



**International Elite Ltd.**

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8313)



# 2008 Third Quarterly 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 higher 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 nine months ended 30 September 2008 was approximately HK\$180,728,000, representing an increase of approximately 21% from that of the Last Corresponding Period.

Profit attributable to shareholders of the Company was approximately HK\$26,402,000, representing a decrease of approximately 33% from that of the Last Corresponding Period.

Profit attributable to shareholders of the Company before the Share Options expenses was approximately HK\$39,953,000, representing an increase of approximately 1% from that of the Last Corresponding Period.

## UNAUDITED THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2008 (the "Relevant Periods") together with the unaudited comparative figures for the respective corresponding periods in 2007 (the "Last Corresponding Periods") as follows:

### CONSOLIDATED INCOME STATEMENTS

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Turnover	2	<b>61,290</b>	56,969	<b>180,728</b>	149,013
Cost of sales		<b>(37,689)</b>	(30,256)	<b>(108,083)</b>	(82,988)
Gross profit		<b>23,601</b>	26,713	<b>72,645</b>	66,025
Other revenue		<b>1,855</b>	95	<b>5,431</b>	279
Administrative expenses		<b>(16,374)</b>	(8,087)	<b>(47,746)</b>	(23,738)
Profit from operations		<b>9,082</b>	18,721	<b>30,330</b>	42,566
Finance costs		<b>(76)</b>	–	<b>(232)</b>	–
Profit before taxation		<b>9,006</b>	18,721	<b>30,098</b>	42,566
Income tax	3	<b>(1,490)</b>	(693)	<b>(3,696)</b>	(3,117)
Profit for the period attributable to equity shareholders of the Company		<b>7,516</b>	18,028	<b>26,402</b>	39,449
Earnings per share – Basic and diluted	5	<b>HK\$0.01</b>	HK\$0.03	<b>HK\$0.03</b>	HK\$0.06

## NOTES TO THE CONSOLIDATED INCOME STATEMENTS

### 1. BASIS OF PREPARATION

The Group's unaudited consolidated results have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and in compliance with the applicable disclosure provisions of the GEM Listing Rules.

The unaudited consolidated results have been prepared in accordance with substantially the same accounting policies adopted in the 2007 annual financial statements.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing the financial statements, 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.

### 2. 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.

### 3. INCOME TAX

#### (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 nine months ended 30 September 2008.

No provision has been made for Hong Kong profits tax for the three months and nine months ended 30 September 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 periods (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 nine months ended 30 September 2008.

#### 4. DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2008. No dividend was paid in respect of the nine months ended 30 September 2007.

#### 5. EARNINGS PER SHARE

##### (a) Basic

The calculation of basic earnings per share for each of the three months and nine months ended 30 September 2008 is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK\$7,516,000 and HK\$26,402,000 respectively (Last Corresponding Periods: approximately HK\$18,028,000 and HK\$39,449,000 respectively) and the weighted average of 946,200,000 shares in issue during the periods (Last Corresponding Periods: 649,800,000 shares after adjusting for the capitalisation issues).

##### (b) Diluted

Diluted earnings per share are same as the basic earnings per share for each of the three months and nine months ended 30 September 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.

#### 6. CHANGES IN EQUITY

	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	-	-	-	-	-	-	39,449	39,449
Issue of new shares	14	-	-	-	-	-	-	14
Repurchase of existing shares	(14)	-	-	-	-	-	-	(14)
Other allotment	342	-	-	-	-	-	-	342
Capitalisation issue	6,484	-	-	-	-	-	(6,484)	-
Exchange difference on translation of financial statements of subsidiaries	-	-	1,079	-	-	-	-	1,079
As at 30 September 2007	6,840	97	1,733	-	5,966	-	86,912	101,548
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	-	-	-	-	-	-	26,402	26,402
Waiver of rental payable due to an ultimate shareholder (Note i)	-	-	-	-	702	-	-	702
Equity settled share-based payment (Note ii)	-	-	-	-	-	13,551	-	13,551
Exchange difference on translation of financial statements of subsidiaries	-	-	2,627	-	-	-	-	2,627
As at 30 September 2008	9,462	97	5,103	326,387	6,668	17,755	133,612	499,084

NOTES:

**(i) Waiver of rental payable due to an ultimate shareholder**

During the period, rental payable related to the period from January 2007 to September 2007 was waived by the ultimate shareholder, Mr. Li Kin Shing, and accounted for under capital contribution reserve.

**(ii) 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 September 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 nine months ended 30 September 2008.

The options outstanding as at 30 September 2008 had an exercise price of \$1.36 and a remaining contractual life of 0.5 year.

## BUSINESS REVIEW AND PROSPECTS

### OPERATING RESULTS

The Group is principally engaged in the provision of outsourcing CRM solutions to companies in the People's Republic of China (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 nine months ended 30 September 2008 amounted to approximately HK\$180,728,000, representing an increase of approximately 21% as compared to the Last Corresponding Period. The turnover from the inbound segment accounted for approximately 57% of the total turnover for the nine months ended 30 September 2008, and the remaining approximately 43% was attributable to the outbound segment. The gross profit margin of the inbound and the outbound segment for the nine months ended 30 September 2008 was approximately 35% and 47% respectively. Turnover for the three months ended 30 September 2008 amounted to approximately HK\$61,290,000, representing an increase of approximately 8% as compared to the Last Corresponding Period. Inbound segment accounted for approximately 58% of the total turnover for the three months ended 30 September 2008, and the remaining approximately 42% was attributable to the outbound segment. The gross profit margin of the inbound and the outbound segment for the three months ended 30 September 2008 was approximately 34% and 45% respectively. The higher margin outbound business is expected to continue to be a growing proportion of the Group's revenue generator.

The gross profit of the Group for the nine months ended 30 September 2008 was approximately HK\$72,645,000, which was approximately 10% higher than the Last Corresponding Period. The profit attributable to the shareholders of the Company amounted to approximately HK\$26,402,000 for the nine months ended 30 September 2008, as compared to approximately HK\$39,449,000 for the Last Corresponding Period.

During the three months and nine months ended 30 September 2008 respectively, the gross profit margin of the Group decreased from approximately 47% to 39% and 44% to 40%, while the net profit margin fell from approximately 32% to 12% and 26% to 15% as compared to the Last Corresponding Periods. 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 approximately 53% and 59%, while the salaries, wages, and other benefits climbed approximately 26% and 33% during the three months and nine months ended 30 September 2008 over the Last Corresponding Periods, respectively. The amortized expenses of the pre-IPO share option scheme of the Company (the "Pre-IPO Share Option Scheme") also cost the Group approximately HK\$4,550,000 and HK\$13,551,000 respectively during the three months and nine months ended 30 September 2008, as 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 (上海美斯恩網絡通訊技術有限公司) in November 2007 to provide CRM service on the MSN Messenger. Today, the Group has been under the way of testing of this exciting new Internet-based service and will launch it 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 operation is in the process of system testing and will be launched in the near future. We are optimistic about the eventual benefits to the Group.

## NEW MARKETS

The management is of the view that the recent restructuring of China telecommunications industry will provide more opportunities for the development of the Group. The Group plans to continuously broaden its customer base within the telecommunications 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 telecommunications service provider in the PRC. As at the date of this report, the Group has yet to secure any service agreement with China Mobile.

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

## NEW SERVICE CENTERS

The Group 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 (廣州經濟技術開發區) that addressed the possibility of offering government support in the use of land for the establishment of an outsourcing base. It is expected that the Group will come up with the terms with the government for the aforesaid land use support by the end of 2008.

## 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 September 2008, the Group had no specific acquisition target.

## DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

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.



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

As at 30 September 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 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:

1. 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 September 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 September 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:*

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approx. percentage of interests</b>
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 September 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 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 September 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 the 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 September 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 nine months ended 30 September 2008.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

## COMPETING BUSINESS

During the nine months ended 30 September 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 have been appointed or were appointed as directors to represent the interests of the Company and/or the Group.

Based on the quarterly report of PacificNet Inc. for the six months ended 30 June 2008, Mr. Li Kin Shing, a Director, acquired 1,150,000 Shares in PacificNet Inc. in September 2003, representing approximately 8.19% shareholding in PacificNet Inc. as at 30 June 2008.

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 8.19% 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 September 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 nine months ended 30 September 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 nine months ended 30 September 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, 11 November 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.*