



International Elite Ltd.

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



2009

First 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.

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This report, for which the directors of International Elite Ltd. (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to International Elite Ltd. (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 three months ended 31 March 2009 was approximately HK\$57,035,000, representing a decrease of approximately 6% from that of the Last Corresponding Period.

Profit attributable to equity shareholders of the Company was approximately HK\$13,054,000, representing an increase of approximately 5% from that of the Last Corresponding Period.

UNAUDITED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2009

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2009 (the "Relevant Period") together with the unaudited comparative figures for the respective corresponding period in 2008 (the "Last Corresponding Period") as follows:

CONSOLIDATED INCOME STATEMENT

		For the three months ended 31 March	
	Note	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Turnover	2	57,035	60,454
Cost of sales		(34,184)	(34,446)
Gross profit		22,851	26,008
Other revenue	2	2,130	2,001
Administrative expenses		(10,959)	(14,884)
Profit from operations		14,022	13,125
Finance costs		(76)	(82)
Profit before taxation		13,946	13,043
Income tax	3	(892)	(668)
Profit for the period attributable to equity shareholders of the Company		13,054	12,375
Earnings per share			
– Basic	5	HK\$0.01	HK\$0.01
– Diluted	5	HK\$0.01	HK\$0.01

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. BASIS OF PREPARATION

The Group's unaudited consolidated financial 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 financial results have been prepared in accordance with substantially the same accounting policies adopted in the 2008 annual financial statements.

The preparation of financial results 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 results, 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 2008 annual financial statements.

2. RECOGNITION OF REVENUE

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 for the three months ended 31 March 2009 was calculated at 16.5% (Last Corresponding Period: 16.5%) of the estimated assessable profits for the three months ended 31 March 2009.

(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 China Elite Info. Co., Ltd. 廣州盛華信息有限公司 ("China Elite"), was 25% throughout the three months ended 31 March 2009 (Last Corresponding Period: 25%). China Elite had no assessable profit for the three months ended 31 March 2009 as its accumulated tax losses brought forward were sufficient to offset its assessable profit.

The applicable tax rate of the Company's new subsidiary in the PRC, namely Shenyang China Elite Info. Services Co., Ltd. 瀋陽盛華信息服務有限公司 ("Shenyang Elite"), was 25% in respect of the three months ended 31 March 2009. Shenyang Elite had incurred a tax loss for the three months ended 31 March 2009.

4. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2009. No dividend was paid in respect of the three months ended 31 March 2009.

5. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the three months ended 31 March 2009 was based on the profit attributable to equity shareholders of the Company of approximately HK\$13,054,000 (Last Corresponding Period: HK\$12,375,000) and the weighted average of 946,200,000 (2008: 946,200,000) shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the three months ended 31 March 2009 was based on the profit attributable to equity shareholders of the Company of approximately HK\$13,054,000 (Last Corresponding Period: HK\$12,375,000) and the weighted average number of ordinary shares of 946,200,000 (Last Corresponding Period: 947,301,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Number of shares Three months ended 31 March	
	2009 '000	2008 '000
Weighted average number of ordinary shares at 31 March	946,200	946,200
Effect of deemed issue of share under the Company's share option scheme	–	1,101
Weighted average number of ordinary shares (diluted) at 31 March	946,200	947,301

6. CHANGES IN EQUITY

	Share capital (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital contribution reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
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	–	–	–	–	–	–	12,375	12,375
Exchange difference on translation of financial statements of subsidiaries	–	–	1,403	–	–	–	–	1,403
Equity settled share-based payment (Note i)	–	–	–	–	–	4,501	–	4,501
As at 31 March 2008	9,462	97	3,879	326,387	5,966	8,705	119,585	474,081
As at 1 January 2009	9,462	97	4,846	326,387	6,668	18,101	138,627	504,188
Net profit for the period	–	–	–	–	–	–	13,054	13,054
Exchange difference on translation of financial statements of subsidiaries	–	–	(18)	–	–	–	–	(18)
As at 31 March 2009	9,462	97	4,828	326,387	6,668	18,101	151,681	517,224

NOTE:

(i) 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 31 March 2009, 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 under the Pre-IPO Share Option Scheme were exercised during the three months ended 31 March 2009.

The options under the Pre-IPO Share Option Scheme outstanding at 31 March 2009 had an exercise price of \$1.36 and a remaining contractual life of 0.5 month.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a CRM outsourcing service provider with business focus in Hong Kong, Macau and the PRC markets. CRM is the process of providing services to customers with the use of communication and computer networks. During the period under review, the Group continued to provide services to established telecommunications service providers, including Hutchison Telecommunications, Hutchison Global, China Unicom Guangdong, and PCCW Mobile. Besides, the management continues to diversify the Group's CRM customer base to non-telecommunications industries, the clients of which include, but not limited to, KFC and Guangzhou Watsons.

FINANCIAL REVIEW

Turnover of the Group for the three months ended 31 March 2009 was approximately HK\$57,035,000, representing a decrease of approximately 6% as compared to that of the Last Corresponding Period. The turnover from the inbound segment accounted for approximately 55% of the total turnover for the three months ended 31 March 2009, and the remaining approximately 45% was attributable to the outbound segment. The gross profit margins of the inbound and the outbound segment for the three months ended 31 March 2009 were approximately 35% and 46% respectively.

The gross profit of the Group for the three months ended 31 March 2009 was approximately HK\$22,851,000, representing a decrease of approximately 12% as compared to that of the Last Corresponding Period. The gross profit margin decreased by approximately 3% to approximately 40% for the three months ended 31 March 2009. The decrease in gross profit margin was primarily due to the appreciation of RMB and increased staff cost (including the additional cost in relation to the multi-skill training program).

The profit attributable to the equity shareholders of the Company for the three months ended 31 March 2009 was approximately HK\$13,054,000, representing an increase of approximately 5% as compared to that of the Last Corresponding Period. The net profit margin increased by approximately 3% to approximately 23% or dropped by approximately 5% if the pre-IPO share options expenses for the three months ended 31 March 2008 of approximately HK\$4,501,000 were excluded. The drop was primarily due to the appreciation of RMB, increase in staff cost and R&D cost for the new Internet CRM service and remote workstations development.

BUSINESS REVIEW

Customers in non-telecommunication industries

During the period under review, the Group continues to develop its CRM customer base to non-telecommunications industries in order to capture more business opportunities and successfully acquired the service contract from Guangdong Development Bank Wu Yang Xin Cheng Branch.

Multi-skill training

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

An additional benefit of the new training program is the further improvement of service quality. The multi-skill operators have attended at least two structured training programs, and have demonstrated superior performance in terms of customer satisfaction and telesales success rate. The Directors believe that the operators with multi-skills can form an elite CRM team that particularly suits for high-end customers.

Acquisition of new customers

During the period under review, the Group has entered into service contract with the following customer on the provision of CRM services:

Customer	Service	Date
Guangdong Development Bank Wu Yang Xin Cheng Branch	Telesales	March 2009

FUTURE PROSPECT

The Group strives to increase the penetration in the China market and the possibility of developing non-telecommunications market. In response to the impact of the Financial Tsunami in 2009, the Group has formulated plans to launch new services including Internet CRM and remote workstations and entered new markets. Having taken into account the current policies and the direction of modern CRM development, these new development projects are expected to reinforce the Group's income growth trends.

Internet CRM

The Group reached an agreement with MSN China in November 2007 for an Instant Messaging ("IM") CRM platform and CRM service provision. The management believes this low cost text-based enquiry and flexible-pricing service will attract more users and the Group will enjoy steady business growth through reduction of the Group's operation cost.

The introduction of Internet CRM service creates unique value for our customers. The Group believes that by changing the cost structure and increasing revenue source, the new service will enhance profit margin for the Group under the Financial Tsunami.

Remote workstations

The R&D team has taken advantage of IP based technology to develop a system that can decentralize its CRM workstations. Rather than having operators come to a central CRM service facility, it will bring the facility to the homes of operators using IP based Internet connection. The remote workstations system is in the process of testing and expected to be launched in the near future. The Group believes that the introduction of remote workstations will improve the Group's cost structure.

New markets

Due to the favorable policies including the restructuring of China telecommunications industry, awarding of 3G licenses and the growth in domestic demand, China market 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 provinces other than Guangdong. The Group is confident of gaining service contracts from provinces outside Guangdong upon the establishment of new outsourcing base in Shenyang City.

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

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) on the possibility of offering government support in the use of land for the establishment of an outsourcing base. The Group is negotiating with the government on the terms of the aforesaid land use support.

The Group established a subsidiary, Shenyang Elite in Shenbei District of Shenyang City in December 2008 and plans to establish an outsourcing base in that area. The Group's seating capacity is expected to increase to 6,000 seats after the establishment of the aforesaid outsourcing base in Shenyang City.

Acquisition

The Group will continue to seek suitable small and medium sized CRM service providers for acquisition or merger. As at 31 March 2009, 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 31 March 2009, so far as known to the Directors, the Directors and the chief executives 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 ordinary 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. Therefore, she will have an attributable interest of 2.53% 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. All pre-IPO share options granted by the Company under the pre-IPO share option scheme had not been exercised and such pre-IPO share options ceased to have any effect after the end of the exercise period on 15 April 2009.
5. Mr. Li Kin Shing and Ms. Kwok King Wa respectively hold 500 and 465 shares of the share capital of Ever Prosper, with the face 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 31 March 2009, 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 5.40 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 31 March 2009, so far as 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 ordinary 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 31 March 2009, so far as 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 recognize 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 "Pre-IPO Share Option Scheme").

The total number of shares 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 share options granted under the Pre-IPO Share Option Scheme ("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 (the "Prospectus") of the Company dated 11 October 2007.

As at 31 March 2009, none of the Pre-IPO Share Option has been exercised and all of the Pre-IPO Share Option holders have maintained their employment with the Group.

In addition, all pre-IPO share options granted by the Company under its Pre-IPO Share Option Scheme had not been exercised and such pre-IPO share options ceased to have any effect after the end of the exercise period on 15 April 2009.

SHARE OPTION SCHEME

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

The Share Option Scheme became unconditional after the listing 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 31 March 2009, 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 which is not more lenient than Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiry to all Directors has been made and Directors have complied with the required standard set out in the code of conduct during the three months ended 31 March 2009.

PURCHASE, SALE, REDEMPTION OR CANCELLATION OF THE COMPANY'S LISTED SECURITIES OR REDEEMABLE SECURITIES

During the three months ended 31 March 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any share of the Company.

During the three months ended 31 March 2009, neither the Company nor any of its subsidiaries has redeemed, purchased or cancelled any redeemable securities of the Company.

COMPETING BUSINESS

Save as disclosed in the Prospectus and below, during the three months ended 31 March 2009 and up to the date of this report, 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 quarterly report of PacificNet Inc. ("PacificNet") for the nine months ended 30 September 2008, the 1,150,000 shares in PacificNet acquired by Mr. Li Kin Shing, an executive Director, in September 2003, represented approximately 7.21% shareholding in PacificNet as of 30 September 2008. According to the annual report of PacificNet, PacificNet recorded revenues of approximately US\$18,994,000 (equivalent to approximately HK\$147,773,320), gross profit of approximately US\$3,702,000 (equivalent to approximately HK\$28,801,560) and net loss of approximately US\$14,195,000 (equivalent to approximately HK\$110,437,100) for the financial year ended 31 December 2007.

According to its financial reports, PacificNet, 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 include business process outsourcing such as CRM centers, CRM and telemarketing services, and IT outsourcing services including software programming and development services. In April 2008, PacificNet consummated the sale of its subsidiary, PacificNet Epro Holdings Limited, which is primarily engaged in the business of providing call centre telecom and CRM services as well as other business outsourcing services in China. However, the Directors consider that it is uncertain as to whether or not PacificNet will continue to develop and/or operate CRM outsourcing services. Accordingly, the Directors are of the view that there is a potential risk that services provided by PacificNet 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 and the Group is capable of carrying on its business independently of and at arms length from the business of PacificNet as (i) Mr. Li Kin Shing is only an investor in PacificNet and he has no management role or duty in PacificNet; (ii) to the best knowledge of the Directors, all the directors and senior management of PacificNet are independent of and not connected with any Directors, chief executive and substantial shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries and their respective associates and the Board operates independently from the board of directors of PacificNet; and (iii) the Group is not operationally or financially dependent on PacificNet.

The Directors confirm that Mr. Li Kin Shing has no absolute right to appoint a director in PacificNet. As Mr. Li Kin Shing holds no board representation or management position and only holds a 7.21% minority interest in PacificNet, it is highly unlikely that Mr. Li Kin Shing's interest in PacificNet would influence the decision-making of the board of directors or management of PacificNet. 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.

Mr. Li Kin Shing has excluded his interests in PacificNet from the Group since:

1. the Group is a CRM outsourcing service provider whereas PacificNet is also engaged in the business of providing telecommunications value-added services, telecommunications and gaming products and services as well as IT outsourcing services;
2. the Group focuses on the Hong Kong, Macau and the PRC markets whereas PacificNet targets customers in the whole Asian market; and
3. given that Mr. Li Kin Shing only holds approximately 7.21% minority interest without any board representation or management position in PacificNet, injection of his interest in PacificNet into the Group does not provide a material benefit to the Group as a whole.

As of the date of this report, Mr. Li Kin Shing confirms that he currently has no intention to inject his interest in PacificNet into the Group and he has no intention to increase his shareholding in PacificNet.

Ever Prosper, Mr. Li Kin Shing, Ms. Kwok King Wa and Ms. Li Yin (the "Covenantors") executed a deed of non-competition undertaking in favor 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 favorable 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 will 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 31 March 2009, 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 three months ended 31 March 2009.

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 primary duties of the audit committee are among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The audit committee consists of the three independent non-executive Directors of the Company, namely, Mr. Cheung Sai Ming, Mr. Chen Xue Dao and Mr. Tang Yue. Mr. Cheung Sai Ming is chairman of the audit committee.

The audit committee of the Company has reviewed the Group's unaudited consolidated financial results for the three months ended 31 March 2009 and is of the opinion that the unaudited consolidated financial results complied with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 11 May 2009

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