2013 Interim Report

INTERNATIONAL ELITE LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1328)

HIGHLIGHTS

- Turnover for the six months ended 30 June 2013 was approximately HK$160,525,000, representing a drop of approximately 14% as compared to that of the Last Corresponding Period.

- Profit attributable to equity holders of the Company for the six months ended 30 June 2013 was approximately HK$18,078,000, representing a decrease of approximately 24% 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 2013 was mainly attributable to the drop in profit of the RF-SIM business as compared to the six months ended 30 June 2012.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

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 2013 (the "Relevant Period") together with the unaudited comparative figures for the corresponding period in 2012 (the "Last Corresponding Period") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 June 2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Turnover	6	**160,525**	186,642
Cost of sales	7(a)	**(110,995)**	(124,362)
Gross profit		**49,530**	62,280
Other revenue		**3,454**	4,120
Research and development expenses	7(a)	**(9,291)**	(7,782)
Administrative expenses	7(a)	**(26,027)**	(31,735)
Profit before income tax		**17,666**	26,883
Income tax credit/(expense)	8	**412**	(3,013)
Profit for the period and attributable to equity holders of the Company		**18,078**	23,870
Earnings per share attributable to equity holders of the Company			
– Basic	10	**HK0.6 cent**	HK0.8 cent
– Diluted	10	**HK0.6 cent**	HK0.8 cent

The notes on pages 7 to 20 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	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**18,078**	23,870
Other comprehensive income/(loss)		
Item that may be reclassified to profit or loss		
– Currency translation differences	**5,337**	(1,404)
Total comprehensive income for the period, net of tax	**23,415**	22,466

The notes on pages 7 to 20 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**64,684**	66,264
Intangible assets		**19,270**	19,822
Deferred tax assets		**1,157**	724
Total non-current assets		**85,111**	86,810
Current assets			
Inventories	12	**37,541**	37,390
Trade and other receivables	13	**144,008**	121,759
Tax recoverable		**1,897**	1,904
Cash and cash equivalents	14	**387,227**	383,636
Total current assets		**570,673**	544,689
Total assets		**655,784**	631,499
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**30,278**	30,278
Reserves		**603,061**	579,646
Total equity		**633,339**	609,924
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**4,792**	4,914
Total non-current liabilities		**4,792**	4,914
Current liabilities			
Trade and other payables	15	**15,790**	14,350
Current income tax liabilities		**1,863**	2,311
Total current liabilities		**17,653**	16,661
Total liabilities		**22,445**	21,575
Total equity and liabilities		**655,784**	631,499
Net current assets		**553,020**	528,028
Total assets less current liabilities		**638,131**	614,838

The notes on pages 7 to 20 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 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
As at 1 January 2013	**30,278**	**1,542,342**	**1,458,416**	**97**	**113,011**	**(2,534,220)**	**609,924**
Comprehensive income							
Profit for the period	**–**	**–**	**–**	**–**	**–**	**18,078**	**18,078**
Other comprehensive income							
Currency translation differences	**–**	**–**	**–**	**–**	**5,337**	**–**	**5,337**
As at 30 June 2013	**30,278**	**1,542,342**	**1,458,416**	**97**	**118,348**	**(2,516,142)**	**633,339**

The notes on pages 7 to 20 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June 2013 (Unaudited) HK$'000	 2012 (Unaudited) HK$'000
Net cash generated from operating activities		**559**	27,214
Net cash generated from (used in) investing activities		**216**	(1,777)
Net increase in cash and cash equivalents		**775**	25,437
Cash and cash equivalents at 1 January		**383,636**	347,417
Effect of foreign exchange rate changes		**2,816**	(442)
Cash and cash equivalents at 30 June	14	**387,227**	372,412

The notes on pages 7 to 20 form an integral part of these condensed consolidated financial information.

1. General information

International Elite Ltd. ("the Company") and its subsidiaries (collectively, "the Group") are 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 Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, 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"). 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 29 August 2013.

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 2013 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 information for the year ended 31 December 2012, 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 2012, 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)

Accounting standards

(a) New and amended standards adopted by the Group

The following new standards, revised standards, amendments and interpretations to existing standards that are effective on 1 January 2013 but do not have a significant impact to the Group:

IFRSs (Amendments)	Annual Improvements to IFRSs
IFRS 1 (Amendment)	Government Loans
IFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements
IAS 1 (Amendment)	Presentation of Financial Statements
IAS 27(revised 2011)	Separate Financial Statements
IAS 28 (revised 2011)	Investment in Associates and Joint Ventures
IAS 19 (Amendment)	Employee Benefits
IFRIC – Int 20	Stripping Costs in the Production Phase of a Surface Mine

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
IAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
IFRS 7 and IFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1 January 2015
IFRS 9	Financial Instruments	1 January 2015
Amendments to IFRS 10, IFRS 12 and IAS 27 (revised 2011)	Investment entities	1 January 2014
IFRIC – Int 21	Levies	1 January 2014

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 2012.

5. Financial risk management

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 does 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 2012.

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

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 cash and cash equivalents.

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 2013 and 2012, and as at 30 June 2013 and 31 December 2012.

	For the six months ended 30 June, 2013				For the six months ended 30 June, 2012			
	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	85,519	43,564	31,442	160,525	89,625	55,451	41,566	186,642
Reportable segment profit	25,258	6,203	18,069	49,530	22,911	14,387	24,982	62,280
Depreciation and amortisation	1,082	212	1,362	2,656	385	241	2,159	2,785

	As at 30 June, 2013				As at 31 December, 2012			
	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	70,916	27,773	107,807	206,496	62,463	27,301	117,628	207,392
Addition to non-current segment assets during the period	22	15	374	411	659	12	446	1,117

6. Segment information (Continued)

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

	For the six months ended 30 June 2013 (Unaudited) HK$'000	For the six months ended 30 June 2012 (Unaudited) HK$'000
Revenue		
Reportable segment revenue	**160,525**	186,642
Consolidated revenue	**160,525**	186,642
Profit		
Reportable segment profit	**49,530**	62,280
Other revenue	**3,454**	4,120
Unallocated depreciation and amortisation	**(1,726)**	(2,293)
Research and development expenses	**(9,291)**	(7,782)
Administrative expenses	**(24,301)**	(29,442)
Consolidated profit before income tax	**17,666**	26,883

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Assets		
Reportable segment assets	**206,496**	207,392
Deferred tax assets	**1,157**	724
Cash and cash equivalents	**387,227**	383,636
Unallocated head office assets	**60,904**	39,747
Consolidated total assets	**655,784**	631,499

6. Segment information (Continued)

(c) Geographic information

The following tables set 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 ("specific non-current assets"). The geographical location of revenue is based on the location of the customers. 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 2013				
Revenue from external customers	**36,721**	**118,932**	**4,872**	**160,525**
As at 30 June 2013				
Specific non–current assets	**82,118**	**1,836**	**–**	**83,954**
For the six months ended 30 June 2012				
Revenue from external customers	47,080	135,072	4,490	186,642

	PRC (Audited) HK$'000	Hong Kong (Audited) HK$'000	Macau (Audited) HK$'000	Total (Audited) HK$'000
As at 31 December 2012				
Specific non-current assets	83,897	2,188	1	86,086

7. Expenses by nature

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

	For the six months ended 30 June	
	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Employee benefit expenses	**105,490**	123,027
Depreciation of property, plant and equipment	**3,385**	3,408
Amortisation of intangible assets	**997**	1,670
Cost of inventories sold	**12,546**	14,828
Operating lease charges in respect of		
– rental of buildings and offices	**4,586**	3,749
– hire of transmission lines	**3,348**	3,309
Other expenses	**15,961**	13,888
Total cost of sales, research and development expenses and administrative expenses	**146,313**	163,879

(b) Employee benefit expenses

	For the six months ended 30 June	
	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Salaries, wages and other benefits	**93,574**	110,030
Pension cost – defined contribution plan	**11,916**	12,997
Total employee benefit expenses	**105,490**	123,027

8. Income tax expense

	For the six months ended 30 June	
	2013 **(Unaudited)** **HK$'000**	2012 (Unaudited) HK$'000
Current income tax		
– Hong Kong profits tax	**18**	28
– PRC corporate income tax	**1,220**	3,303
(Over)/under-provision in prior year	**(862)**	23
Deferred income tax	**(788)**	(341)
Income tax (credit)/expense	**(412)**	3,013

(i) Hong Kong profits tax

The provision for Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the six months ended 30 June 2013.

(ii) PRC corporate income tax

China Elite Info. Co., Ltd. ("China Elite") was approved as a Technology Advanced Service Enterprise ("TASE") in December 2009, and the status was renewed in August 2012 and valid for 2 years. According to the tax circular Caishui [2010] No. 65, China Elite is eligible for a preferential PRC corporate income tax rate of 15% during the 4-year period from 2010–2013 as a TASE, subject to the in-charge tax authority's acceptance of the annual record filing for the entitlement of this reduced corporate income tax rate.

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 corporate income tax followed by a three-year 50% reduction in corporate income tax rate ("2+3 tax holiday") and a preferential corporate income tax rate of 15% under the old PRC Foreign Enterprise Income Tax ("FEIT") law prior to 1 January 2008. According to the new Corporate Income Tax Law effective from 1 January 2008 and its relevant regulations, the 2+3 tax holiday is grandfathered. In addition, for an enterprise which was subject to the reduced tax rate of 15% under the old FEIT law, the transitional corporate income tax rates are 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 respectively. Xiamen Elite was in a loss position as at 31 December 2008 and is deemed to have started its 2+3 tax holiday in 2008. Xiamen Elite was subsequently approved as a High and New Technology Enterprise ("HNTE") in January 2010, and the status was renewed in November 2012 and valid for 3 years. According to the PRC Corporate Income Tax Law, Xiamen Elite is eligible for a preferential PRC corporate income tax rate of 15% during the 3-year period from 2012–2014 as a HNTE, subject to the in-charge tax authority's acceptance of the annual record filing for the entitlement of this reduced corporate income tax rate. Accordingly, Xiamen Elite is subject to corporate income tax at the rates of 0%, 0%, 11%, 12%, and 12.5% and 15% for 2008, 2009, 2010, 2011, and 2012 and 2013, respectively.

9. Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013. No interim dividend was paid in respect of the six months ended 30 June 2012.

10. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2013 is based on the profit attributable to equity holders of the Company of approximately HK$18,078,000 (2012: approximately HK$23,870,000) and on the weighted average number of 3,027,820,000 ordinary shares in issue during the period (2012: 3,027,820,000).

(b) Diluted earnings per share

For diluted earnings per share, the weighted average of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares.

Diluted earnings per share are equal to the basic earnings per share for the six months ended 30 June 2013 as there were no potential dilutive ordinary shares outstanding during the period (2012: same).

11. Property, plant and equipment

During the six months ended 30 June 2013, the Group acquired property, plant and equipment with an aggregate cost of approximately HK$841,000 (2012: approximately HK$3,489,000). Property, plant and equipment with total net book value of approximately HK$184,000 were disposed of during the six months ended 30 June 2013 (2012: nil).

12. Inventories

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Raw materials	**26,136**	25,289
Work in progress	**14,567**	15,213
Finished goods	**369**	158
	41,072	40,660
Less: provision for impairment of inventories	**(3,531)**	(3,270)
	37,541	37,390

13. Trade and other receivables

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Trade receivables		
– amounts due from related parties	**85**	129
– amounts due from third parties	**139,452**	115,034
	139,537	115,163
Deposits, prepayments and other receivables	**4,471**	6,596
	144,008	121,759

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 their 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) and bills receivable with the following ageing analysis based on invoice date as of the balance sheet date:

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Aged within 1 month	**29,476**	29,410
Aged over 1 month to 3 months	**40,254**	45,778
Aged over 3 months to 6 months	**48,776**	38,472
Aged over 6 months to 1 year	**20,947**	1,212
Aged over 1 year	**84**	291
	139,537	115,163

At the balance sheet date, the Group had a concentration of credit risk as 91% (31 December 2012: 86%) of the total trade receivables were due from the Group's five largest customers and 49% (31 December 2012: 41%) of the total trade receivables was due from the Group's largest customer.

14. Cash and cash equivalents

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Cash at banks and in hand	**259,137**	258,228
Short-term bank deposits	**128,090**	125,408
	387,227	383,636

15. Trade and other payables

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Trade payables	**6,864**	4,868
Other payables and accruals		
– others	**8,926**	9,482
	15,790	14,350

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

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Aged 0 – 30 days	**6,554**	4,133
Aged 31 – 90 days	**–**	374
Aged 91 – 180 days	**–**	16
Aged 181 days – 1 year	**44**	101
Aged over 1 year	**266**	244
	6,864	4,868

16. Commitments

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

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Property, plant, equipment	**191**	–
Construction in progress	**–**	16
	191	16

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

	As at 30 June 2013 (Unaudited) HK$'000		As at 31 December 2012 (Audited) HK$'000	
	Properties	**Transmission lines**	Properties	Transmission lines
Within 1 year	**3,384**	**1,195**	5,351	3,309
Over 1 year but within 5 years	**2,393**	**–**	2,237	–
	5,777	**1,195**	7,588	3,309

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 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.

17. Related party transactions (Continued)

(b) Transactions with related parties

The Group entered into the following related party transactions:

		For the six months ended 30 June 2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Sales	(i)	**545**	579
Licensing income	(ii)	**33**	33
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., at a price set on a mutually agreed basis.

(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 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Amounts due from related parties		
– trade	**85**	129

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

17. Related party transactions (Continued)

(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	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Wages, salaries and other benefits	**3,617**	2,535
Contribution to retirement benefit schemes	**197**	127
	3,814	2,662

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 2013.

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 20, which comprises the condensed consolidated balance sheet of International Elite Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 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, 29 August 2013

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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 a 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 2013 amounted to approximately HK$160,525,000, representing a decrease of approximately 14% as compared to that of the Last Corresponding Period. There was approximately a 9% decrease in turnover from CRM service business and an approximately 5% decrease in turnover from RF-SIM business.

Turnover from inbound services, outbound services and RF-SIM business accounted for approximately 53%, 27% and 20% of the Group's total turnover for the six months ended 30 June 2013. The gross profit margins of the inbound services, outbound services and RF-SIM business for the six months ended 30 June 2013 were approximately 30%, 14% and 57% respectively. It is targeted 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 2013 was approximately HK$49,530,000, representing a decrease of approximately 20% as compared to that of the Last Corresponding Period. The gross profit margin decreased by approximately 2% to approximately 31% for the six months ended 30 June 2013. The gross profit of CRM service business for the six months ended 30 June 2013 was approximately HK$31,461,000, which was decreased by approximately HK$5,837,000 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 CRM service business decreased by approximately 2% to approximately 24%. The decrease in gross profit margin of CRM service business was mainly attributable to the appreciation of RMB and increase in wages per operator. The gross profit of RF-SIM business for the six months ended 30 June 2013 was approximately HK$18,069,000, which was decreased by approximately HK$6,913,000 as compared to that of the Last Corresponding Period and accounted for approximately 11% of the decrease in gross profit of the Group. The gross profit margin of RF-SIM business decreased by approximately 3% to approximately 57%. 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 2013 was approximately HK$18,078,000, while the Group's profit attributable to equity holders of the Company for the six months ended 30 June 2012 was approximately HK$23,870,000. The significant decrease in profit attributable to equity holders of the Company for the six months ended 30 June 2013 was mainly attributable to the drop in profit of the RF-SIM business as compared to the six months ended 30 June 2012.

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 a decrease in turnover of the Group from telecommunications service providers for the six months ended 30 June 2013 of approximately 12% as compared to that of the Last Corresponding Period.

Customers in Non-Telecommunications Industries

During the period under review, the Group continued to develop its non-telecommunications customer base for CRM business and successfully acquired service contracts from Guangzhou Deming Real Estate Agency Co., Ltd. and Royal Capital Precious Metals (Asia) Limited. The Group negotiated actively with potential customers in various industries such as finance, broadcast communication, social welfare, beauty, education and information technology. The Group continued to corporate with and provide CRM services to well-established customers and customers with business established outside Guangdong Province, China. These customers have stronger demand for our services in line with their development and expansion. 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.

CRM Service Centers

The Group has established four CRM service centers and the current production capacity is at an impressive level of over 4,500 seats, securing the Group's leading position in China.

Acquisition of New Customers

During the period under review, the Group has entered into service contracts with the following customers for the provision of CRM services.

Customer	Service	Contract date
Guangzhou Deming Real Estate Agency Co., Ltd.	Telesales Service	March 2013
Royal Capital Precious Metals (Asia) Limited	Telesales Service	June 2013

Internet CRM

During the period under review, the Group has launched and provided the Internet CRM service named as Intelligent Internet Chat Application ("iChat") service to the established telecommunications service providers. With the introduction of iChat service, the labor force structure of the traditional CRM service has been optimized. Furthermore, iChat service creates an unique value to the Group's customers. The management believes that by changing the cost structure and increasing revenue source, the new service will enhance profit margin for the Group.

Prospects

China strives its main efforts to cultivate services outsourcing industry and the CRM services 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 2013, contract amount of services outsourcing industry has increased by 41.1% 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 its penetration in the China market and the possibility of developing non-telecommunications markets.

With its expansion in the China market, the Group will benefit further from the opportunities arising from the favorable government policies including expanding domestic demand, growth in 3G mobile communications, the immense release of 4G mobile communications as well as opening up the mobile telecom sector, which is a pilot program for private enterprises to buy mobile telecom services from operators and resell them to end customers.

In addition, the Group has been constantly seeking business improvement and worked out plans on launching new services, new programs and entering into new markets. It continues to diversify its 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.

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, the imminent release of 4G mobile communications and the increase in 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 the PRC in provinces other than Guangdong.

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, broadcast communication, 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.

RF-SIM Business

Business Review

Year 2012 was being regarded as an important year for the start of Near Field Communication ("NFC") in commercial application and mobile payment industry, there are different types of technology and business model for various mode of conducting payment on mobile phones. Hence the industry is getting complicated and many controversies happened in the past few months, like NFC is being questioned whether it is considered as the ultimate solution for mobile payment. The Group did not pursue the production of NFC mobile phone business but continue to build product portfolio around the mobile service operators' need, say the SIM-based NFC alternative solution. In the past six months, the Group was still investing into the development of the new 13.56MHz RF-SIM which targets the mobile service operators who prefer an integrated solution on a SIM card that is owned and controlled by them instead of the NFC mobile phone approach. Apparently these mobile service operators are interested in promoting the 13.56MHz RF-SIM technology to supplement or even substitute the Dual-Interface SIM solution and products supplied by the Group's competitors when the products are ready to be commercialized and the technology is mature.

The 2.4GHz RF-SIM is still being used in the university and corporate market segment, though the demand on this series of product has apparently slowed down due to the modification of marketing strategies of one of the mobile service operators who used to be very aggressive in this market. The shipment of the 2.4GHz RF-SIM was less than the same period of last year and the launch of the 13.56MHz RF-SIM was still in an initial stage, the Group experienced a difficult period in slowing down of revenue but was continuously developing new product series on new 2.4GHz RF technology and security feature of RF-SIM to enable a new application as an authentication device for future multi-application business such as on-line payment and electronic government services for citizens, etc. The Group anticipates that new 2.4GHz RF-SIM will open up a new business opportunity window in the era of intelligent city and popularization of smart phone.

Marketing Strategy

The Group continues in maintaining a lean marketing organization and to collaborate with the mobile service operators to promote RF-SIM to the university and corporate markets, working closely with the SIM suppliers, POS vendors, system integrators and service aggregators in the past few years. With no major change in the marketing strategy but cautious fine-tuning on the pricing policies, distribution tactics and promotion schemes, the management still believes that the most appropriate strategy is being implemented to pursue its sales in RF-SIM business. Nevertheless some innovative ideas and creative methods in exploring new market segments and establishing presence in overseas cities are being identified, the Group had been working with some independent investors on project base to promote the 2.4GHz products for public transportation market; and to qualify some overseas value-added resellers to promote the 13.56MHz RF-SIM products. Re-alignment of marketing strategy to secure the business opportunities in both China and overseas, private sectors and public domain, vertical and mass consumer segment is a continuing process for the Group.

Product Development

The Group had started the development of a new 2.4GHz product with new security feature which is a custom designed chipset done by the research and development team two years ago, with new RF technology and software engineering. It was designed with the concept to meet the requirement of intelligent city and electronic government services for individual citizen's identification and authentication purpose. The Group reckons that it will be a key product line in the upcoming years as the product will work in a better manner with the smart phone and smart phone application software ("APPS") but at the same time it can also provide the RF capability for proximity and vicinity transaction. Hence, the research and development team of the Group had been continuously engaged in product development for the Internet-of-Things industry and intelligent city applications. It is believed that the new product portfolio can meet the future requirement and the current demand for mobile payment and security devices. The Group is prudently optimistic about this strategy and product development direction despite there is uncertainty on standards and the ultimate winning technology around the globe.

Manufacturing and Production

The Group did experience a slowdown in demand for the products under outsourcing arrangement but two contracted manufacturing facilities were still employed in the meantime. New products were on trial run and pilot manufacturing in one of them while volume production was being carried out in another one with a bigger capacity. The readiness for supplying a larger scale of the Group's RF-SIM products was maintained and the supply chain management techniques were being continuously enhanced to reduce the inventory level despite the demand for the existing products was not strong and for the new products has not yet been solid yet. The Group had tried whatever measures to ensure the improvement in quality of production and products, including submitting the products for third party certification and authority organizations quality examination when applicable.

Prospects

Despite there was a downtrend in the demand for the 2.4GHz RF-SIM products, the Group is still keeping a prudent expectation on its deployment in niche and vertical markets. The Group still prepares for the mass deployment of 13.56MHz product portfolio by continuously improving its contact-less transaction performance, user experience and product capability. By adding new features such as peer-to-peer application, the Group has maintained a high expectation on the upcoming mobile payment projects advocated by the key mobile service operators around the world.

Obviously the price erosion on the Group's RF-SIM products is severe and the cost benefits of the new products has not yet realized, there will be pressure on both margin and profit though the Group continues to upkeep a lean and thin organization. There will be an opportunity for significant growth if the mass deployment of 13.56MHz products takes place in late 2013 and the cost reduction schemes can be implemented as originally planned. The Group will make sure to keep the core competence of this product by exploring other modes of co-operation with the suppliers, namely business arrangement other than just purchasing components from the key supplier. The Group will improve the key competitive advantages of this product series by introducing new feature sets such as peer-to-peer application to the market in the second half of the year.

Despite the sales cycle for the overseas market is prolonged, the Group continues to conduct business development through various business partners and potential customers to pursue a few key projects, which may bring up a showcase effect and tap the worldwide market in the rest of the year. The Group is avoiding intensive investment while exploring the markets outside of China, at the same time to increase investment in form of system subsidy and sponsorship on RF-SIM readers to improve the business in China.

In the light of the adoption of different types of technology by various stakeholders in the mobile payment industry, it is still an uncertainty in the type of services derived from these technologies will become the ultimate winner. The Group, being one of the pioneers in the SIM-based contact-less solution provider, has aimed at the mobile service providers, who will be the key player in the new business model, and will continue to play an important role and is able to take benefits in the growing demand for NFC and alternative solution.

Capital Structure

The Group adopts a sound financial policy, and the surplus cash is deposited at banks to facilitate extra operation expenditure or investment. The management makes financial forecast on a regular basis. As at 30 June 2013, 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 2013, the Group's balance of cash and deposits was approximately HK$387,227,000, which was primarily attributable to the proceeds from the IPO and earnings.

Liquidity and Financial Position

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Cash at banks and in hand	**259,137**	258,228
Short-term bank deposits	**128,090**	125,408
Total cash and deposits	**387,227**	383,636

The Group normally finances its operations with internally generated cash flows. Cash position increased by approximately HK$3,591,000 during the six months ended 30 June 2013.

The current ratio was 32.33 as at 30 June 2013, which is slightly lower than 32.69 as at 31 December 2012. The quick ratio was 30.20 as at 30 June 2013, which is slightly lower than 30.45 as at 31 December 2012.

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 2013.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2013.

Significant Acquisition, Disposal or Investment

As at 30 June 2013, 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 2013, there were approximately HK$191,000 capital commitments contracted and not provided for in the financial statement (31 December 2012: approximately HK$16,000).

Segment Reporting

In accordance with IFRS 8, Operating Segments, 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 Group has identified three reportable segments which are inbound services, outbound services and RF-SIM business. Details of segment reporting are set out in note 6 of this report.

Staff and Remuneration Policy

As at 30 June 2013, the Group had 3,045 employees (31 December 2012: 3,356 employees). Among them, 3,026 employees worked in the PRC, 17 in Hong Kong and 2 in Macau. The significant decrease in number of staff in operation function is due to the optimization of labor force structure through the introduction of iChat service.

Breakdown of the Group's staff by function as at 30 June 2013 is as follows:

Function	**As at 30 June 2013**	As at 31 December 2012
Management	**18**	18
Operation	**2,806**	3,087
Financial, administration, and human resources	**90**	95
Sales and marketing	**12**	12
Research and development	**90**	113
Repairs and maintenance	**29**	31
Total	**3,045**	3,356

The total staff remuneration including directors' remuneration paid by the Group for the six months ended 30 June 2013 was approximately HK$105,490,000 (Last Corresponding Period: approximately HK$123,027,000). 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 2013. No interim dividend was paid in respect of the six months ended 30 June 2012.

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

As at 30 June 2013, 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 – long position

		Number of shares held				
Name of Directors	Company/ Associated corporation	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 2013, 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 2013, 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 Fund 2008 GP Limited. Hony Capital Fund 2008 GP Limited is 100% controlled by Hony Capital Management Limited. Hony Capital Management Limited is 80% controlled by Hony Managing Partners Limited, Hony Managing Partners Limited is 100% controlled by Mr. John Huan Zhao.

Save as disclosed above, as at 30 June 2013, 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 right 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 2013.

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

During the six months ended 30 June 2013, 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 2013, 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 2013 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.

In September 2003, Mr. Li Kin Shing, an executive Director, acquired 1,150,000 shares in PacificNet Inc. ("PacificNet"). PacificNet is a company incorporated in the State of Delaware and listed on the NASDAQ Stock Exchange in the US till August 2012. Based on the last filed quarterly report of PacificNet for the nine months ended 30 September 2008, the shares acquired by Mr. Li Kin Shing represented approximately 7.21% shareholding in PacificNet as of 30 September 2008.

According to its financial reports, PacificNet 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 arm's 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 committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2013.

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 2013 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 2013

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.