



# INTERNATIONAL ELITE LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1328)



## Interim Report 2015

## HIGHLIGHTS

- Revenue for the six months ended 30 June 2015 was approximately HK\$134,267,000, representing an increase of approximately 8% as compared to that for the six months ended 30 June 2014.
- Profit attributable to equity holders of the Company for the six months ended 30 June 2015 was approximately HK\$2,285,000, representing a decrease of approximately 24% as compared to that for the six months ended 30 June 2014. The significant decrease in profit attributable to equity holders of the Company for the six months ended 30 June 2015 was mainly attributable to the increase in cost in the provision of customer relationship management services as compared to that for the six months ended 30 June 2014.

## UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2015 (the "Relevant Period") together with the unaudited comparative figures for the corresponding period in 2014 (the "Last Corresponding Period") as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	6	<b>134,267</b>	124,642
Cost of sales	7(a)	<b>(108,696)</b>	(96,582)
Gross profit		<b>25,571</b>	28,060
Other revenue		<b>6,037</b>	5,906
Research and development expenses	7(a)	<b>(4,817)</b>	(9,523)
Administrative and other operating expenses	7(a)	<b>(24,270)</b>	(21,655)
<b>Profit before income tax</b>		<b>2,521</b>	2,788
Income tax (expense)/credit	8	<b>(236)</b>	212
<b>Profit for the period and attributable to equity holders of the Company</b>		<b>2,285</b>	3,000
<b>Earnings per share attributable to equity holders of the Company:</b>			(restated)
– basic	10	<b>HK0.03 cent</b>	HK0.03 cent
– diluted	10	<b>HK0.03 cent</b>	HK0.03 cent

The notes on pages 7 to 22 form an integral part of these condensed consolidated financial information.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Profit for the period</b>	<b>2,285</b>	3,000
<b>Other comprehensive income/(loss)</b>		
<b>Items that may be reclassified to profit or loss</b>		
– Fair value gain on available-for-sale financial asset	<b>25,856</b>	–
– Currency translation differences	<b>129</b>	(3,288)
<b>Total comprehensive income/(loss) for the period, net of tax</b>	<b>28,270</b>	(288)

The notes on pages 7 to 22 form an integral part of these condensed consolidated financial information.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	61,276	62,351
Intangible assets		13,896	15,184
Deferred tax assets		1,258	1,095
Available-for-sale financial asset	12	57,600	31,744
<b>Total non-current assets</b>		<b>134,030</b>	110,374
<b>Current assets</b>			
Inventories	13	44,947	39,769
Trade and other receivables	14	129,310	120,068
Cash and cash equivalents	15	454,593	453,923
<b>Total current assets</b>		<b>628,850</b>	613,760
<b>Total assets</b>		<b>762,880</b>	724,134
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	16	90,835	30,278
Reserves		639,651	671,938
<b>Total equity</b>		<b>730,486</b>	702,216
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		3,538	3,725
<b>Total non-current liabilities</b>		<b>3,538</b>	3,725
<b>Current liabilities</b>			
Trade and other payables	17	22,280	12,294
Current income tax payables		6,576	5,899
<b>Total current liabilities</b>		<b>28,856</b>	18,193
<b>Total liabilities</b>		<b>32,394</b>	21,918
<b>Total equity and liabilities</b>		<b>762,880</b>	724,134
<b>Net current assets</b>		<b>599,994</b>	595,567
<b>Total assets less current liabilities</b>		<b>734,024</b>	705,941

The notes on pages 7 to 22 form an integral part of these condensed consolidated financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Investment reserve	Other reserves	Statutory reserve	Exchange reserve	Accumulated losses	Total
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
As at 1 January 2014	30,278	1,542,342	-	1,458,416	97	122,931	(2,495,915)	658,149
<b>Transfer from profit to statutory reserve</b>	-	-	-	-	913	-	(913)	-
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	-	-	3,000	3,000
<b>Other comprehensive income</b>								
Fair value gain on available-for-sale financial asset	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	(3,288)	-	(3,288)
As at 30 June 2014	30,278	1,542,342	-	1,458,416	1,010	119,643	(2,493,828)	657,861
As at 1 January 2015	<b>30,278</b>	<b>1,542,342</b>	<b>640</b>	<b>1,458,416</b>	<b>1,010</b>	<b>121,845</b>	<b>(2,452,315)</b>	<b>702,216</b>
<b>Transfer from profit to statutory reserve</b>	-	-	-	-	492	-	(492)	-
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	-	-	2,285	2,285
<b>Other comprehensive income</b>								
Fair value gain on available-for-sale financial asset	-	-	25,856	-	-	-	-	25,856
Currency translation differences	-	-	-	-	-	129	-	129
<b>Transactions with owners</b>								
Issue of bonus shares	60,557	(60,557)	-	-	-	-	-	-
As at 30 June 2015	<b>90,835</b>	<b>1,481,785</b>	<b>26,496</b>	<b>1,458,416</b>	<b>1,502</b>	<b>121,974</b>	<b>(2,450,522)</b>	<b>730,486</b>

The notes on pages 7 to 22 form an integral part of these condensed consolidated financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>			
Cash (used)/generated from operations		(2,716)	40,157
Income tax paid		(125)	(432)
<b>Net cash (used in)/generated from operating activities</b>		<b>(2,841)</b>	39,725
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(1,995)	(1,524)
Purchases of intangible assets		(138)	(138)
Interest received		5,682	3,790
<b>Net cash generated from investing activities</b>		<b>3,549</b>	2,128
<b>Net increase in cash and cash equivalents</b>		<b>708</b>	41,853
Cash and cash equivalents at 1 January		453,923	430,702
Effect of foreign exchange rate changes		(38)	(2,597)
<b>Cash and cash equivalents at 30 June</b>	15	<b>454,593</b>	469,958

The notes on pages 7 to 22 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”) 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 as well as the research and development and technology transfer of Certificate Authority-SIM (“CA-SIM”) application right to customers.

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 Commercial Centre, 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”). Approval was granted by the Stock Exchange for the Shares to be listed on the Main Board and to be delisted 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 is not audited but has been reviewed by the audit committee.

The condensed consolidated interim financial information was approved for issue by the Board on 25 August 2015.

## 2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2015 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 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

## 3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Amendments to IFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

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

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.



### 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 this 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 2014.

### 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 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 2014.

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 outflows for financial liabilities.

#### 5.3 Fair value estimation

The carrying amounts of cash and cash equivalents, available-for-sale financial asset and trade and other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### 6. Segment information

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

The 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 (a) the research and development, production and sales of RF-SIM products; and (b) licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau; and (c) research and development and technology transfer of CA-SIM application rights to customers.

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

#### (a) Segment results and assets

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

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 6. Segment information (Continued)

#### (a) Segment results and assets (Continued)

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 2015 and 2014, and as at 30 June 2015 and 31 December 2014.

	For the six months ended 30 June 2015				For the six months ended 30 June 2014			
	Inbound services	Outbound services	RF-SIM business	Total	Inbound services	Outbound services	RF-SIM business	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<b>73,745</b>	<b>41,691</b>	<b>18,831</b>	<b>134,267</b>	69,308	41,225	14,109	124,642
Reportable segment profit	<b>10,002</b>	<b>8,146</b>	<b>7,423</b>	<b>25,571</b>	14,298	8,332	5,430	28,060
Depreciation and amortisation	<b>1,221</b>	<b>203</b>	<b>1,819</b>	<b>3,243</b>	996	138	1,818	2,952

	As at 30 June 2015				As at 31 December 2014			
	Inbound services	Outbound services	RF-SIM business	Total	Inbound services	Outbound services	RF-SIM business	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	<b>65,067</b>	<b>40,190</b>	<b>89,130</b>	<b>194,387</b>	54,221	29,600	84,900	168,721
Addition to non-current segment assets during the period	<b>87</b>	<b>456</b>	<b>347</b>	<b>890</b>	18	2,784	351	3,153

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6. Segment information (Continued)

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

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Revenue</b>		
Reportable segment revenue	<b>134,267</b>	124,642
Consolidated revenue	<b>134,267</b>	124,642
<b>Profit</b>		
Reportable segment profit	<b>25,571</b>	28,060
Other revenue and other gains	<b>6,037</b>	5,906
Unallocated depreciation and amortisation	<b>(1,168)</b>	(1,232)
Research and development expenses	<b>(4,817)</b>	(9,523)
Unallocated head office and administrative and other operating expenses	<b>(23,102)</b>	(20,423)
Consolidated profit before income tax	<b>2,521</b>	2,788
	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
<b>Assets</b>		
Reportable segment assets	<b>194,387</b>	168,721
Deferred income tax assets	<b>1,258</b>	1,095
Cash and cash equivalents	<b>454,593</b>	453,923
Unallocated head office and other assets	<b>112,642</b>	100,395
Consolidated total assets	<b>762,880</b>	724,134

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 6. Segment information (Continued)

#### (c) Geographic information

The following tables set out the 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 and available-for-sale financial asset ("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
<b>For the six months ended 30 June 2015</b>				
Revenue from external customers	<b>33,951</b>	<b>97,182</b>	<b>3,134</b>	<b>134,267</b>
<b>As at 30 June 2015</b>				
Specified non-current assets	<b>73,665</b>	<b>59,107</b>	–	<b>132,772</b>
	PRC (Unaudited) HK\$'000	Hong Kong (Unaudited) HK\$'000	Macau (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>For the six months ended 30 June 2014</b>				
Revenue from external customers	19,089	101,115	4,438	124,642
	PRC (Audited) HK\$'000	Hong Kong (Audited) HK\$'000	Hong Kong (Audited) HK\$'000	Total (Audited) HK\$'000
<b>As at 31 December 2014</b>				
Specified non-current assets	76,760	32,519	–	109,279

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 7. Expenses by nature

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

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Employee benefits expenses, including directors' emoluments	103,554	94,252
Depreciation of property, plant and equipment	3,177	2,897
Amortisation of intangible assets	1,234	1,287
Cost of inventories sold	9,797	7,277
Provision for impairment of inventories	1,500	717
Operating lease charges in respect of		
– rental of building and offices	4,559	4,718
– hire of transmission lines	3,420	3,319
Other expenses	10,542	13,293
Total cost of sales, research and development expenses and administrative and other operating expenses	137,783	127,760

#### (b) Employee benefits expenses, including directors' emoluments

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Salaries, wages and other benefits	95,413	84,766
Contribution to retirement benefit schemes	8,141	9,486
Total employee benefits expenses	103,554	94,252

**8. Income tax expense**

	<b>For the six months ended 30 June</b>	
	<b>2015 (Unaudited) HK\$'000</b>	<b>2014 (Unaudited) HK\$'000</b>
Current income tax		
– Hong Kong profits tax	<b>459</b>	28
– PRC corporate income tax	<b>854</b>	46
(Over)/under-provision in prior year	<b>(702)</b>	74
Deferred income tax	<b>(375)</b>	(360)
Income tax expense/(credit)	<b>236</b>	(212)

**(i) Hong Kong profits tax**

The provision for Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the six months ended 30 June 2015.

**(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 2014. According to the tax circular Caishui [2014] No. 59, China Elite is eligible for a preferential PRC corporate income tax rate of 15% during the 4-year period from 2014-2018 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") is eligible for a preferential income tax rate of 15% 2014-2015 as a High and New Technology Enterprise ("HNTE"), subject to the approval of Science and Technology Bureau, Ministry of Finance and tax authorities and fulfilment of all the criteria as a HNTE.

**(iii)** Pursuant to Article 12 of Decree-Law No. 58/99/M issued by the Macao Government, the Group is exempted from Macao Complementary Tax. As a result, no provision for Macao Complementary Tax has been made by the Group for the six months ended 30 June 2015.

**9. Dividends**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015. No interim dividend was paid in respect of the six months ended 30 June 2014.

**10. Earnings per share**

**(a) Basic earnings per share**

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the profit attributable to equity holders of the Company of approximately HK\$2,285,000 (2014: approximately HK\$3,000,000) and on the weighted average number of 9,083,460,000 ordinary shares (an adjustment pursuant to the bonus issue during the period) in issue during the period (2014 (restated): 9,083,460,000).

**(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 2015 as there were no potential dilutive ordinary shares outstanding during the period (2014: same).

**11. Property, plant and equipment**

During the six months ended 30 June 2015, the Group acquired property, plant and equipment with an aggregate cost of approximately HK\$2,163,000 (2014: approximately HK\$1,283,000). No property, plant and equipment was disposed of during the six months ended 30 June 2015 (2014: nil).

**12. Available-for-sale financial asset**

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
At beginning of the period/year	31,744	–
Additions	–	31,104
Fair value gain	25,856	640
At end of the period/year	57,600	31,744



## 12. Available-for-sale financial asset (Continued)

Available-for-sale financial asset includes the following:

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Listed shares in Hong Kong	<b>57,600</b>	31,744

Available-for-sale financial asset is denominated in HK dollars.

The fair value of the available-for-sale financial asset is based on its current bid prices in an active market. It represents 128,000,000 listed shares of Global Link Communications Holdings Limited, a company listed on the GEM Board of the Hong Kong Stock Exchange. Fair value gain during the period was recognised as an other comprehensive income.

## 13. Inventories

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Raw materials	<b>32,272</b>	26,573
Work in progress	<b>20,284</b>	19,319
Finished goods	<b>947</b>	933
	<b>53,503</b>	46,825
Less: provision for impairment of inventories	<b>(8,556)</b>	(7,056)
	<b>44,947</b>	39,769

14. Trade and other receivables

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Trade receivables		
– amounts due from related parties	59	60
– amounts due from third parties	109,624	104,624
	<b>109,683</b>	104,684
Provision for doubtful debts	<b>(421)</b>	(421)
Trade receivables, net	<b>109,262</b>	104,263
Deposits, prepayments and other receivables	<b>20,048</b>	15,805
	<b>129,310</b>	120,068

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. Its customers are granted with credit terms of maximum of 30 days for the sales of goods. Subject to negotiation, credit terms could be further extended to three to six months for certain customers with well-established trading and payment records on a case-by-case basis. The Group generally gives credit terms to its customers based on certain criteria, such as the length of business relationship with the customers and 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) with the following ageing analysis based on the dates on which the relevant sales were made:

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Aged within 1 month	47,612	29,629
Aged over 1 month to 3 months	30,764	37,667
Aged over 3 months to 6 months	20,258	33,804
Aged over 6 months to 1 year	10,628	3,163
	<b>109,262</b>	104,263

At 30 June 2015, the Group had a concentration of credit risk as 87% (31 December 2014: 83%) of the total trade receivables were due from the Group's five largest customers and 45% (31 December 2014: 46%) of the total trade receivables was due from the Group's largest customer.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15. Cash and cash equivalents

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Cash at banks and in hand	<b>257,793</b>	244,445
Short-term bank deposits	<b>196,800</b>	209,478
	<b>454,593</b>	453,923

16. Share capital

	Note	As at 30 June 2015		As at 31 December 2014	
		Number of shares (Unaudited) '000	Nominal value (Unaudited) HK\$'000	Number of shares (Audited) '000	Nominal value (Audited) HK\$'000
Ordinary shares of HK\$0.01 each					
<i>Authorised:</i>					
At 1 January		<b>10,000,000</b>	<b>100,000</b>	10,000,000	100,000
Increase on 3 June 2015	(i)	<b>10,000,000</b>	<b>100,000</b>	–	–
At end of the period/year		<b>20,000,000</b>	<b>200,000</b>	10,000,000	100,000
<i>Issued and fully paid:</i>					
At 1 January		<b>3,027,820</b>	<b>30,278</b>	3,027,820	30,278
Issue of bonus shares	(ii)	<b>6,055,640</b>	<b>60,557</b>	–	–
At end of the period/year		<b>9,083,460</b>	<b>90,835</b>	3,027,820	30,278

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16. Share capital (Continued)

Notes:

- (i) Pursuant to an ordinary resolution passed at the annual general meeting of the Company on 3 June 2015, the authorised share capital of the Company was increased from HK\$100,000,000 (divided into 10,000,000,000 ordinary shares of HK\$0.01 each) to HK\$200,000,000 (divided into 20,000,000,000 ordinary shares of HK\$0.01 each) by the creation of an additional 10,000,000,000 ordinary shares of HK\$0.01 each of the Company.
- (ii) Pursuant to an ordinary resolution passed at the annual general meeting of the Company on 3 June 2015, the Company issued two bonus shares for every one share held. The issued share capital of the Company was therefore increased from 3,027,820,000 shares of HK\$0.01 each to 9,083,460,000 shares of HK\$0.01 each accordingly. On 23 June 2015, the Company completed the bonus issue, in which, the share premium account for the period ended 30 June 2015 was reduced by approximately HK\$60,557,000 and the same amount was credited to share capital account.

### 17. Trade and other payables

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Trade payables	6,213	3,502
Other payables and accruals – others	16,067	8,792
	<b>22,280</b>	12,294

Included in trade payables are trade creditors with the following ageing analysis based on the invoice date at the end of the reporting period:

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Aged 0 – 30 days	6,213	3,299
Aged 31 – 90 days	–	79
Aged 91 – 180 days	–	–
Aged 181 days – 1 year	–	66
Aged over 1 year	–	58
	<b>6,213</b>	3,502

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 18. Commitments

#### (a) Capital commitments

The Group did not have any capital commitments contracted at 30 June 2015 and 31 December 2014.

The Group did not have any capital commitments authorised but not contracted at 30 June 2015 and 31 December 2014.

#### (b) Operating lease commitments

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

	As at 30 June 2015 (Unaudited) HK\$'000		As at 31 December 2014 (Audited) HK\$'000	
	Properties	Transmission lines	Properties	Transmission lines
Not later than 1 year	4,766	1,266	5,256	1,983
Later than 1 year and not later than 5 years	1,605	–	3,743	–
	<b>6,371</b>	<b>1,266</b>	8,999	1,983

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

### 19. Related party transactions

#### (a) Relationship between the Group and related parties

##### (i) *Ultimate shareholders of the Group*

Li Kin Shing  
Kwok King Wa  
Li Yin

##### (ii) *Subject to common control of ultimate shareholders*

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

**19. Related party transactions (Continued)**

**(b) Transactions with related parties**

The Group entered into the following related party transactions:

		<b>For the six months ended 30 June</b>	
		<b>2015 (Unaudited) HK\$'000</b>	2014 (Unaudited) HK\$'000
Sales	(i)	<b>356</b>	422
Licensing income	(ii)	<b>33</b>	33
Rental expenses of properties	(iii)	<b>166</b>	166

Notes:

- (i) Sales to related parties mainly represent rendering service of CRM. The selling prices are determined based on the prevailing prices 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 end of the reporting period are as follows:

	<b>As at 30 June 2015 (Unaudited) HK\$'000</b>	As at 31 December 2014 (Audited) HK\$'000
Amounts due from an ultimate shareholder and related parties – trade	<b>59</b>	60

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

**19. 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:

	<b>For the six months ended 30 June</b>	
	<b>2015 (Unaudited) HK\$'000</b>	<b>2014 (Unaudited) HK\$'000</b>
Wages, salaries and other benefits	<b>2,789</b>	3,757
Contribution to retirement benefit schemes	<b>167</b>	196
	<b>2,956</b>	3,953

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

**20. Contingent liabilities**

The Group had no significant contingent liabilities as at 30 June 2015.

**21. Comparative figures**

The comparative figures represent figures for the period ended 30 June 2014. Certain items in these comparative figures have been reclassified to conform with the current period's presentation to facilitate comparison.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Overview

The Group is a CRM outsourcing service provider with business focus in Hong Kong, Macau and the PRC markets. CRM is 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, Guangzhou Park'N Shop, Pizza Hut and Panasonic (Guangzhou).

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 as well as the research and development and technology transfer of Certificate Authority-SIM ("CA-SIM") application right to customers.

Subsequent to RF-SIM and CA-SIM having been recognised in the technology market, the Group has further integrated the internet concept to realise its product line extension and successfully acquired new customers and strategic cooperative partners on an industry-wide scope, e.g. the collaboration with People's Government of Panyu Region on People's Welfare Card; the collaboration with Beijing Shuntiantong Property (北京順天通物業) on CA-SIM technology application at Smart Beijing Tiantongyuan Community (北京天通苑智慧社區); the collaboration with China Smartpay (中國支付通) on CA-SIM payment applications; the collaboration with Cable TV Working Committee on the CA-SIM technology application on authentication and copyright protection of digital content on cable television and internet in the PRC.

## Financial Review

Revenue of the Group for the six months ended 30 June 2015 amounted to approximately HK\$134,267,000, representing an increase of approximately 8% as compared to that of the Last Corresponding Period. There was an approximately 4% increase in revenue contributed by CRM service business and an approximately 4% increase in revenue contributed by RF-SIM business.

Revenue from inbound services, outbound services and RF-SIM business accounted for approximately 55%, 31% and 14% of the Group's total revenue for the six months ended 30 June 2015 respectively. The gross profit margins of the inbound services, outbound services and RF-SIM business for the six months ended 30 June 2015 were approximately 14%, 20% and 39% respectively.

The gross profit of the Group for the six months ended 30 June 2015 was approximately HK\$25,571,000, representing a decrease of approximately 9% as compared to that of the Last Corresponding Period. The gross profit margin decreased from approximately 23% to approximately 19% for the six months ended 30 June 2015. The gross profit of CRM service business for the six months ended 30 June 2015 was approximately HK\$18,148,000, which decreased by approximately HK\$4,482,000 as compared to that of the Last Corresponding Period and accounted for approximately 16% of the decrease in gross profit of the Group. The gross profit margin of CRM service business decreased from approximately 20% to approximately 16%. The decrease in gross profit margin of CRM service business was mainly attributable to the increase in wages per operator. The gross profit of RF-SIM business for the six months ended 30 June 2015 was approximately HK\$7,423,000, which increased by approximately HK\$1,993,000 as compared to that of the Last Corresponding Period and accounted for approximately 7% of the change in gross profit of the Group. The gross profit margin of RF-SIM business increased from approximately 38% to approximately 39%.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's profit attributable to equity holders of the Company for the six months ended 30 June 2015 was approximately HK\$2,285,000, while the Group's profit attributable to equity holders of the Company for the six months ended 30 June 2014 was approximately HK\$ 3,000,000, 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 2015 was mainly attributable to the increase in cost in the provision of CRM services as compared to that for the six months ended 30 June 2014.

### CRM Service Business

#### Business Review

##### *Customers in Telecommunications Industry*

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. Due to the fierce competition in the CRM and telecommunications industry, there was an increase in revenue of the Group from telecommunications service providers for the six months ended 30 June 2015 of less than 1% 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 through active negotiation with potential customers in various industries such as finance, broadcast communication, social welfare, food and beverage, slimming and beauty shops, education and information technology. The Group has expanded the provision of CRM services to a non-telecommunications customer for its wealth management business. The business on development and promotion of the People's Welfare Card in Panyu Region of the PRC has also been initiated pursuant to a five-year cooperation agreement entered into with Guangzhou Xinghai Digital Television Golden Card Co., Ltd. (廣州星海數字電視金卡有限公司) in 2014.

The Group continued to cooperate 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. With the new and established customers, the Group has built up a consolidated customer base and they have witnessed the achievement of the Group's development in non-telecommunication industries.

##### *Multi-Skill Training*

Benefiting from the government's favorable training policy for CRM industry in China, the Group provided various training programs for its 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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.

### **Awards and Certification**

In July 2015, China Elite was certified with the ISO/IEC 27001:2013 (the certificate registration No. AN15IS112R1M).

### **Internet CRM**

During the period under review, the Group continued to provide the Internet CRM service named as Intelligent Internet Chat Application ("iChat") service, to the established telecommunications service providers as well as customers in non-telecommunications industries. With the introduction of iChat service, the labor force structure of the traditional CRM service has been optimized. Furthermore, iChat service creates a unique value to the Group's customers. The Group believes that by changing the cost structure and increasing revenue source, the new service will enhance profit margin of 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 2015, contract amount of services outsourcing industry has reached 54.79 billion US dollars, slightly increased by 4.9% compared to that of the same period of last year, in which the overall growth of the outsourcing business services is slowing down in China.

With the government's "Internet Plus" strategy, innovative integration between Internet and service industry has been coming along. Under such innovative services outsourcing industry environment in China, the management believes that the Group can increase its penetration in the China market and explore the possibility of developing non-telecommunications markets. Benefiting from the introduction of Internet CRM and other new services to be launched based on internet concept.

Under China's scientific and technological innovative environment, including, but not limited to, mature 4G mobile communications, the penetration of mobile internet application into everyday life, the Directors anticipate that there will be more opportunities emerged in the market of China and for the business development of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the Group has been constantly seeking business improvement and working out plans on launching new services, new programs and entering into new markets. In the near future, the Group is going to launch a new WiFi service named Mzone, which is a WiFi access based on wireless access points providing its users high speed data communication services, including but not limited to Net surfing, Cloud game, Cloud media, SNS chat. With our strong operating team and our developed and advanced in-house technologies, both CRM and evolution gaining increasing recognition, the Directors anticipate that there will be a growing demand for quality intelligent CRM outsourcing solution from various industries in local and overseas markets. The Directors are confident that the Group can capture the lucrative opportunities provided by these future growth drivers.

### RF-SIM Business

#### Business Review

The Group encountered an increase in sales of goods on RF-SIM business for the six months ended 30 June 2015 as compared to that of the Last Corresponding Period. Although the interest in RF-SIM product among mobile operators in China decreased from 2014, through the efforts of the Group and from the sales figure of the first half of 2015, RF-SIM sales was on the rebound.

The sales in NFC-SIM products did not take-off as expected because NFC-SIM missed the prime time to be introduced into the market due to a delay in product roll-out; in addition, NFC-SIM also faced stiff competition among competitors in terms of market trend, price and features being offered.

The CA-SIM product is now in the trial phase at a steady pace.

#### Marketing Strategy

The Group will continue to keep its marketing strategy to deploy its RF-SIM and NFC-SIM products as well as the Certificate Authority-SIM ("CA-SIM") products through its well-established channels including SIM card vendors, system integrators as well as service aggregator companies. The Group will also explore to establish direct sales channel with mobile operators and to offer different incentive programs with channels to promote product sales.

The Group has never stopped exploring the international market, but there was not much progress due to the long sales cycle as well as different business environments and hence requirements as compared to that in China for the overseas business. The Group will leverage on the new CA-SIM product together with the existing product portfolio to explore the international market through co-operation with overseas system integrators and service operators.

The Group will continue to explore and expand the new licensing program to increase revenue.

#### Product Development

The Group is going to launch its CA-SIM (Bluetooth 4.0) product in the second half of 2015. The Group will continue to further enhance the existing NFC-SIM product line with new features and capabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

NFC-SIM is developed as an alternative solution to NFC handset technology for mobile payment applications. The product can emulate the Card Emulation Mode of what the NFC standards stipulates, together with the unique function of Single Wire Protocol ("SWP") that some of the mobile service providers prefer. It will also support the Peer-to-peer ("P2P") mode that other solutions and products may not offer, which is one of the competitive advantages and differentiation of the Group's products. CA-SIM is developed as an Online-to-Offline (O2O) solution for "Smart City" initiatives as well as Internet of Things (IOT) applications. Through the use of CA-SIM with mobile phone APPs, it enables subscribers to store digital certificate on CA-SIM and achieve high hardware security level to access various secured services within any "Smart City" environment.

### 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, NFC-SIM and CA-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 has not been solid for the new products 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 authoritative organizations in quality examination when applicable.

### Awards and Recognition

During the first half of 2015, the Group received the following awards and certifications:

"Golden Ant Award" by the Office of China Golden Card Project (中國金卡工程辦公室「金螞蟻獎」)

"The Star Taxpaying Enterprise" by the Management Committee of Xiamen Torch Hi-Tech Industrial Development Zone (廈門市火炬高新區管委會「明星納稅企業」)

### Prospects

The Group is extending its product portfolio with new product line and licensing programs which can continue to meet the requirements from both the market as well as the customers, and to arouse new demand for the Group's products. These initiatives to extend the Group's product portfolio and to explore international markets will be a challenge for the Group but the Group will continue to pursue with a proper risk assessment and management philosophy in place.

The Group is expecting revenue will be generated from the following agreements or Memorandum of Understanding signed in the near future:-

On 30 March 2015, the Group entered into a five-year strategic cooperative agreement with Beijing Shuntiantong Property Management Co., Ltd. (北京順天通物業管理有限公司) in respect of collaboration on development of application platform with the use of CA-SIM technology for the Smart Beijing Tiantongyuan Community (北京天通苑智慧社區).

On 31 March 2015, the Group entered into a Memorandum of Understanding with China Smartpay Group Holdings Limited (中國支付通集團控股有限公司) as assignee, in relation to the proposed assignment of sole and exclusive rights for the use of CA-SIM for payment applications in the Panyu Region of Guangdong Province.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 28 July 2015, the Group entered into a Strategic Cooperative Agreement, with the Cable Television Working Committee of China Alliance of Radio, Film and Television (中國廣播電影電視社會組織聯合會有線電視工作委員會) in respect of collaboration on the development of CA-SIM's authentication and protection platform of the copyright of the digital content on cable television and internet.

### Capital Structure

The Group adopts a sound financial policy, and the surplus cash is deposited at banks to facilitate extra operation expenditure or investment. Management makes financial forecast on a regular basis. As at 30 June 2015, 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 not applicable. As at 30 June 2015, the Group's balance of cash and deposits was approximately HK\$454,593,000, which was attributable to the proceeds from the IPO and cashflow from operations.

### Liquidity and Financial Position

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Cash at banks and in hand	257,793	244,445
Short-term bank deposits	196,800	209,478
Total cash and deposits	454,593	453,923

The Group normally finances its operations with internally generated cash flows. Cash position increased by approximately HK\$670,000 during the six months ended 30 June 2015.

The current ratio was 21.79 as at 30 June 2015, which is lower than 33.74 as at 31 December 2014. The quick ratio was 20.24 as at 30 June 2015, which is lower than 31.55 as at 31 December 2014.

### 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 the functional currencies of the respective group entities.

### Asset Mortgage

The Group has no outstanding asset mortgage as at 30 June 2015.

### Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Significant Acquisition, Disposal or Investment

As at 30 June 2015, the Group has no specific acquisition target. The Group did not have any material acquisition and disposal of subsidiaries and affiliated companies, and investment during the period under review.

### Capital Commitments

As at 30 June 2015, there was no capital commitments contracted and not provided for in the financial statement (31 December 2014: nil).

### 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 to the condensed consolidated financial information.

### Staff and Remuneration Policy

As at 30 June 2015, the Group had 2,650 employees (31 December 2014: 2,687 employees). Among them, 2,635 employees worked in the PRC, 13 employees worked in Hong Kong and 2 employees worked in Macau.

Breakdown of the Group's staff by function as at 30 June 2015 is as follows:

Function	As at 30 June 2015	As at 31 December 2014
Management	14	14
Operation	2,425	2,444
Financial, administration, and human resources	94	102
Sales and marketing	8	14
Research and development	79	81
Repairs and maintenance	30	32
Total	2,650	2,687

The total staff remuneration including Directors' remuneration paid by the Group for the six months ended 30 June 2015 was approximately HK\$103,554,000 (Last Corresponding Period: approximately HK\$94,252,000). The remuneration paid to the staff, including the Directors, is based on their qualification, experience, performance, and market rates, so as to maintain a competitive remuneration level. The Group also offers various staff welfare, including housing fund, social insurance and medical insurance. We believe that at International Elite Ltd., our employees are our most valuable asset.

## OTHER INFORMATION

### Disclosure under Chapter 13 of the Rules 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 2015. No interim dividend was paid in respect of the six months ended 30 June 2014.

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

As at 30 June 2015, 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

Name of Directors	Company/ Associated corporation	Number of shares held			Total of Interests	Percentage of Equity
		Personal Interests	Family Interests	Corporate Interests		
Mr. Li Kin Shing	Company (Note 1)	1,150,470,000	3,122,430,000	2,052,000,000	6,324,900,000	69.63%
Mr. Li Wen	Company (Note 2)	36,900,000	–	–	36,900,000	0.41%
Mr. Wong Kin Wa	Company	15,000,000	–	–	15,000,000	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:

- The 2,052,000,000 shares are held by Ever Prosper, which is held as to 50% and 46.5% by Mr. Li Kin Shing and Ms. Kwok King Wa respectively. The 3,122,430,000 shares are held 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 6,324,900,000 shares under the SFO.

## OTHER INFORMATION

2. The 36,900,000 shares are held by Mr. Li Wen in person.
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 holds 500 shares of Ever Prosper in person, with the nominal value US\$1 per share. The 465 shares of Ever Prosper is held by Ms. Kwok King Wa in person. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing. Accordingly, Mr. Li Kin Shing is deemed to be interested in the 965 shares under each other's name under the SFO.

Save as disclosed above, as at 30 June 2015, 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 2015, 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:

#### Interests in ordinary shares of the Company – long position

Name	Capacity	Number of Shares	Approx. percentage of interests
Ever Prosper	Beneficial owner	2,052,000,000 (Note 1)	22.59%
Jovial Elite Limited	Beneficial owner	900,000,000 (Note 2)	9.91%
Glory Moment Investments Ltd.	Beneficial owner	840,000,000 (Note 3)	9.25%

#### NOTES:

1. The 2,052,000,000 shares are held by Ever Prosper, which is held 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. Zhao John Huan.



## OTHER INFORMATION

3. The 840,000,000 shares are held by Glory Moment Investments Ltd., which is wholly owned by Mr. Fang Shin.

Save as disclosed above, as at 30 June 2015, 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, for the purpose of providing incentives or rewards to eligible participants (including employees, executives or officers, directors including non-executive directors and independent non-executive directors, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries) for their contribution to the long term growth of the Group and to enable the Company to attract and retain high caliber employees. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from 4 May 2010.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 94,620,000 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme and approximately 1% of the shares of the Company in issue as at the date of this report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised.

## OTHER INFORMATION

The exercise price of the share options shall be not less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

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 2015.

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

During the six months ended 30 June 2015, 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 2015, 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 below, during the six months ended 30 June 2015 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.

## OTHER INFORMATION

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.

## OTHER INFORMATION

### 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 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 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 2015 except for the deviation as described below:

The code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing. The roles of the Chairman and the Chief Executive Officer of the Company are not separated and are performed by the same individual, Mr. Li Kin Shing. The Board will meet regularly to consider, discuss and review the major and appropriate issues affecting the operations of the Company. As such, the Board considers that sufficient measures have been taken and the vesting of the roles of chairman and the chief executive officer of the Company in Mr. Li Kin Shing will not impair the balance of power and authority between the Board and the management. The Board considers that the structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

### 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 2015 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.**  
**LI KIN SHING**  
Chairman

Hong Kong, 25 August 2015

*As at the date of this report, the executive Directors are 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.*