of the Company. As at 30 June 2008, no option was granted under the Share Option Scheme. The exercise price of the share options under the Pre-IPO Share Option Scheme was determined based on the new issue price of the Company's shares on 16 October 2007 (the "Listing Date"). The options vest after one year from the Listing Date and are then exercisable within a period of six months. Each option gives the holder the right to subscribe for one ordinary share in the Company.

No options were exercised during the six months ended 30 June 2008.

The options outstanding at 30 June 2008 had an exercise price of \$1.36 and a remaining contractual life of 0.8 years.

15. COMMITMENTS

(a) Capital commitments outstanding not provided for in the interim financial report were as follows:

	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Contracted for	421	732

(b) The total future minimum lease payments under non-cancellable operating leases payable are as follows:

	As at 30 June 2008 (unaudited) HK\$'000		As at 31 December 2007 (audited) HK\$'000	
	Properties	Transmission lines	Properties	Transmission lines
Within 1 year	2,206	2,452	1,261	1,408
Over 1 year but within 2 years	664	540	1,257	–
	2,870	2,992	2,518	1,408

The Group is the lessee in respect of a number of properties and transmission lines held under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

16. MATERIAL RELATED PARTY TRANSACTIONS**(a) Relationship between the Group and related parties***(i) Ultimate shareholders of the Group*

Li Kin Shing
Kwok King Wa
Li Yin

(ii) Subject to common control from ultimate shareholders

China-Hong Kong Telecom Ltd.
Directel Communications Ltd.
Directel Ltd.
Elitel Limited
Fastary Ltd.
Guangzhou Zhitong Telecommunications Limited
Jandah Management Limited
Talent Information Engineering Co., Ltd.

(iii) Related companies of ultimate shareholders

Guangdong Zhitong Investment Ltd.
Guangdong Zhitong Telecommunications Limited
Guangdong Zhitong Telecommunications Paging Limited
Guangdong Zhitong Telecommunications Service Company Limited
Shenzhen Zhitong Telecommunications Limited

(b) Transactions

The Group entered into the following material related party transactions:

		For the six months ended 30 June	
		2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Sales	(i)	6,090	5,295
Purchases of services	(ii)	3	150
Rental of properties	(iii)	644	545
Waiver of rental payable of properties	(iv)	702	-
Cash advances to related parties		-	472
Repayment of cash advances from related parties		-	11,820
Cash advances from related parties		-	445
Repayment of cash advances to related parties		-	14,423

Notes:

- (i) Sales to related parties mainly represent rendering service of Customer Relationship Management. The selling prices are determined based on prevailing price of similar services to independent third party customers.
- (ii) Services purchased from related parties mainly represent services for operation.
- (iii) The Group rented properties from an ultimate shareholder, Li Kin Shing, and a related party, Talent Information Engineering Co., Ltd.. The rental is determined with reference to the market price.
- (iv) During the period, rental payable related to the period from January 2007 to September 2007 was waived by the ultimate shareholder, Li Kin Shing, and accounted for under capital contribution reserve.

An ultimate shareholder, Li Kin Shing, pledged his own property amounting to approximately HK\$38 million up to 10 August 2007 to secure the performance of the Group's contract with a major customer.

The directors are of the opinion that the above transactions with related parties were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

(c) Balances with related parties

The outstanding balances arising from the above transactions at the balance sheet date are as follows:

	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Amounts due from an ultimate shareholder and related parties		
– trade	881	902
Amounts due to an ultimate shareholder and related parties		
– trade	826	1,145
– non-trade	–	17

Notes:

The amounts due from / to an ultimate shareholder and related parties are unsecured, interest free and are repayable on demand. No allowance for doubtful debts has been made in respect of the amounts due from an ultimate shareholder and related parties.

The non-trade balance of amounts due to an ultimate shareholder and related parties is the payable for director's fee.

(d) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Short-term employee benefits	1,841	1,561
Contribution to retirement benefit schemes	79	56
Equity compensation benefits	8,588	3,938
	10,508	5,555

The remuneration is included in "staff costs" (see note 6(b)). The Company has two share option schemes, namely the Share Option Scheme and the Pre-IPO Share Option Scheme.

17. CONTINGENT LIABILITIES

As at 30 June 2008, the directors of the Company were not aware of any material contingent liabilities.

18. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2008

Up to the date of issue of this interim financial report, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 31 December 2008.

These amendments, new standards and interpretations were not applied in this interim financial report because the Directors expect that the Group will not early apply them when preparing the Group's annual financial statements for the year ending 31 December 2008.

The Group is in the process of making an assessment of the impact of these amendments, new standards and new interpretations in the period of initial application and has so far concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

BUSINESS REVIEW AND PROSPECTS

OPERATING RESULTS

The Group is principally engaged in the provision of outsourcing CRM solutions to companies in the PRC and Hong Kong. During the Relevant Periods, the Group continued to provide services to major telecommunications network operators including Hutchison Telecommunications (Hong Kong) Limited, Hutchison Global Communications Limited and China Unicom Limited – Guangdong Branch.

Turnover of the Group for the six months ended 30 June 2008 amounted to approximately HK\$119,438,000, representing an increase of approximately 30% as compared to the Last Corresponding Period. The turnover from the inbound segment accounted for approximately 56% of the total turnover for the six months ended 30 June 2008, and the remaining approximately 44% was attributable to the outbound segment. The gross profit margins of the inbound and the outbound segment for the six months ended 30 June 2008 were approximately 36% and 48% respectively. Turnover for the three months ended 30 June 2008 amounted to approximately HK\$58,984,000, representing a 20% increase as compared to the Last Corresponding Period. Inbound segment accounted for approximately 58% of the total turnover for the three months ended 30 June 2008, and the remaining approximately 42% was attributable to the outbound segment. The gross profit margins of the inbound and the outbound segment for the three months ended 30 June 2008 were approximately 33% and 47% respectively. The higher margin outbound business is expected to become a growing proportion of the Group's revenue generator. Additionally, the Group has enjoyed further success during the Relevant Periods in expanding the business into the non-telecommunication industries.

The gross profit of the Group for the six months ended 30 June 2008 was approximately HK\$49,044,000, which was approximately 25% higher than the Last Corresponding Period. The profit attributable to the shareholders of the Company amounted to approximately HK\$18,886,000 for the six months ended 30 June 2008, as compared to approximately HK\$21,421,000 for the Last Corresponding Period.

During the three months and six months ended 30 June 2008 respectively, the gross profit margin of the Group decreased from 46% to 39% and 43% to 41%, while the net profit margin fell from 29% to 11% and 23% to 16% as compared to the Last Corresponding Period. The reduced profitability was due to an increase in overall staff costs, which entailed the extra cost of compliance to the stricter regulation on retirement plan contribution, the increased wage level, and the continued appreciation of RMB. The contribution to retirement plan grew by 66% and 63%, while the salaries, wages, and other benefits climbed 46% and 38% during the three months and six months ended 30 June 2008 over the Last Corresponding Periods, respectively. The Pre-IPO Share Option Scheme's amortized expenses also cost the Group approximately HK\$4,500,000 and HK\$9,000,000 respectively during the three months and six months ended 30 June 2008, compared to no share based payment expense in 2007.

DEVELOPMENT

NEW CUSTOMERS

During the Relevant Periods, the Group entered into agreements with the following new customers to provide CRM services:

Customer	Service	Date
Guangzhou Yi Jie Information and Technology Company Limited (廣州市易傑數碼科技有限公司)	Telesales Service	January 2008
Guangzhou Watsons Your Personal Store Company Limited (廣州屈臣氏個人用品商店有限公司)	Customer Hotline Service	March 2008
Birdland (Hong Kong) Limited	KFC Order Taking Service	April 2008

AWARDS

In January 2008, the Guangzhou Government granted the "Service Outsourcing Base Contribution Award" to China Elite.

In June 2008, Asia Pacific Customer Service Consortium granted the "Best Contact Center of the Year" and the "Best Outsourcing Service Team of the Year" awards to China Elite.

In June 2008, China's Best Customer Service Appraisal Committee conferred the "Best Outsourcing Service Provider in China" award to China Elite.

PROSPECT

The Group continues its plans to develop new services and enter into new markets. Through the introduction of distinguished new services, the Group aims to maintain its competitiveness against our rivals; and the new markets will bring new revenue opportunities to the Group.

INTERNET CRM

The Group has recognized the potential use of instant messaging systems in CRM almost two years ago and started the development of an Internet based CRM platform. The Group has reached an agreement with MSN China in November 2007 to provide CRM service on the MSN Messenger. Today, the Group has the capability to provide CRM service via telephone as well as on the Internet through instant messaging channels.

Preliminary plans of the Group include the use of artificial intelligence to respond to customers' enquiries and provide instant service and messaging forwarding. The use of artificial intelligence to process text-based enquiries can reduce the reliance on human intervention, and thus drastically reduce cost. We are confident that the new service shall alter our cost structure and enhance profitability of the Company. The Group is planning to launch this exciting new Internet-based service in the near future.

REMOTE WORKSTATIONS

The R&D team has taken advantage of IP based technology to develop a system that can decentralize our CRM workstations. Rather than having operators come to a central CRM service facility, we will bring the facility to the homes of our operators using IP based Internet connection. The remote workstation process can reduce workstation capital investment, lower maintenance expense, but most importantly result in a more flexible and lean cost structure as the operators become agents rather than permanent employees of the Company.

Some of the challenges that we face include logistic and quality assurance. We continue to be in the process of refining our operation to overcome such challenges through small scale trials that mainly involve outbound services, where data security requirements are less stringent. Although the development is behind our original schedule, we are optimistic about the eventual benefits to the Company.

NEW MARKETS

The Group plans to continuously broaden its customer base within the telecommunication industry. The Directors intend to seek further business opportunities with China Unicom for the provision of CRM outsourcing services in the PRC in provinces other than Guangdong. The Group will also participate in the bidding of CRM outsourcing service contracts from China Mobile, the leading telecommunication service provider in the PRC. As at the date of this report, the Group has yet to secure the service agreement with China Mobile.

Moreover, the Group also seeks to develop the non-telecommunication markets and overseas markets. As CRM and outsourcing both gains increasing recognition, the Directors anticipate growing demand for quality CRM solution from industries including finance, Internet, travel, health care, market research, retail etc; and also from foreign markets. The Group currently provides CRM services to travel, insurance, health care, and information technology companies.

NEW SERVICE CENTERS

International Elite Ltd. aims to expand seating capacity by establishing up to two new CRM service centers. The Group has received in March 2008 a letter from the Yonghe Economic Zone of Guangzhou: Economic and Technological Development District (廣州市經濟技術開發區) that discusses the possibility of offering government support in the use of land for the establishment of an outsourcing base. The development might potentially reduce the cost of the new CRM service centers. Our improved efficiency has increased the capacity of the existing service centers, and allowed more time to find the best possible option for the establishment of the new CRM service centers. Along with the use of remote workstations, the Group aims to employ for service at least 6,000 seats by the end of 2008, and lay the foundation of no less than 10,000 seats in the new CRM service centers in preparation of the rapid expansion to come.

ACQUISITION

The Group will continue to seek suitable small and medium sized CRM service providers for acquisition or merger. The Group has previously identified a potential target. However, the negotiation has been lapsed because the parties failed to reach agreement on the terms. As at 30 June 2008, the Group has no specific acquisition target.

CAPITAL STRUCTURE

The Group adopts a sound financial policy, and the surplus cash is deposited at the bank to facilitate extra operation expenditure or investment. The management carries out financial forecast on a regular basis with reference to the business plan as stated in the prospectus of the Company (the "Prospectus") dated 11 October 2007. As at 30 June 2008, the Group had no outstanding loan or borrowing, and the gearing ratio (being ratio of total long term borrowings to equity) was therefore inapplicable. As at 30 June 2008, the Group's balance of cash and deposits was approximately HK\$410,171,000, which was primarily attributable to the proceeds from the IPO and earnings.

LIQUIDITY AND FINANCIAL POSITION

	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Cash in hand and demand deposits	50,436	66,982
Fixed deposits	319,735	278,733
Fixed deposits held as security for letter of credit	40,000	40,000
Total cash and deposit	410,171	385,715

The Group normally finances its operations with internally generated cash flows and capital contribution from shareholders. Cash position increased by approximately HK\$24,456,000 in the six months ended 30 June 2008. The current ratio was 30.66 as at 30 June 2008, higher than 21.28 as at 31 December 2007. The increase was mainly due to the profit generated during the Relevant Periods. Quick ratio was inapplicable as the Group did not have any inventory.

FOREIGN EXCHANGE RATE RISK

The Group is exposed to limited foreign exchange rate risk as the Group's sales, assets and liabilities are principally denominated in RMB and Hong Kong dollars. Therefore, the Directors of the Group believe that the Group is not exposed to any significant foreign exchange rate risk. However, in 2008, the Group has the intention to hedge part of its RMB exposure against exchange rate movement.

PLEDGE OF ASSETS

As at 30 June 2008, the Group did not have any pledges on its assets.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2008.

SIGNIFICANT ACQUISITION, DISPOSAL OR INVESTMENT

As at 30 June 2008, the Group has no specific acquisition target. The Group did not have any material acquisition and disposals of subsidiaries and affiliated companies, and investment during the period under review.

ASSET LIABILITY RATIO

As at 30 June 2008, the Group had no outstanding bank loans or other loans with interest.

CAPITAL COMMITMENTS

The capital commitments outstanding at 30 June 2008 not provided for in the financial statement was HK\$421,000 (31 December 2007: HK\$732,000).

SEGMENT REPORTING

In the presentation of segmental information, revenue is classified according to the business type and geographical location of the customers. Details of segment reporting is set out in note 5 to this report.

STAFF AND REMUNERATION POLICY

As at 30 June 2008, the Group had 4,168 employees (31 December 2007: 4,230 employees). Among them, 4,152 employees worked in the PRC, 14 in Hong Kong and 2 in Macau.

Breakdown of the Group's staff by functions as at 30 June 2008 is as follows:

Function	As at 30 June 2008	As at 31 December 2007
Management	13	13
Business	4,029	4,101
Financial, administration, and human resources	71	64
Sales and marketing	6	6
Research and development	13	13
Repairs and maintenance	36	33
Total	4,168	4,230

The total staff remuneration including directors' remuneration paid by the Group for the six months ended 30 June, 2008 was approximately HK\$78,901,000 (Last Corresponding Period: HK\$50,181,000). The remuneration paid to the staff, including the Directors, is based on their qualification, experience, performance, and market rates, so as to maintain a competitive remuneration level. The Group also offers various staff welfare, including housing fund, social insurance and medical insurance. We believe that at International Elite Ltd., our employees are our most valuable asset.

DISCLOSURE UNDER CHAPTER 17 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE GEM

The Directors confirmed that they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules during the period under review.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business objectives as set out in the prospectus of the Company dated 11 October 2007 ("Prospectus") with actual business progress for the six months ended 30 June 2008:

Business objectives as stated in the Prospectus for the period from the date of commencement of dealings in the shares on the GEM to 31 December 2007

EXPANSION OF SEATING CAPACITY
In the southern and north-eastern regions of the PRC, set up and commence operation of new CRM service centers through (i) the acquisition or rental of suitable land and buildings; and/or (ii) the acquisition of suitable small to medium sized CRM service centers.

Purchase computers, machinery, and equipment, and carry out renovation of the new CRM service centers.

Recruit and train operators for the new CRM service centers.

Business objectives as stated in the Prospectus for the six months ended 30 June 2008

EXPANSION OF SEATING CAPACITY
Identify suitable small to medium sized CRM service centers in other regions which the Group currently has no service sites.

Continue to purchase computers, machinery, and equipment for the new CRM service centers.

Continue to recruit and train new operators to optimize utilisation rate of the seating capacity of the newly set-up CRM service centers.

Actual business progress for the six months ended 30 June 2008

- (i) Received in March 2008 a letter from the Yonghe Economic Zone of Guangzhou: Economic and Technological Development District (廣州經濟技術開發區) that discusses the possibility of offering government support in the use of land for the establishment of an outsourcing base. The development might potentially reduce the cost of the new CRM service centers. The delay in the construction of the new call centers might constrain the expansion speed of the Group.
- (ii) In the progress of seeking suitable small to medium sized CRM service providers for acquisition. No specific target has been identified.

Due to the delay in setting up the new CRM service centers, the plan for the purchase of computers, machinery, and equipment, and carrying out renovation of the new CRM service centers has also been postponed accordingly.

Due to the delay in setting up the new CRM service centers, the operator recruitment and training are now pending.



Business objectives as stated in the Prospectus for the period from the date of commencement of dealings in the shares on the GEM to 31 December 2007

EXPANSION OF CUSTOMER BASE AND MARKETS

Further develop and cooperate with non-telecommunications companies.

Reinforce the Group's relationships with existing overseas telecommunications customers (including overseas companies in Canada) for aggressively expanding the Group's overseas business markets.

CONTINUOUS IMPROVEMENT OF SERVICES TO EXISTING CUSTOMERS

Execute various business expansion strategies and cooperate with China Unicom in marketing CRM outsourcing services in regions outside Guangdong Province.

Business objectives as stated in the Prospectus for the six months ended 30 June 2008

EXPANSION OF CUSTOMER BASE AND MARKETS

Further cooperate with non-telecommunications companies (including but not limited to the insurance, medical and pharmaceutical as well as marketing research sectors).

Expand business in regions (such as Japan, Korea, Taiwan, and Canada) outside China.

CONTINUOUS IMPROVEMENT OF SERVICES TO EXISTING CUSTOMERS

Increase the number of subscribers of telecommunications customers and build up customer resources through the application of CRM services for providing customers with new value-added service items.

Actual business progress for the six months ended 30 June 2008

Acquired customers in non-telecommunication industries. Non-telecommunication segments generated 2% of the Group's revenue in the six months ended 30 June 2008. For details of new customers, please refer to sub-paragraph headed "New Customers" in this report.

In talks with a number of overseas telecommunications service providers. International outsourcing has been the market trend in recent years, and the Group is continuing its overseas expansion plan.

The Group continues its development of various value adding services for the customers.

In negotiation with a major MNO on a non-telecommunications value adding service outsourcing agreement.

The cooperation with China Unicom in regions outside Guangdong Province is still in negotiation. The delay in the cooperation might delay the added revenue.



Business objectives as stated in the Prospectus for the period from the date of commencement of dealings in the shares on the GEM to 31 December 2007

PROVISION OF NEW SERVICES

Carry out research on technology and platform for various new Internet based CRM services.

Business objectives as stated in the Prospectus for the six months ended 30 June 2008

PROVISION OF NEW SERVICES

Launch a new super secretarial service and carry out research and development on technology for supporting the Group's new services.

Launch a “小E” (“Little E”) e-channel service and enhance capability for system programming and input, and database.

Launch Internet-based conventional CRM customer services, improve Internet-based customer services, deal with technology involved therein and continue to develop new services.

Actual business progress for the six months ended 30 June 2008

The new service is in the early stage of introduction.

Reached an agreement with MSN China in November 2007 to provide CRM service on the MSN Messenger. The Group plans to formally launch the new Little E services in the near future.

The new service is still under development.

USE OF PROCEEDS

The actual use of proceeds for the period from the date of commencement of dealings in the shares on the GEM to 30 June 2008, as compared to the amount set out in the section headed “Use of Proceeds” of the Prospectus, is summarized as follows:

	Proposed HK\$ million	Actual HK\$ million
Set up of new CRM service centers in the Southern and Northeastern region		
– Acquisition of land and building	99.7	– (Note 1)
– Purchase of equipment and facilities	42.0	– (Note 2)
– Renovation and furnishing	41.3	– (Note 2)
Acquisition of small to medium sized CRM services centers	–	–
Repayment of non-trade balance due to related parties of the Company	30.8	30.8
Development of new Internet CRM services	2.4	–
General Working capital	6.9	–
Total	223.1	30.8

Notes:

- Received in March 2008 a letter from the Yonghe Economic Zone of Guangzhou: Economic and Technological Development District (廣州經濟技術開發區) that discusses the possibility of offering government support in the use of land for the establishment of an outsourcing base. The development might potentially reduce the cost of the new CRM service centers.
- Due to the delay in setting up the new CRM service centers, the plan for the purchase of computers, machinery, and equipment, and renovation and furnishing of the new centers has also been postponed accordingly.

DIVIDENDS

The Board does not recommend the payment of a dividend for the six months ended 30 June 2008 (Last Corresponding Period: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY, UNDERLYING SHARES AND DEBENTURES

As at 30 June, 2008, so far as it is known to the Directors, the Directors and the chief executive of the Company had the following interests and short positions in the shares, underlying shares or the debentures of the Company or any of its associated corporation within the meaning of part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules:

Name of Directors	Company/ Associated corporation	Number of shares held				Total of Interests	Percentage of Equity
		Personal Interests	Family Interests	Corporate Interests			
Mr. Li Kin Shing	Company	–	–	684,000,000 (Note 1)	684,000,000	72.29%	
Mr. Li Kin Shing	Company	20,000,000 (Note 4)	–	–	20,000,000	2.11%	
Ms. Kwok King Wa	Company	–	–	684,000,000 (Note 2)	684,000,000	72.29%	
Ms. Kwok King Wa	Company	18,550,000 (Note 4)	–	–	18,550,000	1.96%	
Ms. Li Yin	Company	–	–	– (Note 3)	–	–	
Ms. Li Yin	Company	12,600,000 (Note 4)	–	–	12,600,000	1.33%	
Mr. Wong Kin Wa	Company	2,000,000 (Note 4)	–	–	2,000,000	0.21%	
Mr. Li Wen	Company	1,000,000 (Note 4)	–	–	1,000,000	0.106%	
Mr. Tang Yue	Company	500,000 (Note 4)	–	–	500,000	0.053%	
Mr. Chen Xue Dao	Company	500,000 (Note 4)	–	–	500,000	0.053%	
Mr. Cheung Sai Ming	Company	500,000 (Note 4)	–	–	500,000	0.053%	
Mr. Li Kin Shing	Ever Prosper International Limited ("Ever Prosper")	500	465 (Note 5)	–	965	96.5%	
Ms. Kwok King Wa	Ever Prosper	465	500 (Note 5)	–	965	96.5%	
Ms. Li Yin	Ever Prosper	35	–	–	35	3.5%	

NOTES:

- The 684,000,000 shares are owned by Ever Prosper, which is owned as to 50% and 46.5% by Mr. Li Kin Shing and Ms. Kwok King Wa respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Mr. Li Kin Shing is deemed to be interested in the 684,000,000 shares under the SFO.

2. The 684,000,000 shares are owned by Ever Prosper, which is owned as to 50% and 46.5% by Mr. Li Kin Shing and Ms. Kwok King Wa respectively. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing. Accordingly, Ms. Kwok King Wa is deemed to be interested in the 684,000,000 shares under the SFO.
3. Ms. Li Yin holds 3.5% of the issued share capital of Ever Prosper, which in turn holds 72.29% of the issued share capital of the Company.
4. These shares are held pursuant to the options granted under pre-IPO share option scheme of the Company.
5. Mr. Li Kin Shing and Ms. Kwok King Wa respectively holds 500 and 465 shares of the share capital of Ever Prosper, with the nominal value US\$1 per share. Mr. Li Kin Shing and Ms. Kwok King Wa are the spouse of each other. Accordingly, Mr. Li Kin Shing and Ms. Kwok King Wa are deemed to be interested in the shares under each other's name under the SFO.

Save as disclosed above, as at 30 June, 2008, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June, 2008, so far as it is known to the Directors, the persons (other than the Directors or chief executive of the Company) with interests or short positions in the shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long position in shares:

Name	Capacity	Number of Shares	Approx. percentage of interests
Ever Prosper	Beneficial owner	684,000,000 (Note 1)	72.29%
Keywise Greater China Opportunities Master Fund	Beneficial owner	57,366,000 (Note 2)	6.06%

NOTES:

1. The 684,000,000 shares are owned by Ever Prosper which is owned as to 50%, 46.5% and 3.5% by Mr. Li Kin Shing, Ms. Kwok King Wa and Ms. Li Yin respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa.
2. The 57,366,000 shares are beneficially held by Keywise Greater China Opportunities Master Fund, whose holding company, Keywise Capital Management (HK) Limited, is indirectly interested in these shares.

Save as disclosed above, as at 30 June 2008, so far as it is known to the Directors, there was no other person (other than the Directors or chief executive of the Company) with interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, during the period under review, there was no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or the chief executive of the Company or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company to acquire such rights in any other body corporate.

SHARE OPTIONS SCHEMES

PRE-IPO SHARE OPTION SCHEME

In order to recognise the contribution of, and provide an incentive to the Directors, senior management and employees of the Group who have contributed to the growth of the Group and/or to the listing of the Company's shares on GEM, the Company adopted the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") pursuant to the written resolution of the shareholders of the Company dated 21 September 2007.

The total number of shares in respect of which share options (the "Pre-IPO Share Options") may be granted under the Pre-IPO Share Option Scheme shall not exceed 60,000,000 shares, representing 100% of the number of Pre-IPO Share Options already granted by the Company. The Pre-IPO Share Options shall be exercised at the price of HK\$1.36. Subject to other conditions as set out in the rules of the Pre-IPO Share Option Scheme, the Pre-IPO Share Options will be exercisable by the grantees from the end of the twelfth month after 16 October 2007 (the "Listing Date") until the end of the eighteenth month after the Listing Date unless extended in writing by the Board (and approved by the independent non-executive Directors). Each of the Pre-IPO Share Options (to the extent not already exercised) shall lapse automatically at the end of such period.

On 8 October 2007, 60,000,000 Pre-IPO Share Options were granted to and accepted by certain Directors, senior management and employees of the Group.

Details of this Pre-IPO Share Option Scheme are fully disclosed in the prospectus of the Company dated 11 October 2007.

As at 30 June 2008, none of the Pre-IPO Share Options has been exercised and all of the Pre-IPO Share Option holders maintained their employment with the Company.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme in the written resolutions of the shareholders of the Company passed on 21 September 2007 (the "Share Option Scheme").

The Share Option Scheme became unconditional after the listing of the Company's shares on GEM on 16 October 2007. The Company did not grant or cancel any options under the Share Option Scheme any time during the period under review, and as at 30 June 2008, there was no outstanding share option under the Share Option Scheme.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM 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 six months ended 30 June 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any share of the Company.

COMPETING BUSINESS

During the six months ended 30 June 2008, save as disclosed below, none of the Directors nor management shareholders (as defined under the GEM Listing Rules) of the Company nor their respective associates is considered to have interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors or management shareholders (as defined under the GEM Listing Rules) have been appointed or were appointed as directors to represent the interests of the Company and/or the Group.

Based on the annual report of PacificNet Inc. for the year ended 31 December 2007, Mr. Li Kin Shing, a Director, acquired 1,150,000 Shares in PacificNet Inc. in September 2003, representing approximately 8.03% shareholding in PacificNet Inc. as at 31 December 2007.

PacificNet Inc., a company incorporated in the State of Delaware and listed on the NASDAQ Stock Exchange in the US, is engaged in the business of providing CRM and outsourcing services, telecommunications value-added services, telecommunications and gaming products and services in Asia. The CRM and outsourcing services provided by PacificNet Inc. include business process outsourcing such as CRM centers, CRM and telemarketing services, and IT outsourcing services including software programming and development services. There is a risk that such services provided by PacificNet Inc. may compete with the services provided by the Group. The Directors confirm that the Group had not experienced any notable customer loss in the past as a result of competition from PacificNet Inc..

The Directors confirm that Mr. Li Kin Shing has no absolute right to appoint a director in PacificNet Inc.. As Mr. Li Kin Shing holds no board representation or management position and only holds a 8.03% minority interest in PacificNet Inc., it is highly unlikely that Mr. Li Kin Shing's interest in PacificNet Inc. would influence the decision-making of the board of Directors or management of PacificNet Inc.. As such, the Directors are of the view that the Group's business will not be materially and adversely impacted as a result of Mr. Li Kin Shing's shareholding interest in PacificNet Inc..

Ever Prosper, Mr. Li Kin Shing, Ms. Kwok King Wa and Ms. Li Yin (the "Covenantors") executed a deed of non-competition undertaking in favour of the Company on 10 October 2007 pursuant to which the Covenantors have undertaken to the Company that in the event the Covenantors were given any business opportunity that is or may involve direct or indirect competition with the business of the Group, the Covenantors shall assist the Company in obtaining such business opportunities in the terms being offered to the Covenantors, or more favourable terms being acceptable to the Company provided that the Covenantors shall not proceed with such opportunity should the Company decline to accept such offer.

INTEREST OF COMPLIANCE ADVISER

The Company has appointed Daiwa Securities SMBC Hong Kong Limited as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. The term of the appointment commenced on the Listing Date and end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year after the Listing Date (i.e. the date of dispatch of the annual report of the Company in respect of its results of the financial year ending 31 December 2009), subject to early termination.

As at 30 June 2008, as notified by Daiwa Securities SMBC Hong Kong Limited, none of Daiwa Securities SMBC Hong Kong Limited, its directors, its employees or associates had any interest in the Company's securities, including share options and the other rights to subscribe the Company's securities.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in Appendix 15 – Code on Corporate Governance Practices to the GEM Listing Rules during the six months ended 30 June 2008.

AUDIT COMMITTEE

The Company has established an audit committee in September 2007 with written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of the three independent non-executive Directors, namely, Mr. Cheung Sai Ming, Mr. Chen Xue Dao and Mr. Tang Yue. Mr. Cheung Sai Ming is the chairman of the audit committee.

The Group's unaudited results for the six months ended 30 June 2008 have been reviewed by the audit committee, which was of the opinion that such results complied with the applicable accounting standards and that adequate disclosures had been made.

By order of the Board
International Elite Ltd.
KWOK KING WA
Chairman

Hong Kong, 13 August, 2008

As at the date of this report, the executive Directors are Ms. Kwok King Wa, Mr. Li Kin Shing, Ms. Li Yin, Mr. Wong Kin Wa and Mr. Li Wen and the independent non-executive Directors are Mr. Cheung Sai Ming, Mr. Chen Xue Dao and Mr. Tang Yue.