INTERNATIONAL ELITE LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1328)

2012

Interim Report

HIGHLIGHTS

- Turnover for the six months ended 30 June 2012 was approximately HK$186,642,000, representing a slight increase of approximately 1% as compared to that of the Last Corresponding Period.

- Profit attributable to equity holders of the Company for the six months ended 30 June 2012 was approximately HK$23,870,000, representing a decrease of approximately 98% as compared to that of the Last Corresponding Period. The significant decrease in profit attributable to equity holders of the Company for the six months ended 30 June 2012 was mainly due to the one-off significant gain on changes in fair values of the purchase consideration payables on 31 May 2011, recorded prior to the issuance of convertible notes on the same date, less interest expenses accreted on convertible notes. The above mentioned net gain would not be recorded in the financial statements of the Company for the six months ended 30 June 2012 as the convertible notes were issued and converted into shares during the year ended 31 December 2011.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the "Board") of International Elite Ltd. (the "Company") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012 (the "Relevant Period") together with the unaudited comparative figures for the corresponding period in 2011 (the "Last Corresponding Period") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 June 2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Turnover	6	**186,642**	185,130
Cost of sales	7(a)	**(124,362)**	(109,758)
Gross profit		**62,280**	75,372
Other revenue		**4,120**	2,680
Other gains –			
Changes in fair values of purchase consideration payables		**–**	1,344,220
Research and development expenses	7(a)	**(7,782)**	(5,635)
Administrative expenses	7(a)	**(31,735)**	(32,675)
Profit from operations		**26,883**	1,383,962
Finance costs	7(c)	**–**	(11,502)
Profit before income tax		**26,883**	1,372,460
Income tax expense	8	**(3,013)**	(2,410)
Profit for the period attributable to equity holders of the Company		**23,870**	1,370,050
Earnings per share attributable to equity holders of the Company			
– Basic	10	**HK$0.01**	HK$1.45
– Diluted	10	**HK$0.01**	HK$1.06

The notes on pages 7 to 21 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	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**23,870**	1,370,050
Other comprehensive (loss)/income		
– Currency translation differences	**(1,404)**	12,217
Total comprehensive income for the period, net of tax	**22,466**	1,382,267

The notes on pages 7 to 21 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**68,073**	68,312
Intangible assets		**44,279**	43,696
Deferred tax assets		**773**	757
Total non-current assets		**113,125**	112,765
Current assets			
Inventories	12	**26,755**	30,157
Trade and other receivables	13	**121,705**	125,389
Cash and cash equivalents	14	**372,412**	347,417
Total current assets		**520,872**	502,963
Total assets		**633,997**	615,728
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**30,278**	30,278
Reserves		**570,138**	547,672
Total equity		**600,416**	577,950
LIABILITIES			
Non-current liability			
Deferred tax liabilities		**10,041**	10,204
Total non-current liabilities		**10,041**	10,204
Current liabilities			
Trade and other payables	15	**22,344**	26,594
Current income tax liabilities		**1,196**	980
Total current liabilities		**23,540**	27,574
Total liabilities		**33,581**	37,778
Total equity and liabilities		**633,997**	615,728
Net current assets		**497,332**	475,389
Total assets less current liabilities		**610,457**	588,154

The notes on pages 7 to 21 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						
	Share capital (Unaudited) HK$'000	Share premium (Unaudited) HK$'000	Other reserves (Unaudited) HK$'000	Statutory reserve (Unaudited) HK$'000	Exchange reserve (Unaudited) HK$'000	Accumulated losses (Unaudited) HK$'000	Total (Unaudited) HK$'000
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	–	–	1,433,402	–	–	–	1,433,402
As at 30 June 2011	9,462	326,387	1,458,416	97	97,954	(2,265,800)	(373,484)
As at 1 January 2012	**30,278**	**1,542,342**	**1,458,416**	**97**	**112,426**	**(2,565,609)**	**577,950**
Comprehensive income							
Profit for the period	**–**	**–**	**–**	**–**	**–**	**23,870**	**23,870**
Other comprehensive income							
Currency translation differences	**–**	**–**	**–**	**–**	**(1,404)**	**–**	**(1,404)**
As at 30 June 2012	**30,278**	**1,542,342**	**1,458,416**	**97**	**111,022**	**(2,541,739)**	**600,416**

The notes on pages 7 to 21 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
	Note	**HK$'000**	HK$'000
Net cash generated from/(used in) operating activities		**27,214**	(53,681)
Net cash used in investing activities		**(1,777)**	(6,797)
Net cash used in financing activities		**–**	–
Net increase/(decrease) in cash and cash equivalents		**25,437**	(60,478)
Cash and cash equivalents at 1 January		**347,417**	294,903
Effect of foreign exchange rate changes		**(442)**	1,575
Cash and cash equivalents at 30 June	14	**372,412**	236,000

The notes on pages 7 to 21 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 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. The address of its registered office is The Grand Pavilion, Oleander Way, 802 West Bay Road, Grand Cayman KY1–1208, Cayman Islands. 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 information is presented in Hong Kong dollars ("HK$"), unless otherwise stated. The condensed consolidated interim financial information was approved for issue by the Board on 24 August 2012.

The condensed consolidated interim financial information has not been audited.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

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 2011, 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.

3. Accounting policies (Continued)

Research and development cost

Research costs are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products are recognised as intangible assets when the following criteria are met:

– it is technically feasible to complete the software product so that it will be available for use;

– management intends to complete the software product and use or sell it;

– there is an ability to use or sell the software product;

– it can be demonstrated how the software product will generate probable future economic benefits;

– adequate technical, financial and other resources to complete the development of the software product are available; and

– the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product cost includes employee costs for software development and an appropriate portion of relevant overheads. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using straight-line method over their estimated useful lives, which does not exceed five years.

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 2012:

IAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets
IFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets

The adoption of the above new standards and amendments to standards has no significant impact to the Group's financial position nor its results of operations.

3. Accounting policies (Continued)

Accounting standards (Continued)

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2012 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 19 (Amendment)	Employee Benefits	1 January 2013
IAS 27 (Revised 2011)	Separate Financial Statements	1 January 2013
IAS 28 (Revised 2011)	Investment in associates and joint ventures	1 January 2013
IAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 7 and IFRS 9 (Amendment)	Mandatory Effective Date and Transition Disclosures	1 January 2015
IFRS 9	Financial Instruments	1 January 2015
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 2011, 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 currency risk, fair value interest rate risk, cash flow 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 2011.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

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 expense 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.

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.

6. Segment information (Continued)

(a) Segment results and assets (Continued)

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 2012 and 2011, and as at 30 June 2012 and 31 December 2011.

	For the six months ended 30 June 2012				For the six months ended 30 June 2011			
	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	**89,625**	**55,451**	**41,566**	**186,642**	76,170	56,904	52,056	185,130
Reportable segment profit	**22,911**	**14,387**	**24,982**	**62,280**	21,717	21,929	31,726	75,372
Depreciation and amortisation	**385**	**241**	**2,159**	**2,785**	260	481	3,869	4,610

	As at 30 June 2012				As at 31 December 2011			
	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	**50,501**	**27,494**	**125,174**	**203,169**	60,563	31,002	116,147	207,712
Addition to non-current segment assets during the period	**979**	**17**	**2,651**	**3,647**	6,190	484	1,878	8,552

6. Segment information (Continued)

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

	For the six months ended 30 June	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Revenue		
Reportable segment revenue	**186,642**	185,130
Consolidated revenue	**186,642**	185,130
Profit		
Reportable segment profit	**62,280**	75,372
Other revenue and other gains	**4,120**	1,346,900
Unallocated depreciation and amortisation	**(2,293)**	(2,750)
Finance costs	**–**	(11,502)
Research and development expenses	**(7,782)**	(5,635)
Unallocated head office and administrative expenses	**(29,442)**	(29,925)
Consolidated profit before income tax	**26,883**	1,372,460

	As at 30 June 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
Assets		
Reportable segment assets	**203,169**	207,712
Deferred tax assets	**773**	757
Cash and cash equivalents	**372,412**	347,417
Unallocated head office and other assets	**57,643**	59,842
Consolidated total assets	**633,997**	615,728

6. Segment information (Continued)

(c) Geographic 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 and 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 the 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 2012				
Revenue from external customers	**47,080**	**135,072**	**4,490**	**186,642**
As at 30 June 2012				
Specific non-current assets	**107,406**	**2,472**	**2,474**	**112,352**
For the six months ended 30 June 2011				
Revenue from external customers	58,549	121,928	4,653	185,130

	PRC (Audited) HK$'000	Hong Kong (Audited) HK$'000	Macau (Audited) HK$'000	Total (Audited) HK$'000
As at 31 December 2011				
Specific non-current assets	109,181	2,825	2	112,008

7. Expenses by nature

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

	For the six months ended 30 June	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Employee benefit expenses	**123,027**	101,134
Depreciation of property, plant and equipment	**3,408**	3,745
Amortisation of intangible assets	**1,670**	3,615
Cost of inventories sold	**14,828**	18,929
Operating lease charges in respect of		
– rental of building and offices	**3,749**	2,827
– hire of transmission lines	**3,309**	3,380
Other expenses	**13,888**	14,438
Total cost of sales, research and development expenses and administrative expenses	**163,879**	148,068

(b) Employee benefit expenses

	For the six months ended 30 June	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Salaries, wages and other benefits	**110,030**	90,268
Pension cost – defined contribution plan	**12,997**	10,866
Total employee benefit expenses	**123,027**	101,134

7. Expenses by nature (Continued)

(c) Finance costs

	For the six months ended 30 June	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Accretion on interest expenses of convertible notes	**–**	11,502

8. Income tax expense

	For the six months ended 30 June	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Current income tax		
– Hong Kong profits tax	**28**	1,783
– PRC corporate income tax	**3,303**	1,492
Under-provision in the prior year	**23**	–
Deferred income tax	**(341)**	(865)
Income tax expense	**3,013**	2,410

(i) Hong Kong profits tax

The provision for Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the six months ended 30 June 2012.

(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"), is 25% (2011: 25%) for the six months ended 30 June 2012.

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

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012. No interim dividend was paid in respect of the six months ended 30 June 2011.

10. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2012 is based on the profit attributable to equity holders of the Company of approximately HK$23,870,000 (2011: approximately HK$1,370,050,000 and on the weighted average number of 3,027,820,000 ordinary shares in issue during the period (2011: 946,200,000).

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2012, 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, the Group only had the convertible notes that had dilutive potential ordinary shares. The convertible notes were assumed to have been converted into ordinary shares, and the net profit was adjusted to eliminate the interest expenses.

	For the six months ended 30 June	
	2012 (Unaudited)	2011 (Unaudited)
Profit attributable to equity holders (HK$'000)	**23,870**	1,370,050
Adjustment to finance cost on convertible notes (HK$'000)	**–**	11,502
Profit used to determine diluted earnings per share (HK$'000)	**23,870**	1,381,552
Weighted average number of ordinary shares in issue	**3,027,820,000**	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	**3,027,820,000**	1,302,720,552
Diluted earnings per share	**HK$0.01**	HK$1.06

11. Property, plant and equipment

During the six months ended 30 June 2012, the Group acquired property, plant and equipment with an aggregate cost of approximately HK$3,489,000 (2011: approximately HK$7,026,000). No property, plant and equipment was disposed of during the six months ended 30 June 2012 (2011: net book value and loss on disposal of approximately HK$5,000).

12. Inventories

	As at 30 June 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
Raw materials	18,814	23,531
Work in progress	10,001	8,548
Finished goods	742	880
	29,557	32,959
Less: provision for impairment of inventories	(2,802)	(2,802)
	26,755	30,157

13. Trade and other receivables

	As at 30 June 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
Trade receivables		
– amounts due from related parties	85	110
– amounts due from third parties	117,216	121,927
	117,301	122,037
Deposits, prepayments and other receivables	4,404	3,352
	121,705	125,389

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 term is 30 days. Subject to negotiation, credit terms could be extended to three to six months for certain customers with well-established trading and payment records on a case-by-case basis. The Group generally gives credit terms to its customers based on certain criteria, such as the length of business relationship with the customers and the customer's payment history, background and financial strength. The Group reviews the settlement records of its customers on a regular basis to determine their credit terms.

13. Trade and other receivables (Continued)

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 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
Aged within 1 month	38,391	38,886
Aged over 1 month to 3 months	51,482	64,976
Aged over 3 months to 6 months	8,939	17,206
Aged over 6 months to 1 year	17,653	788
Aged over 1 year	836	181
	117,301	122,037

At the balance sheet date, the Group had a concentration of credit risk as 90% (31 December 2011: 90%) of the total trade receivables were due from the Group's five largest customers and 27% (31 December 2011: 34%) of the total trade receivables was due from the Group's largest customers.

14. Cash and cash equivalents

	As at 30 June 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
Cash at banks and in hand	290,963	250,740
Short-term bank deposits	81,449	96,677
	372,412	347,417

15. Trade and other payables

	As at 30 June 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
Trade payables	5,132	2,667
Other payables and accruals	17,212	23,927
	22,344	26,594

15. Trade and other payables (Continued)

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

	As at 30 June 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
Aged 0-30 days	**4,680**	1,868
Aged 31-90 days	**80**	510
Aged 91-180 days	**5**	84
Aged 181 days-1 year	**229**	–
Aged over 1 year	**138**	205
	5,132	2,667

16. Commitments

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

	As at 30 June 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
Property, plant, equipment	**–**	288
Construction in progress	**–**	1,279
Intangible assets	**540**	–
	540	1,567

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

	As at 30 June 2012 (Unaudited) HK$'000		As at 31 December 2011 (Audited) HK$'000	
	Properties	**Transmission lines**	Properties	Transmission lines
Within 1 year	**5,119**	**2,029**	4,308	2,237
Over 1 year but within 5 years	**3,781**	**92**	4,663	–
	8,900	**2,121**	8,971	2,237

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.

17. Related party transaction

(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 related party transactions:

		For the six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
		HK$'000	HK$'000
Sales	(i)	**579**	1,374
Licensing income	(ii)	**33**	35
Rental expenses of properties	(iii)	**166**	166

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 is determined on a mutually agreed basis.

(iii) The Group rented properties from a related party, Talent Information Engineering Co., Ltd., on a mutually agreed basis.

17. Related party transaction (Continued)

(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 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
Amounts due from related parties		
– trade	**85**	110

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	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Wages, salaries and other benefits	**2,535**	2,117
Contribution to retirement benefit schemes	**127**	113
	2,662	2,230

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

18. Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2012.

19. Comparative figures

The comparative figures represent figures for the six months ended 30 June 2011. Certain items in these comparative figures have been reclassified to conform with the current period's presentation to facilitate comparison.

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 21, which comprises the condensed consolidated balance sheet of International Elite Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2012 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

Hong Kong, 24 August 2012

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
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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, 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, Wuhan 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 2012 amounted to approximately HK$186,642,000, representing a slight increase of approximately 1% as compared to that of the Last Corresponding Period. There was approximately a 6% increase in turnover contributed by CRM service business and an approximately 5% decrease in turnover contributed by RF-SIM business.

Turnover from inbound services, outbound services and RF-SIM business accounted for approximately 48%, 30% and 22% of the Group's total turnover for the six months ended 30 June 2012. The gross profit margins of the inbound services, outbound services and RF-SIM business for the six months ended 30 June 2012 were approximately 26%, 26% and 60% respectively. It is anticipated that RF-SIM business, as a high-margin business segment, will account for an increasing portion of the Group's total turnover in the future.

The gross profit of the Group for the six months ended 30 June 2012 was approximately HK$62,280,000, representing a decrease of approximately 17% as compared to that of the Last Corresponding Period. The gross profit margin decreased by approximately 8% to approximately 33% for the six months ended 30 June 2012. The gross profit of CRM service business for the six months ended 30 June 2012 was approximately HK$37,298,000, which was decreased by approximately HK$6,348,000 as compared to that of the Last Corresponding Period and accounted for approximately 8% of the decrease in gross profit of the Group. The gross profit margin of CRM service business decreased by approximately 7% to approximately 26%. The decrease in gross profit margin of CRM service business was mainly attributable to the appreciation of RMB and increase in wages of the operators. The gross profit of RF-SIM business for the six months ended 30 June 2012 was approximately HK$24,982,000, which was decreased by approximately HK$6,744,000 as compared to that of the Last Corresponding Period and accounted for approximately 9% of the decrease in gross profit of the Group. The gross profit margin of RF-SIM business decreased by approximately 1% to approximately 60%. The decrease in gross profit margin of RF-SIM business was mainly due to the reduction of unit selling price of RF-SIM products.

The profit attributable to the equity holders of the Company for the six months ended 30 June 2012 was approximately HK$23,870,000, while the Group's profit attributable to equity holders of the Company for the six months ended 30 June 2011 was approximately HK$1,370,050,000. The significant decrease in profit attributable to equity holders of the Company for the six months ended 30 June 2012 was mainly due to the one-off significant gain on changes in fair values of the purchase consideration payables on 31 May 2011 of approximately HK$1,344,220,000, recorded prior to the issuance of convertible notes on the same date, less interest expenses accreted on convertible notes of approximately HK$11,502,000. The above mentioned net gain would not be recorded in the financial statements of the Company for the six months ended 30 June 2012 as the convertible notes were issued and converted into shares during the year ended 31 December 2011.

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. There was an increase in turnover of the Group from telecommunications service providers for the six months ended 30 June 2012 of approximately 9% as compared with last year.

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. 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, 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 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 of the Company (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 did not enter into any service contracts with any new customers for the provision of CRM services.

Awards and Certification

In February 2012, China Elite was awarded the Top Ten Guangzhou Outsourcing Enterprises by Guangzhou Association of Sourcing Service.

In June 2012, China Council for International Investment Promotion granted "Top 100 China's Emerging Service Provider" to China Elite.

Future Prospect

China strives its main efforts to cultivate services outsourcing industry and the CRM service provided by the Group is one of the essential expressions of that. According to the domestic commerce operation situation announcement issued by China's Ministry of Commerce for the six months ended 30 June 2012, contract amount of services outsourcing industry has increased by 52.9% compared to that of the same period of last year, in which the services outsourcing business is expanding to the high-end level. With the promising services outsourcing industry environment in China, the management believes that the Group will increase the penetration in the China market and the possibility of developing non-telecommunications markets.

With the expansion in the China market, the Group will be benefited further from the opportunities arising from the favorable government policies including expanding domestic demand, growth in 3G mobile communications as well as rise in 4G mobile communications.

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

As the launch of LTE 4G mobile communications in Hong Kong and the 4G mobile communications in China is ready to take off, the Group will provide a customized CRM service for 4G mobile communications to the telecommunications services providers. It is expected that there will be an increase in the Group's revenue from customers in the telecommunications industry.

The Group continues to 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

The past six months was not encouraging for the RF-SIM business, as there are not many market activities which brought new RF-SIM reader installation and issued volume of RF-SIM. The mobile service provider who is one of the major customers of the Group has been deferring their tender for RF-SIM cards, and the system integrators whom the Group used to work with had also feedback of slowdown in investment by service providers in various universities and corporate. The Group is under pressure of decline in product demand and negative growth of the sales revenue, but the Group had started to increase its portfolio of technologies and products by investing into competing technology which includes Near-Field Communication (NFC) and various form factor of RF-SIM which may contribute to a significant growth of business in the coming near future. The Group, without obvious investment in the overseas market, continues to promote the RF-SIM technology into a few countries outsides of China and it is expected to get a remarkable project secured in the next twelve to eighteen months.

Marketing Strategy

The Group's core marketing strategy has demonstrated to be most effective by selling through various SIM suppliers who have broad coverage with branch office in every province and major cities across the whole country of China, by co-operating with local system integrators who has strong presence in individual city and working together with the mobile service providers. New elements of marketing strategy was implemented in the past few months by approaching other service providers include the new licensees of the third party electronic payment, granted by the People Bank of China, with the Group's total solution package. The solution includes not just the hardware RF-SIM cards and RF-SIM readers, but also the business case study and planning, project execution and co-operation of mobile payment system and service for specific licensee. The Group will re-align its strategy and prepare for any change in the market situation especially in case the avalanche growth of the mobile payment business in China commences in the near future.

Product Development

The Group's new line of products bases on the frequency of 13.56MHz have got good progress, and the research and development team in Xiamen had been working with the overseas supplier for the past twelve months in order to come up with pre-production samples which has already aroused a lot of interests from the mobile service providers, SIM suppliers and system integrators. The Group has confidence to launch the product in the next few months and attain good revenue from this new product development project. Of course, the Group continues to develop new products with deployment of innovative ideas on new RF technology and creative concepts on various forms of product as accessory for mobile handset. It allows the Group to cope with the trend of the market but uncertain demand for product, by offering different product varieties.

Manufacturing & Production

The plan to implement an automatic post-production line in Xiamen facility was postponed due to the manufacturing capacity, yield and quality is acceptable so far, the existing semi-automatic production line will continue to be utilized in an optimal manner. Reliability tests, quality check and measurement procedures were up-kept and enhanced in the past six months as mass volume of products will be shipped from both Taiwan and China contracted manufacturing plant. These factories have provided remarkable support to the Group despite there is up and down in the demand of products and stringent requirements of the Group in ramping up the production capacity for a few new products.

Future Prospect

The first half of 2012 was challenging, because of the slow down of mass deployment of the mobile service providers' RF-SIM projects beyond application at university campus and the uncertainty of the release of national standard on mobile payment. The slow down in the mobile payment industry in China was a surprise to many participants and stake holders of the industry, and it was not expected by many market analysts either. Nevertheless, the Group continues to be optimistic in a prudent manner about the upcoming second half of 2012 and the next few years as it seems that the efforts put by various parties in the industry which includes the mobile service providers, the financial institutes, the third party payment agents and all relevant technology companies will bring effective result in the change evolution of mobile handset, payment behavior and customer perception about mobile payment. It is anticipated that the growth in mobile payment will be significantly increased and RF-SIM business will keep a lion share of the hardware sales in this area. The Group expects to introduce more new products in the next few months, which includes both 13.56MHz and 2.4GHz and continue to explore for opportunity in the sales of software application together with the solution sales business in the integration of RF-SIM technology in other industries, which is the core concept of "Machine-to-Machine" (M2M) sector of "Internet-Of-Things" (IOT).

Capital Structure

The Group adopts a sound financial policy, and the surplus cash is deposited at the bank to facilitate extra operation expenditure or investment. The management makes financial forecast on a regular basis. As at 30 June 2012, the Group had no outstanding loan or borrowing, and the gearing ratio (being ratio of total borrowings outstanding less cash and deposits to the sum of total equity and total borrowings) was therefore inapplicable. As at 30 June 2012, the Group's balance of cash and deposits was approximately HK$372,412,000, which was primarily attributable to the proceeds from the IPO and earnings.

Liquidity and Financial Position

	As at 30 June 2012 (Unaudited) HK$'000	As at 31 December 2011 (Audited) HK$'000
Cash at banks and in hand	**290,963**	250,740
Short-term bank deposits	**81,449**	96,677
Total cash and deposits	**372,412**	347,417

The Group normally finances its operations with internally generated cash flows. Cash position increased by approximately HK$24,995,000 during the six months ended 30 June 2012.

The current ratio was 22.13 as at 30 June 2012, higher than 18.24 as at 31 December 2011. The quick ratio was 20.99 as at 30 June 2012, higher than 17.15 as at 31 December 2011.

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 2012.

Contingent Liabilities
The Group had no significant contingent liabilities as at 30 June 2012.

Significant Acquisition, Disposal or Investment
As at 30 June 2012, 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 2012, there was approximately HK$540,000 capital commitments outstanding not provided for in the financial statement (31 December 2011: approximately HK$1,567,000).

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 2012, the Group had 3,388 employees (31 December 2011: 3,581 employees). Among them, 3,369 employees worked in the PRC, 17 in Hong Kong and 2 in Macau.

Breakdown of the Group's staff by functions as at 30 June 2012 is as follows:

Function	**As at 30 June 2012**	As at 31 December 2011
Management	**18**	18
Operation	**3,127**	3,315
Financial, administration, and human resources	**97**	99
Sales and marketing	**13**	21
Research and development	**99**	93
Repairs and maintenance	**34**	35
Total	**3,388**	3,581

The total staff remuneration including directors' remuneration paid by the Group for the six months ended 30 June 2012 was approximately HK$123,027,000 (Last Corresponding Period: approximately HK$101,134,000). The remuneration paid to the staff, including the Directors, is based on their qualification, experience, performance, and market rates, so as to maintain a competitive remuneration level. The Group also offers various staff welfare, including housing fund, social insurance and medical insurance. We believe that at International Elite Ltd., our employees are our most valuable asset.

Disclosure under Chapter 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 2012. No interim dividend was paid in respect of the six months ended 30 June 2011.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2012, 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)	383,490,000	1,040,810,000	684,000,000	2,108,300,000	69.63%
Ms. Kwok King Wa	Company (Note 2)	1,040,810,000	383,490,000	684,000,000	2,108,300,000	69.63%
Mr. Li Wen	Company	36,180,000	–	–	36,180,000	1.19%
Mr. Wong Kin Wa	Company	5,000,000	–	–	5,000,000	0.17%
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 1,040,810,000 shares are owned by Ms. Kwok King Wa in person. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Mr. Li Kin Shing is deemed to be interested in the 2,108,300,000 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. The 383,490,000 shares are owned by Mr. Li Kin Shing in person. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing. Accordingly, Ms. Kwok King Wa is deemed to be interested in the 2,108,300,000 shares under the SFO.

3. Ms. Li Yin holds 3.5% of the issued share capital of Ever Prosper, which in turn holds 22.59% of the issued share capital of the Company. Therefore, she will have an attributable interest of 0.79% of the issued share capital 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.

Save as disclosed above, as at 30 June 2012, 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 the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and, Underlying Shares of the Company

As at 30 June 2012, 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 Shares	Approx. percentage of interests
Ever Prosper	Beneficial owner	684,000,000 (Note 1)	22.59%
Jovial Elite Limited	Beneficial owner	300,000,000 (Note 2)	9.91%
Glory Moment Investments Ltd.	Beneficial owner	280,000,000	9.25%

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. According to the notice filed by Jovial Elite Limited, Jovial Elite Limited is a wholly owned subsidiary of Hony Capital Fund 2008, L.P. Hony Capital Fund 2008, L.P. is 100% controlled by Hony Capital Fund 2008 GP, L.P.. Hony Capital Fund 2008 GP, L.P. is 100% controlled by Hony Capital Management Limited. Hony Capital Management Limited is controlled by Mr. Zhao John Huan and Right Lane Limited as to 55% and 45% respectively. Right Lane Limited is 100% controlled by Legend Holdings Limited. Legend Holdings Limited is controlled by Chinese Academy of Sciences Holdings Co., Ltd. as to 36%. Chinese Academy of Sciences Holdings Co., Ltd. is 100% controlled by Chinese Academy of Sciences.

Save as disclosed above, as at 30 June 2012, 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 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. 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 2012.

Purchase, Sale, Redemption or Cancellation of the Company's Listed Securities or Redeemable Securities

During the six months ended 30 June 2012, 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 2012, 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 2012 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 2012.

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 2012 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, 24 August 2012

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. Chen Xue Dao, Mr. Cheung Sai Ming and Liu Chun Bao.