INTERNATIONAL ELITE LTD.

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1328)

INTERIM REPORT 2011

HIGHLIGHTS

- Turnover for the six months ended 30 June 2011 was approximately HK$185,130,000, representing an increase of approximately 78% as compared to that of the Last Corresponding Period.

- Profit attributable to equity holders of the Company for the six months ended 30 June 2011 was approximately HK$1,370,050,000. The profit for the period included certain non-cash items arising from the issue of convertible notes. These items included a fair value gain of purchase consideration payables of approximately HK$1,344,220,000 less interest expenses accreted on convertible notes of approximately HK$11,502,000.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors (the "Board") of International Elite Ltd. (the "Company") is pleased to announce the unaudited consolidated interim report of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 (the "Relevant Period") together with the unaudited comparative figures for the corresponding period in 2010 (the "Last Corresponding Period") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 June **2011** **(Unaudited)** **HK$'000**	 2010 (Unaudited) HK$'000
Turnover	6	**185,130**	104,081
Cost of sales	7(a)	**(109,758)**	(68,667)
Gross profit		**75,372**	35,414
Other revenue		**2,680**	4,478
Changes in fair values of purchase consideration payables	16	**1,344,220**	–
Research and development expenses	7(a)	**(5,635)**	(1,089)
Administrative expenses	7(a)	**(32,675)**	(22,890)
Profit from operations		**1,383,962**	15,913
Finance costs	7(c)	**(11,502)**	(17)
Share of losses of an associate		**–**	(14)
Profit before income tax		**1,372,460**	15,882
Income tax (expense)/credit	8	**(2,410)**	5
Profit for the period attributable to equity holders of the Company		**1,370,050**	15,887
Earnings per share attributable to equity holders of the Company			
– Basic	10	**HK$1.45**	HK$0.02
– Diluted	10	**HK$1.06**	HK$0.02

The notes on pages 7 to 19 form an integral part of these condensed consolidated financial information. Details of dividends to equity holders of the Company are set out in Note 9.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**1,370,050**	15,887
Other comprehensive income		
– Currency translation differences	**12,217**	1,566
Total comprehensive income for the period, net of tax	**1,382,267**	17,453

The notes on pages 7 to 19 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**68,866**	64,159
Goodwill	12	**287,939**	281,409
Intangible assets		**94,954**	96,309
Deferred tax assets		**781**	80
Total non-current assets		**452,540**	441,957
Current assets			
Inventories	13	**47,666**	28,035
Trade and other receivables	14	**187,511**	114,181
Cash and cash equivalents	15	**236,000**	294,903
Total current assets		**471,177**	437,119
Total assets		**923,717**	879,076
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**9,462**	9,462
Reserves		**(382,946)**	(3,198,615)
Total equity		**(373,484)**	(3,189,153)
LIABILITIES			
Non-current liabilities			
Purchase consideration payables	16	**–**	3,993,615
Convertible notes	16	**1,227,495**	–
Deferred tax liabilities		**22,416**	22,013
Total non-current liabilities		**1,249,911**	4,015,628
Current liabilities			
Trade and other payables	17	**32,503**	35,469
Current income tax liabilities		**14,787**	17,132
Total current liabilities		**47,290**	52,601
Total liabilities		**1,297,201**	4,068,229
Total equity and liabilities		**923,717**	879,076
Net current assets		**423,887**	384,518
Total assets less current liabilities		**876,427**	826,475

The notes on pages 7 to 19 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital (Unaudited) HK$'000	Share premium (Unaudited) HK$'000	Other reserves (Unaudited) HK$'000	Statutory reserve (Unaudited) HK$'000	Conversion option reserve (Unaudited) HK$'000	Exchange reserve (Unaudited) HK$'000	(Accumulated losses)/ retained earnings (Unaudited) HK$'000	Total (Unaudited) HK$'000
As at 1 January 2010	9,462	326,387	24,769	97	–	5,087	176,768	542,570
Comprehensive income								
Profit for the period	–	–	–	–	–	–	15,887	15,887
Other comprehensive income								
Currency translation differences	–	–	–	–	–	1,566	–	1,566
Transactions with owners								
Income tax expense of a subsidiary borne by the ultimate shareholders	–	–	245	–	–	–	–	245
Dividends relating to 2009	–	–	–	–	–	–	(37,848)	(37,848)
As at 30 June 2010	9,462	326,387	25,014	97	–	6,653	154,807	522,420
As at 1 January 2011	**9,462**	**326,387**	**25,014**	**97**	**–**	**85,737**	**(3,635,850)**	**(3,189,153)**
Comprehensive income								
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**1,370,050**	**1,370,050**
Other comprehensive income								
Currency translation differences	**–**	**–**	**–**	**–**	**–**	**12,217**	**–**	**12,217**
Transactions with owners								
Issuance of convertible notes (Note 16)	**–**	**–**	**–**	**–**	**1,433,402**	**–**	**–**	**1,433,402**
As at 30 June 2011	**9,462**	**326,387**	**25,014**	**97**	**1,433,402**	**97,954**	**(2,265,800)**	**(373,484)**

The notes on pages 7 to 19 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Net cash used in operating activities		**(53,681)**	(1,348)
Net cash used in investing activities		**(6,797)**	(2,048)
Net cash used in financing activities		**–**	(37,865)
Net decrease in cash and cash equivalents		**(60,478)**	(41,261)
Cash and cash equivalents at 1 January		**294,903**	422,990
Effect of foreign exchange rate changes		**1,575**	272
Cash and cash equivalents at 30 June	15	**236,000**	382,001

The notes on pages 7 to 19 form an integral part of these condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

International Elite Ltd. (the "Company") and its subsidiaries (collectively, the "Group") is principally engaged in the provision of Customer Relationship Management ("CRM") services, which include inbound services and outbound services, to companies in various service-oriented industries. Following the acquisition of Sunward Telecom Limited and its subsidiaries ("Sunward Group") in September 2010, the Group is also engaged in research and development, production and sales of Radio-Frequency Subscriber Identity Module ("RF-SIM") products and licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau.

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 Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). On 16 April 2009, the Company applied to the Stock Exchange for the transfer of listing from the GEM to the Main Board of the Stock Exchange in respect of the 946,200,000 shares in issue. Approval was granted by the Stock Exchange for the shares to be listed on the Main Board and to be de-listed from GEM on 15 May 2009. Dealings in the shares on the Main Board commenced on 25 May 2009.

The condensed consolidated interim financial report is presented in Hong Kong dollars ("HK$"), unless otherwise stated. The condensed consolidated interim financial report has been approved for issuance by the Board of Directors on 29 August 2011.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

As of 30 June 2011, there was a deficit on total equity of HK$373,484,000 of the Group. Although the Group has a deficit position in total equity, the holders of the convertible notes can only demand for a cash repayment of HK$2,081,620,000 upon maturity in 2016 if the convertible notes have not been converted into the shares of the Company by that time. No cash outflow will be made from the date of the issuance of the convertible notes (May 2011) up to the maturity date in year 2016. As stated in Note 22 to the interim financial information, on 26 July 2011, the Company received conversion notices from the noteholders in respect of the conversion of the convertible notes in the principal amounts of HK$2,081,620,000 into shares at the conversion price of HK$1.00 per share. As a result of the conversion, the Company has allotted and issued 2,081,620,000 shares. Upon the allotment and issue of the shares, the liability component of the convertible notes will be credited to equity thereby reducing the liability, which is measured at amortised cost using the effective interest method at the date of conversion, and correspondingly increasing the equity of the Group for the same amount. As a result, management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due in the coming twelve months. Accordingly, the condensed consolidated interim financial information has been prepared on a going concern basis.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

Income tax expense

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Accounting standards

(a) *New and amended standards adopted by the Group*

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011:

IAS 24 (Revised)	Related Party Disclosures
IAS 32 (Amendment)	Classification of Rights Issue
IAS 34 (Amendment)	Interim Financial Reporting
IFRS 1 (Amendment)	Limited Exemption of Comparative IFRS 7 Disclosures for First-time Adopters
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above new standards and amendments to standards has no significant impact to the Group's financial position.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

		Effective for annual periods beginning on or after
IAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
IAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19 (Amendment)	Employee Benefits	1 January 2013
IFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
IFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets	1 July 2011
IFRS 9	Financial Instruments	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurements	1 January 2013

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, 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 consolidated financial statements for the year ended 31 December 2010, with the exception of changes in estimates that are required in determining the provision for income taxes.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

There have been no changes in any risk management policies.

5.2 Fair value estimation

The carrying amounts of cash and cash equivalents, and trade and other receivables and payables approximated the fair values of these financial instruments.

6. SEGMENT INFORMATION

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

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

CODM has determined the operating segments based on these reports. The Group is organised into three business segments:

(i) Inbound services: this segment includes customer hotline services and built-in secretarial services, a personalised message taking services.

(ii) Outbound services: this segment includes telesales services and market research services.

(iii) RF-SIM business: this segment includes (i) the research and development, production and sales of RF-SIM products; and (ii) licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau. As set out in Note 1, the acquisition of RF-SIM business was completed in the second half of the prior year. There is no comparative figures for the six months ended 30 June 2010.

No operating segment has been aggregated to form the following reportable segments.

(a) Segment results and assets

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments including depreciation and amortisation of assets attributable to those segments.

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other assets.

The following tables present revenue, reportable segment profit and certain assets, liabilities and expenditure information for the Group's business segments for the six months ended 30 June 2011 and 2010, and as at 30 June 2011 and 31 December 2010:

	For the six months ended 30 June, 2011				For the six months ended 30 June, 2010			
	Inbound services (Unaudited) HK$'000	**Outbound services (Unaudited) HK$'000**	**RF-SIM business (Unaudited) HK$'000**	**Total (Unaudited) HK$'000**	Inbound services (Unaudited) HK$'000	Outbound services (Unaudited) HK$'000	RF-SIM business (Unaudited) HK$'000	Total (Unaudited) HK$'000
Revenue from external customers	**76,170**	**56,904**	**52,056**	**185,130**	55,583	48,498	–	104,081
Reportable segment profit	**21,717**	**21,929**	**31,726**	**75,372**	15,783	19,631	–	35,414
Depreciation and amortisation	**260**	**481**	**3,869**	**4,610**	473	520	–	993

	As at 30 June, 2011				As at 31 December, 2010			
	Inbound services (Unaudited) HK$'000	**Outbound services (Unaudited) HK$'000**	**RF-SIM business (Unaudited) HK$'000**	**Total (Unaudited) HK$'000**	Inbound services (Audited) HK$'000	Outbound services (Audited) HK$'000	RF-SIM business (Audited) HK$'000	Total (Audited) HK$'000
Reportable segment assets	**82,632**	**49,333**	**488,859**	**620,824**	35,299	28,661	457,668	521,628
Addition to non-current segment assets during the period/year	**172**	**473**	**1,298**	**1,943**	256	569	2,394	3,219

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

	For the six months ended 30 June	
	2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Revenue		
Reportable segment revenue	**185,130**	104,081
Consolidated revenue	**185,130**	104,081
Profit		
Reportable segment profit	**75,372**	35,414
Other revenue and changes in fair values of purchase consideration payables	**1,346,900**	4,478
Unallocated depreciation and amortisation	**(2,750)**	(2,985)
Finance costs	**(11,502)**	(17)
Share of losses of an associate	**–**	(14)
Research and development expenses	**(5,635)**	(1,089)
Unallocated head office and administrative expenses	**(29,925)**	(19,905)
Consolidated profit before income tax	**1,372,460**	15,882

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Assets		
Reportable segment assets	**620,824**	521,628
Deferred tax assets	**781**	80
Cash and cash equivalents	**236,000**	294,903
Unallocated head office and other assets	**66,112**	62,465
Consolidated total assets	**923,717**	879,076

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the location of operations to which they are allocated.

	PRC (Unaudited) HK$'000	**Hong Kong (Unaudited) HK$'000**	**Macau (Unaudited) HK$'000**	**Total (Unaudited) HK$'000**
For the six months ended 30 June 2011				
Revenue from external customers	**58,549**	**121,928**	**4,653**	**185,130**
As at 30 June 2011				
Specific non-current assets	**449,539**	**2,217**	**3**	**451,759**
For the six months ended 30 June 2010				
Revenue from external customers	5,855	93,770	4,456	104,081

	PRC (Audited) HK$'000	Hong Kong (Audited) HK$'000	Macau (Audited) HK$'000	Total (Audited) HK$'000
As at 31 December 2010				
Specific non-current assets	440,095	1,777	5	441,877

7. EXPENSES BY NATURE

(a) Cost of sales, research and development expenses and administrative expenses

	For the six months ended 30 June	
	2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Employee benefit expenses	**101,134**	70,280
Depreciation of property, plant and equipment	**3,745**	3,817
Amortisation of intangible assets	**3,615**	161
Cost of inventories sold	**18,929**	–
Operating lease charges in respect of		
– rental of building and offices	**2,827**	2,163
– hire of transmission lines	**3,380**	3,698
Net exchange difference losses	**1,021**	780
Other expenses	**13,417**	11,747
	148,068	92,646

(b) Employee benefit expenses

	For the six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Salaries, wages and other benefits	**90,268**	63,895
Pension cost – defined contribution plan	**10,866**	6,385
	101,134	70,280

(c) Finance costs

	For the six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Finance charges	**–**	17
Accretion on interest expenses of convertible notes	**11,502**	–
	11,502	17

8. INCOME TAX EXPENSE/(CREDIT)

	For the six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Current income tax		
– Hong Kong profits tax	**1,783**	23
– PRC corporate income tax	**1,492**	–
Over-provision of Hong Kong profits tax in respect of prior year	**–**	(27)
Deferred income tax	**(865)**	(1)
Income tax expense/(credit)	**2,410**	(5)

(i) Hong Kong profits tax

The provision for Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the six months ended 30 June 2011.

(ii) PRC corporate income tax

The applicable tax rate of the Company's subsidiary in the PRC, namely China Elite Info. Co., Ltd. ("China Elite"), was 25% (2010: 25%) for the six months ended 30 June 2011.

Xiamen Elite Electric Co. Ltd. ("Xiamen Elite"), a production-type foreign investment enterprise established in Xiamen, one of the Special Economic Zones in the PRC, was entitled to a two-year full exemption from income tax followed by a three-year 50% reduction in income tax rate ("2+3 tax holiday") and a preferential tax rate of 15%. According to the new Corporate Income Tax Law effective from 1 January 2009 and its relevant regulations, the 2+3 tax holiday is grandfathered. In addition, an enterprise which was subject to the reduced tax rate of 15% before, the transitional income tax rates are 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Xiamen Elite had unused tax losses as at 31 December 2008 and is deemed to have started its tax holiday in 2009. Accordingly, Xiamen Elite is subject to income tax at the rates of 0%, 0%, 11%, 12%, 12.5% and 25% for 2008, 2009, 2010, 2011, 2012 and 2013, respectively.

9. DIVIDENDS

(i) The dividends paid in 2010 amounted to HK$9,462,000 (final dividend of HK$0.01 per share) and HK$28,386,000 (special dividend of HK$0.03 per share) which are related to the dividends proposed in 2009.

(ii) The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: same).

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to equity holders of the Company of HK$1,370,050,000 (2010: HK$15,887,000) and on the weighted average number of 946,200,000 shares in issue during the period (2010: 946,200,000).

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary share outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2011, the Group only has the convertible notes that have dilutive potential ordinary shares. The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses. For the period ended 30 June 2010, diluted earnings per share are the same as basic earnings per share as there was no potential dilutive ordinary share.

	For the six months ended 30 June	
	2011 (Unaudited)	2010 (Unaudited)
Profit attributable to equity holders (HK$'000)	**1,370,050**	15,887
Adjustment to finance cost on convertible notes (HK$'000)	**11,502**	–
Profit used to determine diluted earnings per share (HK$'000)	**1,381,552**	15,887
Weighted average number of ordinary shares in issue	**946,200,000**	946,200,000
Adjustment for convertible notes	**356,520,552**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,302,720,552**	946,200,000
Diluted earnings per share	**HK$1.06**	HK$0.02

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired property, plant and equipment with an aggregate cost of approximately HK$7,026,000 (2010: approximately HK$1,269,000). Property, plant and equipment with the net book values of approximately HK$5,000 were disposed of during the six months ended 30 June 2011 (2010: nil).

12. GOODWILL

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Balance at 1 January 2011 and 2010	**281,409**	–
Acquisition of subsidiaries	**–**	4,333,021
Impairment charge	**–**	(4,127,997)
Exchange difference	**6,530**	76,385
Balance at 30 June 2011 and 31 December 2010	**287,939**	281,409

13. INVENTORIES

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Raw materials	**38,685**	15,249
Work in progress	**8,329**	12,074
Finished goods	**652**	712
	47,666	28,035

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Trade receivables		
– amounts due from related parties	**176**	350
– amounts due from third parties	**183,461**	107,715
	183,637	108,065
Deposits, prepayments and other receivables	**3,874**	6,116
	187,511	114,181

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. For the sales of goods, the credit terms is at maximum of 30 days. Subject to negotiation, credit terms could be further 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 customers' 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 based on invoice date as of the balance sheet date:

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Aged within 1 month	**28,714**	41,081
Aged over 1 month to 3 months	**57,505**	60,859
Aged over 3 months to 6 months	**70,419**	6,006
Aged over 6 months	**26,999**	119
	183,637	108,065

At the balance sheet date, the Group had a concentration of credit risk as 94% (31 December 2010: 93%) of the total trade receivables was due from the Group's five largest customers and 39% (31 December 2010: 17%) of the total trade receivables was due from the Group's largest customer.

15. CASH AND CASH EQUIVALENTS

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Cash at banks and in hand	**106,488**	204,110
Short-term bank deposits	**129,512**	90,793
	236,000	294,903

16. PURCHASE CONSIDERATION PAYABLES AND CONVERTIBLE NOTES

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Balance at 1 January 2011 and 2010	**3,993,615**	–
Initial fair values of purchase consideration payables at the date of acquisition	**–**	4,284,701
Fair value adjustment (Note a)	**(1,344,220)**	(291,086)
Issuance of convertible notes (Note b)	**(2,649,395)**	–
Balance at 30 June 2011 and 31 December 2010	**–**	3,993,615

Notes:

(a) According to IFRS 3R, contingent consideration classified as a liability that is a financial instrument and is within the scope of IAS 39 shall be measured at fair value, with any resulting gain or loss recognised in income statement in accordance with IFRS, until the convertible notes have been issued. As a result, the purchase consideration payables were re-measured at fair values at 31 May 2011, i.e. when the convertible notes were issued. The key assumptions are as follows:

	31 May 2011	31 December 2010
Closing share price of the Company	**HK$1.02**	HK$1.70
Expected volatility of underlying share	**82.586%**	83.034%
Dividend yield	**1.672%**	1.670%
Risk free rate	**1.471%**	1.763%
Discount rate	**11.351%**	11.893%

(b) On 31 May 2011, the Company issued non-interest bearing convertible notes of the principal amount of HK$2,081,620,000 in total.

At the option of the noteholders, the aggregate amount of HK$2,081,620,000 is convertible into fully paid shares with a par value of HK$0.01 each of the Company. The convertible notes mature in five years (May 2016) from the issue date at 100% of the nominal value or can be converted into ordinary shares of the Company on or before 31 May 2016 at a conversion price of HK$1.00 per share at the option of the noteholders. Since the fixed principal amounts of convertible notes is only convertible into shares at fixed price, the convertible notes should be split into two components, a liability portion and an equity portion according to their respective fair values at the date of issue.

The fair value of the liability component was calculated using the market interest rate for an equivalent non-convertible note. The liability component is subsequently stated at amortised cost until its extinguishment upon conversion or maturity of the notes. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in reserves.

The convertible notes recognised in the consolidated balance sheet is calculated as follows:

	As at 30 June 2011 (Unaudited) HK$'000
Issuance of convertible notes	**2,649,395**
Equity component	**(1,433,402)**
Liability component at the date of issuance	**1,215,993**
Accretion of interest	**11,502**
Carrying amount of liability component at 30 June 2011	**1,227,495**

Interest expenses on the liability component of the convertible notes are calculated using the effective interest method, applying the effective interest rate of 11.351% per annum to the liability component.

Up to 30 June 2011, there was no conversion or redemption of the convertible notes. As set out in Note 22, on 26 July 2011, all of the convertible notes were converted into ordinary shares of the Company.

17. TRADE AND OTHER PAYABLES

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Trade payables	**11,196**	6,571
Other payables and accruals		
– amounts due to related parties	**10**	11,752
– others	**21,297**	17,146
	32,503	35,469

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

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Aged 0-30 days	**9,132**	5,816
Aged 31-90 days	**482**	578
Aged 91-180 days	**574**	7
Aged Over 180 days	**1,008**	170
	11,196	6,571

18. COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred is as follows:

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Property, plant and equipment	**–**	597
Construction in progress	**15**	1,450
	15	2,047

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2011 (Unaudited) HK$'000		As at 31 December 2010 (Audited) HK$'000	
	Properties	**Transmission lines**	Properties	Transmission lines
Within 1 year	**1,366**	**900**	1,425	1,711
Over 1 year but within 5 years	**1,924**	**–**	2,450	–
	3,290	**900**	3,875	1,711

The Group leases a number of properties and transmission lines held under non-cancellable operating leases. The lease terms are between one to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

19. 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 of ultimate shareholders

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

(b) Transactions with related parties

The Group entered into the following material related party transactions:

		For the six months ended 30 June	
	Note	**2011 (Unaudited) HK$'000**	2010 (Unaudited) HK$'000
Sales	(i)	**1,374**	2,515
Licensing income	(ii)	**35**	–
Lease expenses for properties	(iii)	**166**	84
Profit tax of a subsidiary borne by an ultimate shareholder	(iv)	**–**	245

Notes:

(i) Sales to related parties mainly represent rendering service of CRM. The selling prices are determined based on prevailing price of similar services to independent third party customers.

(ii) Licensing income from Directel Limited, licensee of the operation rights of RF-SIM in markets other than the PRC, based on the terms of the licensing agreement.

(iii) The Group rented properties from a related party, Talent Information Engineering Co., Ltd., based on the terms of the rental agreements.

(iv) Hong Kong profit tax paid for a subsidiary for the period from 1 January to 15 October 2007 (before listing) was borne by the ultimate shareholder, Mr. Li Kin Shing.

(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 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Amounts due from related parties		
– trade	**176**	350
Amounts due to the ultimate shareholder		
– non-trade	**10**	–

Balances with related parties are unsecured, interest-free and repayable on demand.

(d) Key management 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:

	For the six months ended 30 June	
	2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Wages, salaries and other benefits	**2,117**	1,867
Contribution to retirement benefit schemes	**113**	81
	2,230	1,948

The remuneration is included in "employee benefit expenses" (see note 7(b)).

20. CONTINGENT LIABILITIES

As at 30 June 2011, the directors of the Company were not aware of any material contingent liabilities.

21. COMPARATIVE FIGURES

The comparative figures represent figures for the period ended 30 June 2010. Certain items in these comparative figures have been reclassified to conform with the current period's presentation to facilitate comparison.

22. POST BALANCE SHEET EVENT

On 26 July 2011, the Company received conversion notices from the noteholders in respect of the conversion of the convertible notes in the principal amounts of HK$2,081,620,000 into shares at the conversion price of HK$1.00 per share. As a result of the conversion, the Company has allotted and issued 2,081,620,000 shares. Upon the allotment and issue of the shares, the liability component of the convertible notes was credited to equity thereby reducing the liability, which is measured at amortised cost using the effective interest method at the date of conversion, and correspondingly the equity of the Group was increased for the same amount.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

羅兵咸永道

TO THE BOARD OF DIRECTORS OF INTERNATIONAL ELITE LTD.
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 19, which comprises the condensed consolidated balance sheet of International Elite Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2011 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central, Hong Kong

29 August 2011

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. Services provided by the Group are classified into inbound and outbound services. 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, Guangzhou Watsons and Guangzhou Park'N Shop.

Upon the acquisition of the Sunward Group in September 2010, the Group is also engaged in the research and development, production and sales of Radio-Frequency Subscriber Identity Module ("RF-SIM") products and licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau.

FINANCIAL REVIEW

Turnover of the Group for the six months ended 30 June 2011 amounted to approximately HK$185,130,000, representing an increase of approximately 78% as compared to that of the Last Corresponding Period. There was approximately a 50% increase in turnover contributed by the newly acquired RF-SIM business while approximately 28% increase in turnover contributed by CRM service business.

Turnover from inbound services, outbound services and RF-SIM business accounted for approximately 41%, 31% and 28% of the Group's total turnover for the six months ended 30 June 2011. The gross profit margin of the inbound services, outbound services and RF-SIM business for the six months ended 30 June 2011 was approximately 29%, 39% and 61% respectively. It is anticipated that RF-SIM business, as a high-margin business segment, will account for an increasing and substantial portion of the Group's total turnover in the future.

The gross profit of the Group for the six months ended 30 June 2011 was approximately HK$75,372,000, representing an increase of approximately 113% as compared to that of the Last Corresponding Period. The gross profit margin increased by approximately 7% to approximately 41% for the six months ended 30 June 2011. The increase in gross profit margin was primarily due to the incorporation of RF-SIM business, a higher margin business segment.

The profit attributable to the equity holders of the Company for the six months ended 30 June 2011 was approximately HK$1,370,050,000, while the Group's profit attributable to equity holders of the Company for the six months ended 30 June 2010 was approximately HK$15,887,000. The profit for the period included certain non-cash items arising from the issue of convertible notes that are not as a result of the operations of the Group. These items included a fair value gain on purchase consideration payables of approximately HK$1,344,220,000 less interest expenses accreted on convertible notes of approximately HK$11,502,000.

CRM SERVICE BUSINESS

Business Review

Customers in Telecommunications Industries

During the period under review, the Group continued to provide services to established telecommunications service providers. The Group continued to seek further cooperation with customers in the telecommunications industry, as well as business opportunities with other telecommunications service providers.

Customers in Non-Telecommunications Industries

During the period under review, the Group continued to develop its non-telecommunications customer base for CRM business and negotiated actively with potential customers such as customers in the social welfare and beauty industries. The Group continued cooperation and provision of CRM services to well established customers and customers having establishments in the PRC in provinces other than Guangdong. In line with their development and expansion, there is increasing demand of our services. Both new and established customers have built up a consolidated customer base of the Group and have witnessed the achievement of the Group's development in non-telecommunication industries.

Multi-Skill Training

Benefiting from the government's favorable training policy for CRM industry in China, 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.

CRM Service Centers

The Group has established its fourth CRM service center located at No.10, Hualei Road, Liwan District, Guangzhou City, Guangdong Province, the PRC ("Hongmian Premises") with an expected seating capacity of approximate 400 to provide premium services for high-end customers. The Hongmian Premises CRM service center is an innovation and optimization of existing facilities and has started operation from April 2011. Its operation symbolizes the Group's vision of providing quality CRM outsourcing services to perfection.

Acquisition of New Customers

During the period under review, the Group has not entered into any service contracts with any new customers for the provision of CRM services.

Awards and Certification

In January 2011, China Elite was accredited "Vice President Chairman" by the Guangzhou Association of Sourcing Service.

In June 2011, China Council for International Investment Promotion granted "Top 100 China's Emerging Service Provider" to China Elite.

Future Prospect

The Group strives to increase the penetration in the China market and the possibility of developing non-telecommunications markets. The Group expects new market opportunities from the startup of the Twelfth Five-Year Plan. More clients recognise the importance of the Group's professional service and may cooperate with the Group for lower operation cost, bigger market and higher customer loyalty management. The Group is looking forward to entering into service agreements with these potential customers. With its expansion in the China market, the Group will be benefited from the opportunities arising from the favorable government policies including the growth in 3G mobile communications and domestic demand.

In addition, the Group has been constantly seeking for business improvement and worked out plans on launching new services, new programs and entering into new markets. The management continues to diversify the Group's CRM customer base to non-telecommunications industries in order to capture more business opportunities. At present, the Group has identified several potential customers and started the negotiation with the customers in industries including but not limited to food and beverage, slimming and beauty shops, etc.

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 will create a unique value to 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.

New Markets

Due to the favorable market environment in China, including the startup of the Twelfth Five-Year Plan, the growth in 3G mobile communications and domestic demand, we expect the China market will provide more opportunities for the business 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 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 secured any service contracts with China Mobile.

Moreover, the Group also seeks to develop in non-telecommunications markets and overseas markets. As both CRM and outsourcing gain increasing recognition, the Directors anticipate that 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 various industries in overseas markets. The Group will continue to seek further business opportunities with companies having establishments in the PRC in provinces other than Guangdong.

New Service Centers

The Group aims to expand seating capacity by establishing new CRM service centers so as to ensure sufficient resources for new businesses in the future. The Group has received a letter from the Yonghe Economic Zone of Guangzhou: Economic and Technological Development District (廣州經濟技術開發區) in March 2008 and a letter from the Guangzhou Panyu District (廣州番禺區) in November 2009 in relation to the possibility of offering government support in the use of land for the establishment of an outsourcing base. The Group is in the progress of negotiating the terms on the aforesaid land use support with the government.

RF-SIM BUSINESS

Business Review

Despite there was some unofficial announcement from the related authorities in China about the standards of mobile payment, and some restrictions may be imposed on the mass deployment of RF-SIM for financial institutions such as banks and credit card companies, the Group continued to sell RF-SIM cards to major mobile service operators in China through key SIM card suppliers, and RF-SIM readers to the key point-of-sales device manufacturers and electronic payment system integrators. There was a significant reduction in licensing fees collected from licensed manufacturer who supplied to one of the mobile service operators due to the change of mobile service operator's own strategy in mobile payment services, the business for the RF-SIM sold directly by the Group also encountered a slow down in the past six months. However the Group kept promoting through other two mobile service operators' marketing campaigns and more RF-SIM cards were shipped to new SIM card suppliers for another mobile service operator besides the major customers of the Group supported in the past few years. It remarks that the Group had expanded its clientele and RF-SIM card products will continue to be deployed in the major mobile service operators in China for applications in universities, colleges, corporate and mobile commerce service providers. The Group had good progress in developing new products which include card holder type RF-SIM and RF-SIM in other form such as micro-SIM. The Group will continue to instill proper marketing strategies to upkeep the business in China and explore to other parts of the world by strategic partnership with overseas distributors and agents.

Marketing Strategy

The Group had engaged sales agents and value-added distributors to explore the business for Taiwan, Brazil and African market. There was progress in worldwide market development even though the sales cycle is relatively long as compared to the domestic China market, and various specific applications for specific markets were designed and prepared for deployment. By strengthening the market oriented sales promotion campaigns and pricing re-alignment, the Group continues to be the key supplier of the SIM card based products for the mobile commerce services launched by the mobile service providers. The Group continues to expand the licensing business stream and will further increase the coverage and penetration of RF-SIM products, by attempting to address the end user market through selling products directly to consumers in traditional retail channels with new card holder type RF-SIM type of products.

Product Development

By strengthening the R&D team and facility, and finalizing co-operation with new component suppliers and new technology suppliers, the Group continues to develop new products such as new dual-mode RF-SIM products which complies both 13.56MHz and 2.4GHz standard. The Group had also made significant progress in developing new portfolio of products which were derived from the emergence of "Internet-Of-Things" technologies. It will be the trend and future of the products to target various market segments the Group concerns, and the Group continues to strive to be a pioneer in this industry.

Manufacturing & Production

The main contracted manufacturing facility of the Group in Taiwan continues to be the key production base for the Group, however the Group had already started to engage another manufacturing facility in China for the production of new products. The production capacity of the plant in Taiwan was not yet fully loaded, but the production skills, tools and instrumentation will be improved continuously. There was learning curve for the new products, such as the card holder type RF-SIM, however the product reliability and quality was up-kept with intensive testing and examination after going through enhanced production flow.

Future Prospect

Despite the argument between the mobile service providers and the financial institutions in China had been compromised, the adoption of the standard for mobile payment advocated by banks and the finance institutions shall not be favorable to 2.4GHz RF-SIM. The Group is prudently optimistic about the applications and deployment of its proprietary 2.4GHz technology and products in closed loop transactions and vertical markets. This market is still being evaluated as a potential one with tremendous volume. In the light of slowing down of the first half of this year in the total sales of RF-SIM cards and RF-SIM readers, the Group realized that it was partly due to the seasonal factor and partly the uncertainty in standard adoption and struggle amongst various players in the mobile payment industry. The Group had taken different measures and tried its best to reduce the impact from these issues during this period of time and anticipates that there will be increase in sales volume in the next few quarters. The new products with both 2.4GHz and 13.56MHz standard integrated will allow the Group to continue to be a dominant player in the industry. The two standards respectively promoted by mobile service operators and financial institutions will be both supported by the new products developed by the Group and it allows the Group to implement 2.4GHz technology as supplement to 13.56MHz in mobile payment segment and as a key contributor for the new "Internet-Of-Things" industry boom. RF-SIM is still regarded as one of the best solutions in the trend of more and more mobile commerce solutions to be announced by key mobile service providers. Growth of the mobile SIM card based RF-SIM which complies to both standards will proliferate and increase the Group's business in future for a longer term.

CAPITAL STRUCTURE

The Group adopts a sound financial policy, and the surplus cash is deposited at the bank to facilitate extra expenditure or investment. The management carries out financial forecast on a regular basis. As at 30 June 2011, the Group's balance of cash and deposits was approximately HK$236,000,000, which was primarily attributable to the proceeds from the IPO and earnings. The Group's total borrowings was HK$1,227,495,000 as at 30 June 2011. The gearing ratio (being ratio of total borrowings outstanding less balance of cash and deposits to the sum of total equity and total borrowings) was 116% as at 30 June 2011 (31 December 2010: no outstanding loan or borrowing therefore inapplicable).

The total indebtedness of the Group mainly comprises convertible notes issued on 31 May 2011. The convertible bonds are non-interest bearing, with a maturity date on the fifth anniversary of the date of issue of the convertible bonds (i.e. 31 May 2016) to finance part of the consideration for the acquisition of Sunward Group in September 2010. The conversion shares will be issued under the Specific Mandate, pursuant to which, the Company may allot and issue 2,081,620,000 shares to the noteholders of the convertible notes upon full conversion. Assuming full conversion of the convertible notes at the initial conversion price of HK$1.00 per conversion share, the convertible notes will be convertible into 2,081,620,000 shares.

LIQUIDITY AND FINANCIAL POSITION

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Cash at banks and in hand	**106,488**	204,110
Short-term bank deposits	**129,512**	90,793
Total cash and deposits	**236,000**	294,903

Cash position decrease by approximately HK$58,903,000 during the six months ended 30 June 2011.

The current ratio was 9.96 as at 30 June 2011, higher than 8.31 as at 31 December 2010. The quick ratio was 8.96 as at 30 June 2011, higher than 7.78 as at 31 December 2010.

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.

ASSETS MORTGAGE

The Group has no outstanding asset mortgage as at 30 June 2011.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2011.

SIGNIFICANT ACQUISITION, DISPOSAL OR INVESTMENT

As at 30 June 2011, 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.

CAPITAL COMMITMENTS

As at 30 June 2011, there was approximately HK$15,000 capital commitments outstanding but not provided for in the interim financial information (31 December 2010: HK$2,047,000).

SEGMENT REPORTING

Adopting IFRS 8, Operating Segments and in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management team of the Company. CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments. The Group has identified three reportable segments which are inbound services, outbound services and RF-SIM business. Detail of segment reporting is set out in Note 6 to this report.

STAFF AND REMUNERATION POLICY

As at 30 June 2011, the Group had 3,406 employees (31 December 2010: 3,669 employees). Among them, 3,386 employees worked in the PRC, 18 in Hong Kong and 2 in Macau.

Breakdown of the Group's staff by functions as at 30 June 2011 is as follows:

Function	**As at 30 June 2011**	As at 31 December 2010
Management	**18**	18
Operation	**3,154**	3,441
Financial, administration, and human resources	**98**	86
Sales and marketing	**19**	26
Research and development	**82**	57
Repairs and maintenance	**35**	41
Total	**3,406**	3,669

The total staff remuneration including directors' remuneration paid by the Group for the six months ended 30 June 2011 was approximately HK$101,134,000 (Last Corresponding Period: approximately HK$70,280,000). 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.

OTHER INFORMATION

DISCLOSURE UNDER CHAPTER 13 OF THE RULES OF GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE (THE "LISTING RULES")

The Directors confirmed that they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules during the period under review.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011. No interim dividend was paid in respect of the six months ended 30 June 2010.

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

As at 30 June 2011, 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 Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules:

Interests in ordinary shares of the Company

Name of Directors	Company/ Associated corporation	Number of shares held: Personal Interests	Family Interests	Corporate Interests	Total of Interests	Percentage of Equity
Mr. Li Kin Shing	Company (Note 1)	443,490,000	1,040,810,000	684,000,000	2,168,300,000	71.61%
Ms. Kwok King Wa	Company (Note 2)	1,040,810,000	443,490,000	684,000,000	2,168,300,000	71.61%
Ms. Li Yin	Company (Note 3)	–	–	–	–	–
Mr. Li Kin Shing	Ever Prosper International Limited ("Ever Prosper") (Note 4)	500	465	–	965	96.5%
Ms. Kwok King Wa	Ever Prosper (Note 4)	465	500	–	965	96.5%
Ms. Li Yin	Ever Prosper (Note 3)	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. The 443,490,000 shares are owned by Mr. Li Kin Shing in person. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa and, Mr. Li Kin Shing is deemed to be interested in the 1,040,810,000 shares. Accordingly, Mr Lin Kin Shing is deemed to be interested in the 2,168,300,000 shares in total 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. The 1,040,810,000 shares are owned by Ms. Kwok King Wa in person. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing and Ms. Kwok King Wa is deemed to be interested in the 443,490,000 shares. Accordingly, Ms. Kwok King Wa is deemed to be interested in the 2,168,300,000 shares in total under the SFO.

3. Ms. Li Yin holds 3.5% of the issued share capital of Ever Prosper, which in turn holds 684,000,000 shares of the Company.

4. 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.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

With reference to the announcements of the Company dated 25 May 2010 and 31 May 2011 and the circular of the Company dated 23 August 2010 in relation to, among other things, the issue of the Convertible Notes.

On 30 June 2011, the Board was informed by Mr. Li Kin Shing of the Sale and Purchase Agreements, pursuant to which Mr. Li Kin Shing has agreed to sell and each of Jovial Elite Limited and Glory Moment Investments Ltd. has agreed to purchase part of the First Convertible Note in a principal sum of HK$300,000,000 on the terms and subject to the conditions set out in the respective Sale and Purchase Agreements.

The table below sets out the effects of the transfer of Sale Convertible Notes on the shareholding structure of the Company assuming there are no other changes to the shareholding structure of the Company from 26 July 2011, date of completion of the Sale and Purchase Agreements:

	As at 30 June 2011		Assuming conversion of the Sale Convertible Notes in full at conversion price of HK$1.0 per share		Assuming conversion of the Sale Convertible Notes, the remaining First Convertible Note and the Second Convertible Note in full at conversion price of HK$1.0 per share	
	Number of shares	Approximate %	Number of shares	Approximate %	Number of shares	Approximate %
Mr. Li Kin Shing	2,680,000	0.28%	2,680,000	0.17%	443,490,000	14.65%
Ms. Kwok King Wa	–	–	–	–	1,040,810,000	34.37%
Ever Prosper International Limited (Note 1)	684,000,000	72.29%	684,000,000	44.24%	684,000,000	22.59%
Public shareholders						
Jovial Elite Limited (Note 2)	–	–	300,000,000	19.40%	300,000,000	9.91%
Glory Moment Investments Ltd.	–	–	300,000,000	19.40%	300,000,000	9.91%
Other public shareholders	259,520,000	27.43%	259,520,000	16.78%	259,520,000	8.57%
Total:	946,200,000	100.00%	1,546,200,000	100.00%	3,027,820,000	100.00%

NOTES:

(1) Ever Prosper International Limited is owned as to 50%, 46.5% and 3.5% by Mr. Li Kin Shing, Ms. Kwok King Wa and Ms. Li Yin, respectively. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing and Ms. Li Yin is the sister of Mr. Li Kin Shing. Accordingly, Mr. Li Kin Shing and Ms. Kwok King Wa are deemed to be interested in the 684,000,000 shares held by Ever Prosper International Limited under the SFO.

(2) Jovial Elite Limited is wholly owned by Hony Capital Fund 2008, L.P.. Hony Capital Fund 2008, L.P. is wholly owned by Hony Capital Fund 2008 GP, L.P.. Hony Capital Fund 2008 GP, L.P. is wholly owned by Hony Capital Fund 2008 GP Limited. Hony Capital Fund 2008 GP Limited is wholly owned by Hony Capital Management Limited. Hony Capital Management Limited is owned by Right Lane Limited and Zhao John Huan as to 45% and 55% respectively. Right Lane Limited is wholly owned by Legend Holdings Limited and Legend Holdings Limited is owned by Chinese Academy of Sciences Holdings Co., Ltd and Beijing Lian Chi Zhi Yuan Management Consulting Center as to 36% and 35% respectively. Chinese Academy of Sciences is the sole shareholder of Chinese Academy of Sciences Holdings Co., Ltd.

Save as disclosed above, as at 30 June 2011, 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.

CONVERSION OF THE CONVERTIBLE NOTES

The Board further announces that on 26 July 2011, the Company received conversion notices from Mr. Li Kin Shing, Ms. Kwok King Wa, Jovial Elite Limited, Glory Moment Investments Ltd. and Lincoln Park Partners Limited in respect of the conversion of the Convertible Notes (Note 1) in the respective principal amounts of HK$440,810,000, HK$1,040,810,000, HK$300,000,000, HK$280,000,000 and HK$20,000,000 into 440,810,000 shares, 1,040,810,000 shares, 300,000,000 shares, 280,000,000 shares and 20,000,000 shares, respectively, at the conversion price of HK$1.00 per share. As a result of the conversion, the Company has allotted and issued 440,810,000 shares, 1,040,810,000 shares, 300,000,000 shares, 280,000,000 shares and 20,000,000 shares to the respective holders of the Convertible Notes, representing approximately 14.6%, 34.4%, 9.9%, 9.2% and 0.7%, respectively, of the enlarged issued share capital of the Company following the issue of the conversion shares. The shareholding structure of the Company immediately before and after the issue of the conversion shares is as follows:

	Immediately before the issue and allotment of the conversion shares		**Immediately after the issue and allotment of the conversion shares**	
	Number of shares	Approximate %	Number of shares	Approximate %
Mr. Li Kin Shing (the Vendor)	2,680,000	0.28%	443,490,000	14.65%
Ms. Kwok King Wa	–	–	1,040,810,000	34.37%
Ever Prosper International Limited (Note 2)	684,000,000	72.29%	684,000,000	22.59%
Public shareholders				
Jovial Elite Limited	–	–	300,000,000	9.91%
Glory Moment Investments Ltd.	–	–	280,000,000	9.25%
Lincoln Park Partners Limited	–	–	20,000,000	0.66%
Other public shareholders	259,520,000	27.43%	259,520,000	8.57%
Total:	946,200,000	100.00%	3,027,820,000	100.00%

Note 1:

a) Convertible Notes refers to the convertible notes, comprising the First Convertible Note and the Second Convertible Note, issued by the Company with an aggregate principal amount of HK$2,081,620,000.

b) First Convertible Notes refers to the Convertible Note in a principal amount of HK$1,040,810,000 issued by the Company to Mr. Li Kin Shing on 31 May 2011.

c) Second Convertible Notes refers to the Convertible Note in a principal amount of HK$1,040,810,000 issued by the Company to Ms. Kwok King Wa on 31 May 2011.

Note 2: Ever Prosper International Limited is owned as to 50%, 46.5% and 3.5% by Mr. Li Kin Shing, Ms. Kwok King Wa and Ms. Li Yin, respectively. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing and Ms. Li Yin is the sister of Mr. Li Kin Shing. Accordingly, Mr. Li Kin Shing and Ms. Kwok King Wa are deemed to be interested in the 684,000,000 shares held by Ever Prosper International Limited under the SFO.

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 SCHEME

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") in the written resolutions of the shareholders passed on 4 May 2010 (the "Share Option Scheme"). As at the date of this report, no option has been granted under the Share Option Scheme.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct which is not lenient than Appendix 10 of the Listing Rules. Specific enquiry to all Directors has been made and the Company has confirmed that the Directors have complied with the required standard set out in the code of conduct during the six months ended 30 June 2011.

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

During the six months ended 30 June 2011, the Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries has purchased or sold any share of the Company.

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has redeemed, purchased or cancelled any redeemable securities of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Prospectus and below, during the six months ended 30 June 2011 and up to the date of this report, none of the Directors 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 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 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 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 confirmed that he had no intention to inject his interest in PacificNet into the Group and he had 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 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.

COMPETING INTERESTS

Directel Limited, a company incorporated in the Cayman Islands, is held as to 50% and 50% by Mr. Li Kin Shing, a non-executive director, the chairman of Directel Holdings Limited ("DHL"), a controlling shareholder and a substantial shareholder of DHL, and Ms. Kwok King Wa, a controlling shareholder and a substantial shareholder of DHL and the spouse of Mr. Li Kin Shing, respectively. According to the Listing Rules, Directel Limited is an associate of Mr. Li Kin Shing and Ms. Kwok King Wa and thus a connected person.

Directel Limited is the legal and beneficial owner of the RF-SIM intellectual property rights in Hong Kong and Macau. Further, Directel Limited is the licensee of the operation rights of RF-SIM in markets other than the PRC in addition to its owned RF-SIM intellectual property rights in Hong Kong and Macau and it has the right to grant licences of the operation rights of RF-SIM intellectual property rights to others in markets other than the PRC. There is a risk that such services provided by Directel Limited may compete with the services provided by DHL and its subsidiaries ("DHL Group") as Directel Limited is expected to grant licences of the operation rights of RF-SIM intellectual property rights in other regions in the future.

DHL is a company incorporated in the Cayman Islands and a listed company on the GEM of The Stock Exchange with Mr. Li Kin Shing and Ms. Kwok King Wa as controlling shareholders. According to the Listing Rules, DHL is an associate of Mr. Li Kin Shing and Ms. Kwok King Wa and thus a connected person. The principal activity of DHL is investment holding. Its subsidiaries are principally engaged in the provision of mobile phone services. DHL Group also provides services of resale of airtime to mobile network operators and telesales dealership.

The Directors confirm that as China – Hong Kong Telecom Ltd., a wholly-owned subsidiary of DHL, has obtained the exclusive licence of the operation rights of RF-SIM intellectual property rights in Hong Kong and Macau and since the services provided by DHL Group are mainly in Hong Kong and Macau, there will be no direct competition between the services provided by Directel Limited, which are in territories other than the PRC, Hong Kong and Macau. There will also be no direct competition between the services provided by the Company, which its strategy is to concentrate on the application of the RF-SIM intellectual property rights in the PRC. Nevertheless, Mr. Li Kin Shing, Ms. Kwok King Wa and Directel Limited (as Covenantors) executed a deed of non-competition undertaking in favour of DHL on 24 May 2010 pursuant to which the Covenantors have undertaken to DHL inter alia, that (i) the Covenantors shall not, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on his/her/its own account or with each other or in conjunction with or on behalf of any person or company, any business which will or may compete with the RF-SIM business of DHL Group in Hong Kong and Macau; and (ii) in the event the Covenantors or their associates were given any business opportunities that is or may involve in direct or indirect competition with the business of DHL Group, the Covenantors shall assist DHL in obtaining such business opportunities in the terms being offered to the Covenantors, or more favourable terms being acceptable to DHL.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2011.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in accordance with the requirements of the CG Code. The audit committee consists of the three independent non-executive Directors of the Company, namely, Mr. Cheung Sai Ming, Mr. Chen Xue Dao and Mr. Liu Chun Bao. Mr. Cheung Sai Ming is the chairman of the audit committee.

The audit committee of the Company has reviewed the Group's unaudited consolidated interim results for the six months ended 30 June 2011 and is of the opinion that the unaudited consolidated interim results complied with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 29 August 2011

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. Liu Chun Bao.