ANNUAL REPORT

2007

INTERNATIONAL ELITE LTD.

精英國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8313)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report. This report for which the directors (the "Directors") of International Elite Ltd. (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Kwok King Wa (Chairman)
Li Kin Shing (Chief Executive Officer)
Li Yin
Wong Kin Wa
Li Wen

INDEPENDENT NON-EXECUTIVE DIRECTORS
Tang Yue
Chen Xue Dao
Cheung Sai Ming

AUTHORISED REPRESENTATIVES
Li Kin Shing
Wong Kin Wa

COMPLIANCE OFFICER
Wong Kin Wa

COMPANY SECRETARY
Chan Wai Ching, *CPA*

QUALIFIED ACCOUNTANT
Chan Wai Ching, *CPA*

AUDIT COMMITTEE
Tang Yue
Chen Xue Dao
Cheung Sai Ming

REMUNERATION COMMITTEE
Wong Kin Wa
Chen Xue Dao
Cheung Sai Ming

NOMINATION COMMITTEE
Li Kin Shing
Chen Xue Dao
Cheung Sai Ming

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Certified Public Accountants
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10 Chater Road
Central, Hong Kong

STOCK CODE
8313

CHAIRMAN'S REPORT

DEAR INTERNATIONAL ELITE INVESTOR:

I am happy to report to you a truly monumental year for our company. Not only have we become a public company in 2007, we have set new records in revenue, profit, and margin. Behind the numbers are extraordinary innovation and changes that have during the past years fundamentally reshaped our business. International Elite Ltd. (the "Company") has transformed within the CRM service outsourcing space to reach a new level of value creation that distinguished us from all our competitors. We have prepared the Company for leadership in the rapidly evolving concept of customer relationship management in this great consumer driven market that is China.

International Elite Ltd. had a strong year in 2007. Revenue as reported was approximately HK$213,870,000, up 43%. Gross profit from continuing operations was approximately HK$97,747,000, an increase of 87%. The Company's gross profit margin rose to 46%, an increase of 11% in 2007. Profit attributable to equity shareholders was approximately HK$59,747,000. The profit attributable to equity shareholders margin rose 4% to 28%. Both margins are at their historic high. They were achieved by aggressively developing high value segments, and by driving efficiency through traditional as well as creative measures. Diluted earnings per share from continuing operations was HK$0.08, representing a growth of 33%, or HK$0.09, representing a growth of 50% if excluding our Pre-IPO Share Options expenses.

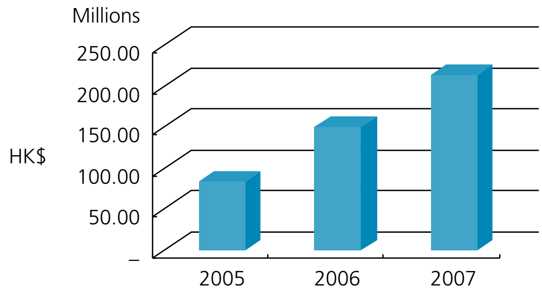

Figure 1 Revenue

At International Elite Ltd., we believe that it is better to be in businesses that are truly differentiating than to endlessly compete in size and volume of traditional CRM businesses with thinning margin. We focus in creating unique value for the customer, and enter new spaces by leveraging our R&D asset. As day-to-day lives become Internet oriented, we began one year ago to develop an Instant Messaging (IM) CRM platform that would enable our operators to provide text-based, in addition to the traditional voice-based, customer relationship management. It is my great pleasure to share the news that we have reached an agreement with MSN China in November 2007 to provide CRM service on the MSN Messenger. Moreover, the Super Built-in-Secretarial (SBIS) service that targets high-end, high-value subscribers will become an increasingly important contributor in the years to come. The new services are good because they fulfill real needs of our customers; and they are fantastic when you see the wide profit margin from the low cost of processing text-based queries and the flexible pricing of premier service.

CHAIRMAN'S REPORT

While rising labor cost increases the pressure on businesses to outsource call centers to the more efficient CRM specialists, we are always seeking new measures to lower cost. Going back to the basic, we increase efficiency by fully utilizing our operators. Since the work hours were already at the legal limit, we needed to increase the productivity per hour. Each operator goes through a four to six week training program at the beginning of his work. His service proficiency would then improve with his experience. We have in the past year introduced a multi-skill training program for the chosen proficient operator. The program is designed to prepare him for work in multiple teams, and enable the diversification of production resources. The simple process has directly contributed to the increase in our gross profit margin. In the coming year, our CRM experts have designed another revolutionary process known as remote workstation that promises to fundamentally alter our cost structure. When CRM service centers relocated to mainland China from Hong Kong almost a decade ago, the service providers were faced with challenges from quality to logistics to culture. Today when we plan to move workstations from a centralized service center to computer terminals at the operators' homes, we expect and anticipate the same challenge. For we believe that by overcoming such challenge, we shall rip the bountiful reward of reduced workstation capital investment, lower maintenance expense, but most importantly more flexible and lean cost structure as the operators become agents rather than permanent employees of the Company.

On top of all the exciting new development, we have gained grounds on the traditional front too. International Elite Ltd. is now the only public CRM outsourcing service provider in Greater China. Our new found reputation and transparency inspire confidence in our customers. The production capacity is at an impressive 4,100 seats, securing International Elite Ltd.'s leading position in China. The geographic location at the "China Service Outsourcing Base" of Guangzhou has won us strong government support, and opens the Company to the Mandarin-Cantonese-English-trilingual population. We also boost one of the most experienced management team, and a competent R&D department that facilitates the efficient operation and developed the wonderful new products.

It is therefore no wonder why the Company enjoys such a solid customer portfolio that includes telecommunication giants such as Hutchison, PCCW, and China Unicom; insurance companies like Ping An and AIG; and travel agencies including Ctrip. Looking ahead, we believe that the investment into information and outsourcing industries will grow with the national economy. The resulting growth in the CRM outsourcing market will benefit those who are prepared for this new phase of development. International Elite Ltd. is well positioned to take advantage of the broadening market. We are confident that in 2008 we will win service contracts from China Mobile and China Unicom in provinces outside of Guangdong.

The phenomenal demand explosion must of course be matched with comparable supply expansion. Thanks to you, our dear investor, International Elite Ltd. now possesses the capital to expand aggressively. Our improved efficiency has multiplied the production capacity of the existing service centers, and bought us more time to find the best possible option for the establishment of the two CRM service centers on our agenda. I am happy to announce that we have received in March 2008 a letter from the Yonghe Economic Zone of Guangzhou: Economic and Technological Development District (廣州經濟技術開發區) that discusses the possibility of offering government support in the use of land for the establishment of an outsourcing base. While we are thrilled by the development, our effort to search for appropriate properties as well as acquisition targets continues meanwhile.

We are organizing an investor relationship campaign that is designed to raise interest in the single CRM specialist on the Hong Kong Stock Exchange. Despite our small size, International Elite Ltd. is an excellent company, and we are confident that we will bring consistent and superior return to a larger number of investors if they take the time to know us. We hope that the publicity will breathe new liquidity into our stock.

CHAIRMAN'S REPORT

International Elite Ltd. is a young company that is fast changing and ever evolving. We imagine, conceptualize, realize, and take on new challenge and new form. As China enters this new era of business and the global arena, I am proud of the International Elite Ltd. team for bringing us to where we are today, and I am grateful to you, our investor, for your unfaltering support. I hope and trust that you are pleased with how your company is growing and evolving, and look forward to the new discovery our one future holds.

By order of the Board
KWOK KING WA
Chairman

Hong Kong, 25 March 2008

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

International Elite Ltd. is a Customer Relationship Management ("CRM") outsourcing service provider that focuses on the Hong Kong, Macau and the PRC markets. CRM is the process of providing services to customers using the communication and computer networks. During the period under review, the Company and its subsidiaries (the "Group") continued to provide services to established telecommunications service providers, including Hutchison Telecommunications, Hutchison Global, China Unicom Guangdong, and PCCW Mobile. The Company is extending its CRM customer base to include markets in other industries through active cooperation with its customers in developing new marketing strategies and business models. The principal business of the Group can be classified into the following two segments:

Inbound

The Company offers inbound services which comprise a range of customer hotline services, including general enquiry, technical support, broadband connection arrangement, service installation, account activation, subscriber details update, account enquiry, account termination and order placement. Built-In-Secretarial service is a personalized message taking service, where our operators transmit messages left to the subscriber via SMS. The newly introduced Super BIS service is a concierge service where the operators can provide advanced functions such as making restaurant reservation and purchasing air tickets to high end subscribers.

Outbound

Outbound services are mainly made up of telesales and market research services. Our operators run on behalf of our customers promotions and ongoing telemarketing via unsolicited phone calls (cold calls). The operators can also conduct large scale surveys for our customers, efficiently collecting feedback, opinions, and in some cases, complaints.

BUSINESS ENVIRONMENT

As market competition intensifies, the enhancement of customer relationship quickly becomes a priority for many businesses and government agencies. Meanwhile, the stricter labor law and the generally rising labor costs are making even basic customer relationship management increasingly expensive. Consequently, the demand for CRM outsourcing services grows as rapidly as the consumer market. Outsourcing has become the definitive solution to improving the quality of CRM while reducing cost and liability. CRM service providers are hence growing at unprecedented speed.

As China enters the age of globlized competition, the industries that choose to outsource are extending from the traditional telecommunications to everything from finance, postal, travel, healthcare, logistics, information technology, internet commerce, media, public utilities, to retail. The potential size of CRM market is as large as the size of the Chinese consumer market. When consumption takes off, International Elite Ltd. is in a particularly strong position to capitalize on the explosion, and we intend to make good use of the opportunities today and tomorrow.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2007, total turnover was approximately HK$213,870,000, representing an annual growth rate of 43%. Inbound services and outbound services respectively accounted for 52% and 48% of the Group's turnover for the year ended 31 December 2007. There was an increase of 119% of turnover from outbound services. The gross profit margins of the inbound and the outbound segment for the year ended 31 December 2007 were 39% and 53% respectively.

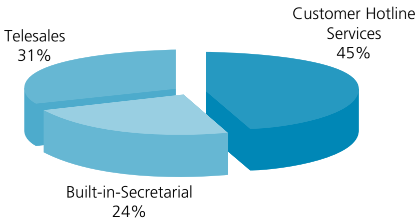

Figure 2 Revenue by service in 2006

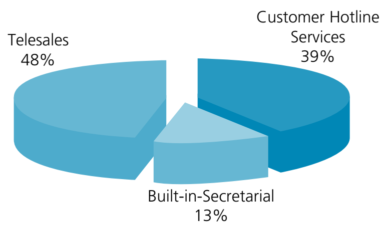

Figure 3 Revenue by services in 2007

Outbound service segment is growing at an increasing speed, and it's anticipated that outbound services, as a high-margin segment of business, will account for an increasingly substantial portion of the Group's total turnover. Moreover, the Group has successfully expanded its business to the non-telecommunications industries and gained satisfactory results.

Gross Profit

The Group's gross profit for the year ended 31 December 2007 was approximately HK$97,747,000, representing an increase of 87% and a 11% widening of gross profit margin. Inbound services and outbound services accounted for 45% and 55% of the Group's gross profit for the year ended 31 December 2007. The increase was primarily attributable to the increase in economy of scale, improvement in operating efficiency due to a multi-skill training program, and shift of focus to more profitable business segments.

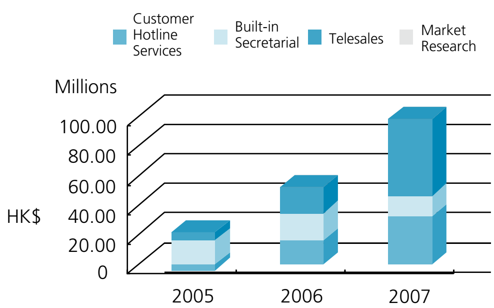

Figure 4 Gross profit by service

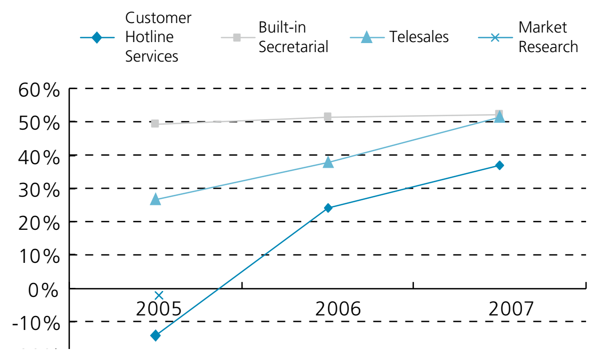

Figure 5 Gross profit margin by service

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

During the year under review, the total administrative expenses were approximately HK$38,712,000. Administrative expenses were equivalent to 18% of sales in 2007, 3% higher than the previous year due to one time costs including the establishment of the multi-skill training program and costs related to the IPO.

Profit Attributable to Equity Shareholders

The Group's profit attributable to equity shareholders for the year ended 31 December 2007 was approximately HK$59,747,000, while the figure in 2006 was approximately HK$36,668 000, up approximately 63%. The net profit margin also grew 4% to approximately 28%. The Group will benefit from the rise of labor cost, which forces companies to outsource their call centers to cost-effective professional CRM service providers to reduce cost. This will lead to more opportunities in the industry, and a material increase in the margin of the Group's profit attributable to equity shareholders. The average return to equity was 23%.

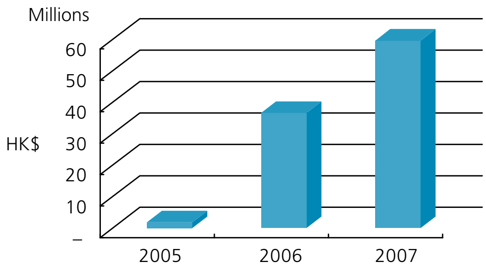

Figure 6 Net Profit

BUSINESS REVIEW

Super Secretarial Service

In 2007, the Group began provision of the Super Built-in-Secretarial (SBIS) service. The new service was based on the existing BIS service, and was provided in a number of languages to target high-end subscribers of the telecommunication customers of the Group. Each operator served a relatively small number of subscribers and provided a wide range of customized secretarial services such as making restaurant, air ticket, and hotel reservations. The new service created unique value for our customers and have earned positive feedback. The premier service has fetched a price that reflects its value, and contributes to the increasing profitability of International Elite Ltd..

Multi-Skill Training

The Group provided employees with various training programs, including a new multi-professional-and-management-skills training program. This new training program was designed to imbue the already experienced operator with skills that would allow him to work on multiple projects. That made the project teams more versatile and diversified the supply and demand of Group's resources. Consequently the same operator that would otherwise be idle could now be serving a customer on a different project. That has significantly enhanced the Group's efficiency, particularly in small projects with volatile call volume. The cost control process has directly contributed to the widening of the gross profit margin.

An added benefit of the new training program was the further improvement of service quality. The multi-skill operators have gone through at least two structured training program, and have demonstrated superior performance in terms of customer satisfaction and telesales success rate. The directors of the Company (the "Directors") believe that the multi-skill operations can form an elite CRM team that is particularly suitable for high-end customer requirement.

MANAGEMENT DISCUSSION AND ANALYSIS

CRM Service Centers

As at 31 December 2007, the Group operated three CRM service centers in Guangzhou, PRC, with a total seating capacity of approximately 4,100 seats. The Group employed approximately 4,101 operators, and the utilization rate remained stable at approximately 89%, up 17% as compared with the previous year. The efficiency enhancements have brought about a general increase in productivity of each workstation, and thus the overall production capability of the 4,100 seats. Consequently the Group was able to maintain the utilization rate at sustainable level while generated substantially larger revenue.

Acquisition of New Customers

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

Customer	Service	Date
Hutchison Telephone (Macau) Company Limited	Telemarketing	March 2007
Guangzhou Ai Che Information and Technology Company Limited	Telemarketing	April 2007
Guangzhou Yue Yi Ceremonial Services Company Limited	Customer Hotline Service & Telemarketing	May 2007
Guangzhou Wang Tai Health Care Products Company Limited	Telemarketing	May 2007
Guangzhou Shun Kong Medical and Health Care Equipment Operation Department	Telemarketing	June 2007
New National Information Communications Ltd., Guangdong Branch	Telemarketing	July 2007
Beijing Adsale Exhibition Services Limited Shenzhen Branch	Telemarketing	December 2007

IPO

16 October 2007 marked a monumental milestone for everyone at International Elite Ltd., as the Company, following six months of intense effort, successfully listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

As the Company commenced its new identity as the public company coded 8313, the Directors, management, and staff at International Elite recognize both the reputation as the only public outsourcing CRM service provider in PRC as well as the heightened responsibility that is inherent to every public company. The years ahead will be a time of tremendous growth in China, the CRM industry, and the Company. We at International Elite are devoted to maximizing the return to our shareholders through innovative products and solid execution.

MANAGEMENT DISCUSSION AND ANALYSIS

Awards and Certification

In July 2007, the Group has for the third consecutive year won the "Best Outsourcing Call Centre in China 2006-2007" award by the China's Best Customer Service Appraisal Committee.

In September 2007, the Group was accredited with the "Ten Years of China Call Center" Industry Development Contribution Award" by the China Call Center & Customer Relations Management Association, the Call Center Occupational Standards Committee of the Ministry of Information Industry and CCM World Group.

In November 2007, 廣州盛華信息有限公司 (China Elite Info. Co. Limited), a subsidiary of International Elite Ltd., has successfully renewed the ISO 9001:2000 certificate for the provision of CRM services.

FUTURE PROSPECT

At International Elite Ltd., we think deep and creatively about new possibilities to continually enhance our business. We have formulated plans to launch a new service, a new process, and tackle new market in 2008. Each of the new development is exciting in its own right, but together they symbolize the modern evolution of customer relationship management concept.

Internet CRM

At International Elite Ltd., we believe that it is better to be in businesses that are truly differentiating than to endlessly compete in size and volume of traditional CRM businesses with thinning margin. To maintain a competitive edge over our competitors, the Group continuously develops innovative solutions that create unique value for our customers. Leveraging our R&D resources, we focus on entering businesses that are differentiated from existing CRM.

Communication through the use of instant messaging systems has become part of everyday life, and an increasingly important advertisement channel for businesses. The Group has identified the market trend one year ago and started the development of an Internet based CRM platform. The Group has reached an agreement with MSN China in November 2007 to provide CRM service on the MSN Messenger. Today, the Group has the capability to provide CRM service via telephone as well as on the Internet through instant messaging channels.

Preliminary plans of the Group include the use of artificial intelligence to respond to customers' enquiries and provide instant service and messaging forwarding. Technical testing is under way and the launch schedule will be released shortly. The use of artificial intelligence to process text-based enquiries can reduce the reliance on human intervention, and thus significantly reduce cost. We are confident that the new service shall alter our cost structure and enhance profitability of International Elite Ltd..

Remote Workstations

Taking advantage of cutting edge IP based technology, our R&D team has developed a system to decentralize our CRM workstations. Rather than having operators come to a centralized CRM service facility, we will bring the facility to the homes of our operators using IP based internet connection. The remote workstation process can reduce workstation capital investment, lower maintenance expense, but most importantly more flexible and lean cost structure as the operators become agents rather than permanent employees of the Company.

Some of the challenges that we face include logistic and quality assurance. We are in the process of refining our process to overcome such challenges through small scale trials and mainly involve outbound services, where data security requirements are less stringent. We are confident that in time, we will iron out the process to use remote workstations on a large scale, just as we have moved formerly Hong Kong based CRM service centers to Guangzhou.

MANAGEMENT DISCUSSION AND ANALYSIS

New Markets

The Group plans to continuously broaden its customer base within the telecommunication 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. The Group will also participate in the bidding of CRM outsourcing service contracts from China Mobile, the leading telecommunication service provider in the PRC. The Directors are confident that the Group will begin provision of service to China Mobile in the first half of 2008.

Moreover, the Group also seeks to develop the non-telecommunication markets and overseas markets. As CRM and outsourcing both gain increasing recognition, the Directors anticipate demand for quality CRM solution from industries including finance, internet, travel, health care, market research, retail etc; and also from foreign markets. The Group currently provides CRM services to travel, insurance, health care, and information technology companies; and at the same time has a service agreement with Times Telecom of Canada.

New Service Centers

International Elite Ltd. aims to expand production capacity by establishing two new CRM service centers. The Group has identified numerous viable purchase targets, and is in the process of negotiation and selection. Our improved efficiency has increased the production capacity of the existing service centers, and allowed more time to find the best possible option for the establishment of the two CRM service centers. The Group has received in March 2008 a letter from the Economic Zone of Guangzhou: Economic and Technological Development District (廣州經濟技術開發區) that discusses the possibility of offering government support in the use of land for the establishment of an outsourcing base. The development might potentially reduce the cost of the new CRM service centers.

Along with the use of remote workstations, the Group aims to employ for production at least 6,000 seats by the end of 2008, and lay the foundation of no less than 10,000 seats in the two new CRM service centers in preparation of the rapid expansion to come.

Acquisition

In 2008, the Group will continue to seek suitable small and medium sized CRM service providers for acquisition or merger. As at 31 December 2007, the Group has identified one potential target that we intend to acquire in the first half of 2008. Details of the acquisition will be announced when the plan is finalized.

CAPITAL STRUCTURE

During the year under review, the Company repurchased its 17,950,000 shares of US$0.0001 each and increased its ordinary share to 946,200,000 shares of HK$0.01 each through allotment of 35,600,100 shares at par, capitalization issue of 648,399,900 shares and placing of 262,200,000 shares (including 34,200,000 Shares as a result of the exercise of the over-allotment option) at a placing price of HK$1.36 per share with a nominal value of HK$0.01 for listing on the GEM (the "Placing") of the Stock Exchange on 16 October 2007.

The Group adopts a sound financial policy, and the surplus cash is deposited at the bank to facilitate extra operation expenditure or investment. The management carries out financial forecast on a regular basis to be in line with the business plan in the daily business of the Group's Directors and financial demands as listed in the prospectus of the Company (the "Prospectus") dated 11 October 2007. As at 31 December 2007, the Group had no outstanding loan or borrowing, the gearing ratio being ratio of total long term borrowings to equity was therefore inapplicable. As at 31 December 2007, the Group's balance of cash and deposits was approximately HK$385,715,000, which was primarily attributable to the proceeds from the IPO and earnings.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL POSITION

	2007 HK$'000	2006 HK$'000
Cash in hand and demand deposits	**66,982**	13,032
Fixed deposits	**278,733**	–
Fixed deposits held as security for letter of credit	**40,000**	21,032
Total cash and deposits	**385,715**	34,064

The Group normally financed its operations with internally generated cash flows, and capital contribution from shareholders. Cash position increased by approximately HK$351,651,000 in 2007 primarily due to the proceeds from the issue of shares in the IPO net of share issue expenses paid amounted to approximately HK$331,763,000. The current ratio was 21.28 in 2007, significantly higher than the last corresponding period's figure of 1.42. The increase was due to the proceeds from the IPO and increased profitability. Quick ratio was inapplicable as the Group did not have any inventory.

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. Therefore, Directors of the Group believe that the Group is not exposed to any significant foreign exchange rate risk. However, in 2008, the Group has the intention to hedge part of its RMB exposure against exchange rate movement.

PLEDGE OF ASSETS

As at 31 December 2007, the Group did not have any pledges on its assets.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2007.

SIGNIFICANT ACQUISITION, DISPOSAL OR INVESTMENT

During the period under review, the Group closely observed the market in search of suitable CRM service centers for acquisition or merger. The Group has identified a potential candidate for acquisition in 2008, and in currently in negotiation with the target.

Save as disclosed above, the Group did not have any material acquisition and disposals of subsidiaries and affiliated companies, and investment during the year under review.

ASSET-LIABILITY RATIO

As at 31 December 2007, the Group had no outstanding bank loans or other loans with interest.

CAPITAL COMMITMENTS

Detail of capital commitments were set out in note 26(a) to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT REPORTING

In the presentation of segmental information, revenue is classified according to the business type and geographical location of the customers.

STAFF AND REMUNERATION POLICY

As at 31 December 2007, the Group had 4,230 employees (2006: 3,461 employees). Among them, 4,214 employees work in PRC, 14 in Hong Kong and 2 in Macau.

Breakdowns of the Group's staff by functions as at 31 December 2007 is as follows:

Function	As at 31 December 2007	As at 31 December 2006
Management	13	4
Business	4,101	3,339
Financial, administration and human resources	64	63
Sales and marketing	6	6
Research and development	13	19
Repair and maintenance	33	30
	4,230	3,461

The total staff remuneration including directors' remuneration paid by the Group in 2007 was approximately HK$114,613,000 (Total remuneration in 2006 was approximately HK$92,570,000). The remuneration paid to the staff, including 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 17 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE GEM (THE "GEM LISTING RULES")

The Directors confirmed that they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business objectives as set out in the Prospectus with actual business progress for the period from the date of commencement of dealings in the shares on the GEM to 31 December 2007:

Business Objectives	**Actual Business Progress**
EXPANSION OF SEATING CAPACITY	
In the southern and north-eastern regions of the PRC, set up and commence operation of new CRM service centers through (i) the acquisition or rental of suitable land and buildings; and/or (ii) the acquisition of suitable small to medium sized CRM service centers.	(i) Received in March 2008 a letter from the Economic Zone of Guangzhou: Economic and Technological Development District (廣州經濟技術開發區) that discusses the possibility of offering government support in the use of land for the establishment of an outsourcing base. The development might potentially reduce the cost of the new CRM service centers. (ii) Identified potential target that the Directors intend to acquire in the first half of 2008.
Purchase computers, machinery, and equipment, and carry out renovation of the new CRM service centers.	Due to the delay in setting up the new CRM service centers, the plan for the purchase of computers, machinery, and equipment, and carrying out renovation of the new CRM service centers has also been postponed accordingly.
Recruit and train operators for the new CRM service centers.	Due to the delay in setting up the new CRM service centers, the operator recruitment and training are now pending.
EXPANSION OF CUSTOMER BASE AND MARKETS	
Further develop relationships with non-telecommunications companies.	Acquired customers in non-telecommunication industries. Non-telecommunication segments generated approximately 12% of the Group's revenue in 2007. For details of new customers, please refer to page 10.
Reinforce the Group's relationships with existing overseas telecommunications customers (including overseas companies in Canada) for aggressively expanding the Group's overseas business markets.	In talks with a number of overseas telecommunication service providers.
CONTINUOUS IMPROVEMENT OF SERVICES TO EXISTING CUSTOMERS	
Execute various business expansion strategies and cooperate with China Unicom in marketing CRM outsourcing services in regions outside Guangdong Province.	During the year, the Group designed various value adding services for the customers. In negotiation with a major MNO on a non-telecommunication value adding service outsourcing agreement.
PROVISION OF NEW SERVICES	
Carry out research on technology and platform for various new Internet-based CRM services.	Reached an agreement with MSN China in November 2007 to provide CRM service on the MSN Messenger.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds

The actual use of proceeds for the period from the date of commencement of dealings in the shares on the GEM to 31 December 2007, as compared to the amount set out in the section headed "Use of Proceeds" of the Prospectus, is summarized as follows:

	Proposed HK$ Million	**Actual** HK$ Million
Set up of new CRM service center in the Southern and Northeast region		
– Acquisition of land and building	99.7	– *(Note 1)*
– Purchase of equipment and facilities	42.0	– *(Note 2)*
– Renovation and furnishing	41.3	– *(Note 2)*
Acquisition of small to medium sized CRM services centers	–	–
Repayment of non-trade balance due to related parties	30.8	30.8
Development of new Internet CRM services	–	–
General working capital	–	–
Total	213.8	30.8

Notes:

1. Received in March 2008 a letter from the Yonghe Economic Zone of Guangzhou: Economic and Technological Development District (廣州經濟技術開發區) that discusses the possibility of offering government support in the use of land for the establishment of an outsourcing base. The development might potentially reduce the cost of the new CRM service centers. Please refer to the section titled "New Service Centers" on page 12 for details.

2. Due to the delay in setting up the new CRM service centers, the plan for the purchase of computers, machinery, and equipment, and renovation and furnishing of the new centers has also been postponed accordingly.

REPORT OF DIRECTORS

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATION LOCATION

The principal activity of the Company is investment holding. Activities and the analysis of operation location of its subsidiaries are set out in note 13 to the financial statements.

PRINCIPAL PLACE OF BUSINESS

The principal places of business include Hong Kong, the PRC, and Macau.

FINANCIAL INFORMATION

Financial Summary

A summary of the consolidated income statement and the assets and liabilities of the Group for the last three financial years is set out as follows:

(Expressed in Hong Kong dollars)

	2007 $'000	2006 $'000	2005 $'000
Results			
Turnover	**213,870**	149,864	83,434
Profit from operations	**62,126**	30,378	1,744
Finance costs	**(186)**	–	–
Profit before taxation	**61,940**	30,378	1,744
Income tax	**(2,193)**	6,290	–
Profit for the year	**59,747**	36,668	1,744
Assets and liabilities			
Property, plant and equipment	**25,013**	29,545	24,431
Deferred tax assets	**4,432**	6,290	–
Net current assets/(liabilities)	**426,357**	24,843	(2,156)
Total assets less current liabilities	**455,802**	60,678	22,275
Net assets	**455,802**	60,678	22,275
Capital and reserves			
Share capital	**9,462**	14	14
Reserves	**446,340**	60,664	22,261
Total equity	**455,802**	60,678	22,275
Earnings per share (note 1)			
Basic	**HK$0.08**	HK$0.06	HK$0.00
Diluted	**HK$0.08**	HK$0.06	HK$0.00

Note 1: As a result of the capitalisation issues in 2007, figures for the two years ended 31 December 2005 and 31 December 2006 have been adjusted for comparison purposes.

REPORT OF DIRECTORS

Results and Appropriations

The results of the Group for the year ended 31 December 2007 are set out in the consolidated incoming statement, page 35 of this report.

Major Customers and Suppliers

For the year ended 31 December 2007, the turnover attributable to the largest customer and the five largest customers accounted for 32% and 83% of the Group's turnover respectively.

For the year ended 31 December 2007, purchases from the largest supplier and the five largest suppliers accounted for 32% and 61% of the Group's total purchases respectively.

None of the Directors, or any of their associates, or any shareholders (whom to the knowledge of the Directors own more than 5% of the issued share capital of the Company), had any interests in any of the Group's five largest customers or five largest suppliers during the year.

Dividends

The board of Directors (the "Board") does not recommend the payment of a final dividend for the year ended 31 December 2007.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 19 to the financial statements.

Debentures

The Group has not granted any convertible debentures, futures, options, warrants or other similar rights save as disclosed in the Prospectus.

Reserves

Details of movements in reserves of the Company and the Group during the year are set out in note 20 to the financial statements.

Distributable Reserve and Share Premium

According to the articles of association of the Company and the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, after passing the review of debt paying ability of the Group, the share premium account can be attributed to shareholders. As at 31 December 2007, the company had HK$336,257,000 (As at 31 December 2006, approximately HK$40,377,000) available for distribution to equity shareholders of the Company.

Properties, Plant and Equipment

Details of movements in properties, plant and equipment of the Group are set out in note 12 to the financial statements.

Connected Transactions

For the year ended 31 December 2007, HK$11 million under the category of the sales to related parties, HK$0.3 million under the category of the purchase of services from related parties and HK$1.1 million under the category of the rental of properties from related parties as disclosed in note 27 to the financial statements also fell under the definition of continuing connected transactions in Chapter 20 of the GEM Listing Rules. Details are disclosed in note 27 to the financial statements and the Prospectus.

During the year, the Group has obtained waiver for strict compliance with Chapter 20 of the GEM Listing Rules from the Stock Exchange for the following various connected transactions as disclosed in the Prospectus.

Connected Transactions *(continued)*

A. *Tenancy agreements*

1. Tenancy agreement between the Company and Talent Information Engineering Co. Ltd. in respect of premises located in Hong Kong; and

2. Tenancy agreement between China Elite Info. Co. Limited and Mr. Li Kin Shing in respect of premises located in the PRC.

B. *Service agreements*

1. Service agreement between PacificNet Communications Limited – Macao Commercial Offshore and Elitel Limited in respect of BIS services; and

2. Service agreement between PacificNet Communications Limited – Macao Commercial Offshore and China-HK Telecom Ltd. in respect of BIS and customer hotline services.

C. *China-HK Telecom Telesales Agreement*

1. Service agreement between PacificNet Communications Limited – Macao Commercial Offshore and China-HK Telecom Ltd. in respect of telesales services.

Details of the above connected transactions are disclosed in note 27 to the financial statements and the Prospectus. The Company has applied for, and the Stock Exchange has granted to the Company, a waiver with respect to (i) the continuing connected transactions as referred to in paragraph A above from the announcement requirements under Rule 20.47 of the GEM Listing Rules; and (ii) the continuing connected transactions as referred to in paragraphs B and C above from both the announcement requirements under Rule 20.47 of the GEM Listing Rules and the independent shareholders' approval requirements under Rule 20.48 of the GEM Listing Rules, provided that the said continuing connected transactions are conducted in compliance with the conditions (including the respective proposed cap amounts) imposed by the Stock Exchange. The continuing connected transactions had been entered into in accordance with the actual relevant agreements and pricing policies and have not exceeded the cap disclosed in the Prospectus.

The independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available with independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

The auditors of the Company have performed certain agreed-upon procedures on such continuing connected transactions and have provided a letter to the Company stating that:

(i) the transactions have been approved by the Board;

(ii) the prices charged for each of the transactions selected were in accordance with the pricing terms of the relevant agreements governing the transactions; and

(iii) the aggregate dollar amounts of the transactions have not exceeded the relevant prescribed limits as set out in the waiver letter in respect of the connected transactions granted by the Stock Exchange to the Company.

The Directors confirm that the Group has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

Post Balance-Sheet Events

There are no significant post balance-sheet events up to the date of this report.

REPORT OF DIRECTORS

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors

- Li Kin Shing (李健誠)
- Kwok King Wa (郭景華)
- Li Yin (李燕)
- Wong Kin Wa (黃建華)
- Li Wen (李文)

Independent Non-Executive Directors

- Tang Yue (唐越)
- Chen Xue Dao(陳學道)
- Cheung Sai Ming (張世明)

In accordance with the Company's articles of association, Mr. Wong Kin Wa, Mr. Cheung Sai Ming and Mr. Li Wen shall retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

Confirmation of Independence

The Company has received from each of its independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive Directors are independent.

Directors' Service Contracts

Each of Ms. Kwok King Wa, Mr. Li Kin Shing , Ms. Li Yin, Mr. Wong Kin Wa and Mr. Li Wen entered into a service contract with the Company for an inital term of 3 years commencing 16 October 2007. The remuneration of the staff of the Group (including the Directors) will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The service contract shall be terminated by either party giving not less than 3 months prior notice in writing. Each of Mr. Tang Yue, Mr. Chen Xue Dao and Mr. Cheung Sai Ming entered into a service contract with the Company for a period of 3 years commencing on 16 October 2007. Save as disclosed above, none of the Director being proposed for re-election at the forth coming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Contract of significance

Save for the service contracts of the Directors and the contracts under the Connected Transaction as disclosed above and note 27 to the financial statements as disclosed below, no contract of significance in relation to the Group's business to which the Company, its subsidiaries and controlling shareholders was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year under review.

DIRECTORS AND SENIOR MANAGEMENT

The brief biographical details of Directors and senior management are set out in pages 32 and 33 of this report.

Directors Remunerations and Five Employees with Highest Emolument

Details of directors remunerations and five employees with highest emolument are set out in note 7 and note 8 to the financial statements.

No emoluments have been paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2007 (2006:Nil). No Director waived or agreed to waive any emoluments during the year ended 31 December 2007 (2006:Nil).

During the year ended 31 December 2007, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2006:Nil).

REPORT OF DIRECTORS

Staff Contribution Retirement Schemes

The amounts of contributions and details of the Group's defined contribution retirement schemes are described in note 22 to the financial statements.

SHARE INTERESTS

Directors' and Chief Executives' Interest in Shares, Underlying Shares and Debentures

As at 31 December 2007, so far is known to the Directors, the Directors and the chief executives had the following interests and short positions in the shares, underlying shares or the debentures of 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 the which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules.

Name of Directors	Company/ Associated corporation	Number of shares held Personal Interests	Family Interests	Corporate Interests	Total of Interests	Percentage of Equity
Mr. Li Kin Shing	Company	–	–	684,000,000 *(Note 1)*	684,000,000	72.29%
Mr. Li Kin Shing	Company	20,000,000 *(Note 4)*	–	–	20,000,000	2.11%
Ms. Kwok King Wa	Company	–	–	684,000,000 *(Note 2)*	684,000,000	72.29%
Ms. Kwok King Wa	Company	18,550,000 *(Note 4)*	–	–	18,550,000	1.96%
Ms. Li Yin	Company	–	–	– *(Note 3)*	–	–
Ms. Li Yin	Company	12,600,000 *(Note 4)*	–	–	12,600,000	1.33%
Mr. Wong Kin Wa	Company	2,000,000 *(Note 4)*	–	–	2,000,000	0.21%
Mr. Li Wen	Company	1,000,000 *(Note 4)*	–	–	1,000,000	0.106%
Mr. Tang Yue	Company	500,000 *(Note 4)*	–	–	500,000	0.053%
Mr. Chen Xue Dao	Company	500,000 *(Note 4)*	–	–	500,000	0.053%
Mr. Cheung Sai Ming	Company	500,000 *(Note 4)*	–	–	500,000	0.053%
Mr. Li Kin Shing	Ever Prosper International Limited ("Ever Prosper")	500	465 *(Note 5)*	–	965	–
Ms. Kwok King Wa	Ever Prosper	465	500 *(Note 5)*	–	965	96.50%
Ms. Li Yin	Ever Prosper	35	–	–	35	3.50%

Notes:

1. The 684,000,000 shares are owned by Ever Prosper, which is owned as to 50% and 46.5% by Mr. Li Kin Shing and Ms. Kwok King Wa respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Mr. Li Kin Shing is deemed to be interested in the 684,000,000 shares under the SFO.

2. The 684,000,000 shares are owned by Ever Prosper, which is owned as to 50% and 46.5% by Mr. Li Kin Shing and Ms. Kwok King Wa respectively. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing . Accordingly, Ms. Kwok King Wa is deemed to be interested in the 684,000,000 shares under the SFO.

3. Ms. Li Yin holds 3.5% of the issued share capital of Ever Prosper, which in turn holds 72.29% of the issued share capital of the Company.

4. These shares are held pursuant to the options granted under pre-IPO share option scheme of the Company.

5. 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 31 December 2007, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company, pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange, pursuant to Rules 5.40 to 5.68 of the GEM Listing Rules.

Directors' Interests in Competing Business

During the year and up to the date of this report, save as disclosed below, none of the Directors are considered to have interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors have been appointed or were appointed as Directors to represent the interests of the Company and/or the Group.

Based on the annual report of PacificNet Inc. for the year ended 31 December 2006, Mr. Li Kin Shing, a Director, acquired 1,150,000 Shares in PacificNet Inc. in September 2003, representing approximately 9.97% shareholding in PacificNet Inc. as at 31 December 2006.

PacificNet Inc., a company incorporated in the State of Delaware and listed on the NASDAQ Stock Exchange in the US, is engaged in the business of providing CRM and outsourcing services, telecommunications value-added services, telecommunications and gaming products and services in Asia. The CRM and outsourcing services provided by PacificNet Inc. include business process outsourcing such as CRM centers, CRM and telemarketing services, and IT outsourcing services including software programming and development services. There is a risk that such services provided by PacificNet Inc. 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 Inc..

The Directors confirm that Mr. Li Kin Shing has no absolute right to appoint a director in PacificNet Inc.. As Mr. Li Kin Shing holds no board representation or management position and only holds a 9.97% minority interest in PacificNet Inc., it is highly unlikely that Mr. Li Kin Shing's interest in PacificNet Inc. would influence the decision-making of the board of Directors or management of PacificNet Inc.. 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 Inc..

REPORT OF DIRECTORS

Ever Prosper, Mr. Li Kin Shing, Ms. Kwok King Wa and Ms. Li Yin (as 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.

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

As at 31 December 2007, so far as it is 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 will be as follows:

Long position in Shares:

Name	Capacity	Number of shares	Approx. percentage of interests
Ever Prosper	Beneficial owner	684,000,000 *(Note 1)*	72.29%
Keywise Greater China Opportunities Master Fund	Beneficial owner	57,366,000 *(Note 2)*	6.06%

Note:

1. The 684,000,000 shares are owned by Ever Prosper which is owned as to 50%, 46.5% and 3.5% by Mr. Li Kin Shing , Ms. Kwok King Wa and Ms. Li Yin respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa.

2. The 57,366,000 shares are beneficially held by Keywise Greater China Opportunities Master Fund, whose holding company, Keywise Capital Management (HK) Limited, is indirectly interested in these shares.

Save as disclosed above, as at 31 December 2007, so far as it is known to the Directors, there was no other person (other than the Directors or chief executive of the Company) with interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTIONS SCHEMES

Pre-IPO Share Option Scheme

In order to recognise the contribution of, and provide an incentive to the Directors, senior management and employees of the Group who have contributed to the growth of the Group and/or to the listing of the Company's shares on GEM, the Company established the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") pursuant to the written resolution of the Shareholders dated 21 September 2007.

REPORT OF DIRECTORS

The total number of shares in respect of which share options (the "Pre-IPO Share Options") may be granted under the Pre-IPO Share Option Scheme shall not exceed 60,000,000 shares, representing 100% of the number of Pre-IPO Share Options already granted by the Company. The Pre-IPO Share Options shall be exercised at the price of HK$1.36. Subject to other conditions as set out in the rules of the Pre-IPO Share Option Scheme, the Pre-IPO Share Options will be exercisable by the grantees from the end of the twelfth month after 16 October 2007 (the "Listing Date") until the end of the eighteenth month after the Listing Date unless extended in writing by the board of Directors (and approved by the independent non-executive Directors). Each of the Pre-IPO Share Options (to the extent not already exercised) shall lapse automatically at the end of such period.

On 8 October 2007, the Company had granted 60,000,000 Pre-IPO Share Options to, and accepted by certain Directors, senior management and employees of the Group.

Details of this Pre-IPO share option scheme are fully disclosed in the Prospectus.

As on 31 December 2007, none of the Pre-IPO Share Option has been exercised and all of the Pre-IPO Share Option holders maintained their employment with the Company.

Share Option Scheme

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

The Share Option Scheme became unconditional after the listing in GEM on 16 October 2007. The Company did not grant or cancel any options under the Share Option Scheme any time during the year, and as at 31 December 2007, there was no outstanding share option under the Share Option Scheme.

THE PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands. According to the laws of the Cayman Islands, the Company should issue new shares on a pro-rata basis to existing shareholders of the Company.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, during the year under review, there was no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or 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 to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Save as disclosed in the Prospectus, during the year ended 31 December 2007, neither the Company nor any of its subsidiaries, has purchased, sold or redeemed any of the Company's shares.

COMPETING INTERESTS

Save as disclosed in the Prospectus, none of the Directors, management shareholders of the Company (as defined in the GEM Listing Rules) and their respective associates had any interest, directly or indirectly, in a business which competes or may compete with the business of the Group.

REPORT OF DIRECTORS

CORPORATE GOVERNANCE

The corporate governance report adopted by the Company is set out on pages 26 to 31 in the annual report.

Board Practices and Procedures

During the period from the Listing Date to 31 December 2007, the Company has been in compliance with the board practices and procedures as set out in Rule 5.34 of the GEM Listing Rules.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public during the year under review as at the date of this report.

Auditors

KPMG were first appointed as auditors of the Company in 2007. KPMG will retire, and being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the said meeting.

On behalf of the Board
KWOK KING WA
Chairman
Hong Kong, 25 March 2008

CORPORATE GOVERNANCE REPORT

We have committed to achieving high standards of corporate governance to protect the interests of the shareholders of the Company. The Company has complied with all the code provisions set out in Appendix 15 – Code on Corporate Governance Practices of the GEM Listing Rules during the period from the Listing Date to 31 December 2007.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct which is not more lenient than the Rules 5.48 to 5.67 of the GEM 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 financial year ended 31 December 2007.

BOARD OF DIRECTORS

The Board is comprised of eight Directors, and is responsible for the Company's business strategy, annual, interim and quarterly results, succession planning, risk management, significant acquisitions, sales, capital transaction, and other significant operational and financial issues. The Board delegates to the Company's management the following duties: preparation of annual, interim and quarterly financial statements for the Board's review before their publication, formulation of business execution strategy, definition and enforcement of company policies, implementation of adequate internal control systems, design of sound risk management, guidance, and compliance with the relevant laws and regulations.

The profile of Chairman and other Directors is set out in pages 32 to 33 of this report. Ms. Kwok King Wa is the Chairman and the executive Director of the Company. Mr. Li Kin Shing is the Chief Executive Officer and the executive Director of the Company. For the improvement of the transparency and independence of the corporate governance, the role of the Chairman is separate from the Chief Executive Officer. These two positions have not been held by one person. Company designated three independent non-executive Directors. Their responsibility is to protect interests of shareholders. Independent non-executive Directors are Mr. Tang Yue, Mr. Cheung Sai Ming and Mr. Chen Xue Dao. Specific term of Mr. Tang Yue, Mr. Cheung Sai Ming and Mr. Chen Xue Dao are three years commencing from the Listing Date.

The following is the attendance record of the Board of Directors' meetings:

Name of Directors	**Number of Meetings Attended**
Ms. Kwok King Wa (郭景華) (Chairman)	2/2
Mr. Li Kin Shing (李健誠) (Executive Director)	2/2
Ms. Li Yin (李燕) (Executive Director)	2/2
Mr. Wong Kin Wa (黃建華) (Executive Director)	2/2
Mr. Li Wen (李文) (Executive Director)	2/2
Mr. Tang Yue (唐越) (Independent Non-Executive Director)	2/2
Mr. Chen Xue Dao (陳學道) (Independent Non-Executive Director)	2/2
Mr. Cheung Sai Ming (張世明) (Independent Non-Executive Director)	2/2

Besides the meetings held in the period above, Directors will hold meetings for special issues regularly.

CORPORATE GOVERNANCE REPORT

NON-COMPETITION UNDERTAKING

Each of Ever Prosper. Li Kin Shing, Kwok King Wa and Li Yin, being the initial management shareholders (as defined in the GEM Listing Rules) of the company (collectively, the "Covenantors" and each a "Covenantor") entered into a deed of non-competition undertaking ("Deed of Non-Competition Undertaking") with the Company on 10 October 2007 pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken with the Company that at any time during the Relevant Period (as defined below), each of the Covenantors shall, and shall procure that their associates (other than members of the Group):

(i) 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 business then engaged and from time to time engaged by the Group in the PRC, Hong Kong, Macau or anywhere else (the "Restricted Business");

(ii) not solicit any of the Group's existing or then existing employees for employment by him/it and his/her/its associates (other than members of the Group); and

(iii) not, without the Company's consent, make use of any information pertaining to the business of the Group which may have come to his/her/its knowledge in his/her/its capacity as the controlling Shareholder or Director (as the case may be) or their respective associates for the purpose of competing with the Restricted Business.

The above restrictions do not apply in the following cases:

(i) each of the Covenantors and their respective associates (excluding members of the Group) may hold securities of any company which conducts or is engaged in any Restricted Business provided that (a) such securities are listed on a recognised stock exchange (as defined in the SFO); and (b) the aggregate number of securities held by the Covenantors and their respective associates (excluding members of the Group) do not exceed 5% of the issued shares of such company;

(ii) each of the Covenantors and their respective associates (excluding members of the Group) may invest in the Group; and

(iii) Mr. Li Kin Shing, one of the Covenantors, holds 1,150,000 shares in PacificNet, Inc., representing approximately 9.97% shareholding in PacificNet Inc. as at 31 December 2006. The Company has agreed that Mr. Li Kin Shing can hold such shares.

Under the deed of non-competition undertaking, the Covenantors further undertake to the Company the following:

(i) the Covenantors shall allow, and shall procure that the relevant associates (excluding members of the Group) to allow, the Directors and the Company's auditors to have access to such financial records of such Covenantors and/or their respective associates as may be necessary for the Company to determine whether the terms of the deed of non-competition have been complied with;

(ii) the Covenantors shall allow, and shall procure that their associates (excluding members of the Group) to allow, the independent non-executive Directors to review, at least on an annual basis, the Covenantors' compliance with the deed of non-competition undertaking, the options, pre-emptive rights or first rights of refusals provided by the Covenantors in their existing or future complied business;

(iii) the Covenantors shall provide all information necessary for the annual review by the independent non-executive Directors in making a fair and reasonable assessment of the Covenantors' compliance with the deed of non-competition undertaking including but not limited to, 1) a list of listed companies in which he/she/it and/or his/her/its associates are beneficially interested or legally holds 5% or more shareholding interest and the nature of business of each of such companies; and 2) a list of private companies in which he/she/it and/ or his/her/its associates beneficially and/or legally holds and the nature of business of each of such companies;

(iv) without prejudicing the generality of paragraph (i) above, the Covenantors shall provide to the Company with a declaration annually for inclusion by the Company in its annual report, in respect of their compliance with the terms of the deed of non-competition undertaking, how the deed of non-competition undertaking has been complied with and enforced, and disclose such information in the corporate governance report under the annual report of the Company (any such disclosure would be consistent with the principles of making voluntary disclosures in the corporate governance report);

(v) the Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the deed of non-competition undertaking (e.g. the exercise of options or first rights of refusals) either through the annual report, or by way of announcements to the public;

(vi) in the event the Covenantors or their associates (excluding members of the Group) were given any business opportunity that is or may involve in direct or indirect competition with the business of the Group, the Covenantors shall assist, and shall procure their relevant associates to assist, the Company in obtaining such business opportunity directly or in the event that such business opportunity relates to the provision of any service(s) which is/are supplementary to the core business of such Covenantors or the relevant associates, by ways of subcontracting or outsourcing in the terms being offered to the Covenantors or the relevant associates, or more favourable terms being acceptable to the Company provided that the Covenantors shall not proceed, and shall procure their associates not to proceed, with such opportunity should the Company decline to accept such offer; and

(vii) each of the Covenantors agrees to indemnify the Company from and against any and all losses, damages and costs which loss, damage or cost is resulted from any failure to comply with the terms of the deed of non-competition by the Covenantors or any of their respective associates.

For the above purpose, the "Relevant Period" means the period commencing from 10 October 2007 and shall expire on the earlier of (i) the date on which the Covenantors (together with their respective associates), whether directly or indirectly, cease to be interested in 10% or more of the issued share capital of the Company; and (ii) the date on which the Shares cease to be listed on GEM.

The independent non-executive Directors make review, at least on an annual basis, the compliance with the Deed of Non-Competition Undertaking by the Covenantors, and if applicable, the options, pre-emptive rights or first rights of refusals provided by the Covenantors on its existing or future competing businesses. The Board has received from each of the Covenantors the annual declaration in respect of their compliance with and the enforcement of the Deed of Non-Competition Undertaking. The independent non-executive Directors are of the view that the terms of the Deed of Non-Competition Undertaking are fully complied with.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established an audit committee in September 2007 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The audit committee consists of the three independent non-executive Directors of the Company, namely, Mr. Cheung Sai Ming, Mr. Chen Xue Dao and Mr. Tang Yue. Mr. Cheung Sai Ming is chairman of the audit committee.

The year under review, the audit committee held two meetings. The attendance record of the meetings is as follows:

Name of Directors	**Number of Meetings Attended**
Mr. Cheung Sai Ming (張世明) (Chairman)	2/2
Mr. Tang Yue (唐越)	2/2
Mr. Chen Xue Dao (陳學道)	2/2

The audit committee of the Company is of the opinion that the audited financial statements of the Company and the Group for the year ended 31 December 2007 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Auditors' Remuneration

The audit committee of the Company is responsible for considering the appointment of the external auditors and reviewing other non-audit functions performed by the external auditors, including whether such non-audit functions have any potential significant negative impact on the Company. The Company engaged KPMG (i) to prepare the Accountant's Report for the two financial years ended 31 December 2006 and the five months ended 31 May 2007 in relation to its listing during the year for RMB2,720,000, (ii) to audit the financial statements of the Group for the year ended 31 December 2007 for RMB1,000,000, and (iii) to provide certain tax advisory service for RMB362,600. Save as disclosed above, the Company did not engage KPMG for any other non-audit services during the year under review.

NOMINATION COMMITTEE

The Company has established a nomination committee in September 2007 with written terms of reference. The nomination committee comprises one executive Director namely Mr. Li Kin Shing and two independent non-executive Directors namely Mr. Chen Xue Dao and Mr. Cheung Sai Ming and Mr. Li Kin Shing has been appointed as the chairman of the nomination committee. The nomination committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for the Directors.

CORPORATE GOVERNANCE REPORT

The Board took into consideration criteria such as expertise, experience, the market situation and applicable laws and regulations when considering new directors appointments in the year under review. The Directors held two meetings for the nominations of Directors. The attendance record of the meeting is as follows:

Name of Directors	Number of Meetings Attended
Mr. Li Kin Shing (李健誠) (Executive Director)	2/2
Mr. Chen Xue Dao (陳學道) (Independent Non-Executive Director)	2/2
Mr. Cheung Sai Ming (張世明) (Independent Non-Executive Director)	2/2

In the latest meeting, the nomination committee members considered and passed resolutions recommending that all the Directors shall be retained. In addition, resolutions were passed pursuant to the articles of association of the Company, and subject to the proposed arrangement being passed at the forth coming annual general meeting, that Mr. Wong Kin Wa, Mr. Cheung Sai Ming and Mr. Li Wen will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The Company has established a remuneration committee in September 2007 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The remuneration committee comprises one executive Director, namely, Mr. Wong Kin Wa and two independent non-executive Directors, namely Mr. Chen Xue Dao, and Mr. Cheung Sai Ming. Mr. Wong Kin Wa was appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

Remuneration committee held two meetings during the period under review. The attendance record of Remuneration Committee meeting is as follows:

Name of Directors	Number of Meetings Attended
Mr. Wong Kin Wa (黃建華) (Chairman)	2/2
Mr. Cheung Sai Ming (張世明)	2/2
Mr. Chen Xue Dao (陳學道)	2/2

Remuneration committee members has considered and reviewed the service contract of the executive Directors and senior management and the provisions of independent non-executive Directors. The Remuneration committee members are of the opinion that the provisions of the service contracts of the executive Directors and senior management and the independent non-executive Directors are fair.

CORPORATE GOVERNANCE REPORT

INTEREST OF COMPLIANCE ADVISER

The Company has appointed Daiwa Securities SMBC Hong Kong Limited as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. The term of the appointment commenced on the Listing Date and end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year after the Listing Date (i.e. the date of dispatch of the annual report of the Company in respect of its results of the financial year ending 31 December 2009), subject to early termination.

As at 31 December 2007, as notified by Daiwa Securities SMBC Hong Kong Limited, none of Daiwa Securities SMBC Hong Kong Limited, its directors, its employees or associates had any interest in the Company's securities, including share options and the other rights to subscribe the Company's securities.

INTERNAL CONTROL

The Company has conducted a review of its system of internal control periodically to ensure the effective and adequate internal control system. The Company convened meeting periodically to discuss financial, operational and risk management control. The Directors are of the opinion that internal controls at present have been valid and adequate.

INVESTOR RELATIONS

The Company has disclosed necessary information in compliance with the GEM Listing Rules. The Company meets the media and investors on a regular basis and answers the questions of the shareholders.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

MR. LI KIN SHING (李健誠先生), aged 50, is an executive Director and chief executive officer of the Company. He is responsible for the overall strategic planning and direction of the Group. Mr. Li has over 20 years of experience in the telecommunications industry. He has been a Director of the Company since its establishment in 2000. Mr. Li was the chief executive officer and president of ChinaCast Education Corporation, a limited liability company incorporated in the State of Delaware, US, whose shares are displayed on the Over the Counter Bulletin Board when he resigned from these positions on 2 February 2007. He is the spouse of Ms. Kwok King Wa (郭景華), an executive Director and the elder brother of Ms. Li Yin (李燕), an executive Director. Mr. Li is also an authorised representative of the Company.

MS. KWOK KING WA (郭景華女士), aged 51, is an executive Director and the chairman of the Company. She is responsible for the Group's overall management, corporate planning and business development. Ms. Kwok has over 12 years of experience in the telecommunications industry. She has been the Director of the Company since 2000. She is the spouse of Mr. Li Kin Shing (李健誠), an executive Director and chief executive officer of the Company. Ms. Kwok is also an authorised representative of the Company.

MS. LI YIN (李燕女士), aged 33, is an executive Director and the chief operation officer of the Company and the general manager of China Elite. She is responsible for the Group's overall management, corporate planning and business development. Ms. Li obtained a diploma in Finance from Guangzhou University in 1998. Ms. Li has over 8 years of experience in the telecommunications industry. She has been the assistant to the general manager of the Company since 2000. She is the sister of Mr. Li Kin Shing, an executive Director and chief executive officer of the Company.

MR. WONG KIN WA (黃建華先生), aged 40, is an executive Director and the chief financial officer of the Company. Mr. Wong obtained a diploma in Auditing from Guangzhou Radio & TV University in 1988. He joined the Group as chief financial officer in 2000 and is responsible for the overall management of the Group's financial matters. Mr. Wong has over 11 years of finance and marketing experience, in particular in the telecommunications industry in Hong Kong and Macau. Before joining the Group, he was the manager of China-Hong Kong Telelink Company Limited from 1997 to 1999. Mr. Wong joined Denway Motors Limited (駿威汽車有限公司) (previously known as Denway Investment Limited), a company whose shares are listed on the Main Board of the Stock Exchange, as the vice general manager in 1993.

MR. LI WEN (李文先生), aged 45, is an executive Director and the deputy general manager of the Company. Mr. Li is responsible for overseeing the overall management of the Group's marketing activities. Mr. Li holds a bachelor degree in Electronic Engineering from Xi'an Electronic and Technology University (西安電子科技大學) and an Executive Master of Business Administration from Sun Yat Sen University (中山大學). He also holds the qualification as an engineer granted by Ministry of Mechanical and Electrical Industry (機械電子工業部). Mr. Li has over 21 years of experience in electronic industry. Mr. Li joined the Group in 2000.

Independent Non-executive Directors

MR. TANG YUE (唐越先生), aged 37, was appointed as an independent non-executive Director in September 2007. Mr. Tang is a co-founder of eLong, Inc. Mr. Tang served as Chairman from its inception in1999 to July 2006 and Chief Executive Officer from its inception in 1999 to January 2006, and remains as a director of eLong, Inc., a wholly-owned subsidiary of which, namely eLongNet Information Technology (Beijing) Co., Ltd. ("eLong Net"), is a customer of the Group in the past years and as at the date of this report. As of 31 December 2007, Mr. Tang was beneficially interested in 1,438,748 ordinary shares in eLong Inc., representing approximately 6.5% of the then issued ordinary shares of eLong Inc. and an aggregate 3,212,500 ordinary shares in eLong Inc. issuable upon the exercise of options beneficially interested by Mr. Tang. Prior to founding eLong.com , Mr. Tang held various positions in the financial services industry in the United States from 1993 to 1999. On 30 December 2002, Mr. Tang was appointed as a director of PacificNet, Inc., a company incorporated in the State of Delaware and listed on the Nasdaq Global Market in the US. He later resigned from this directorship in PacificNet, Inc. in 2004. Mr. Tang is currently the Co-Founder of Blue Ridge China, a private equity investment fund focusing on China. Mr. Tang is currently (i) a non-executive director of eLong, Inc., a limited liability company incorporated in BVI and continued

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

in the Cayman Islands, whose shares are listed on the Nasdaq Global Market in the US; and (ii) a non-executive director of ChinaCast Education Corporation, a limited liability company incorporated in the State of Delaware, US, whose shares are displayed on the NASDAQ Global Market in the US. Mr. Tang studied at Nanjing University in the PRC and received his bachelor's degree in Business Administration from Concordia College in the US.

MR. CHEN XUE DAO (陳學道先生), aged 65, was appointed as an independent non-executive Director in September 2007. Mr. Chen obtained a bachelor degree in Cable Communications from Beijing University of Posts and Telecommunications in 1967. Mr. Chen was appointed as the head of Guangdong Communications Administration (廣東省通信管理局) in 2001. Mr. Chen is currently a member of the Telecommunications the Ministry of Information Industry of the PRC member of the Economic Specialists in the Telecommunications Committee of the Ministry of Information Industry of the PRC (中國信息產業部通信科學技術委員會), fellow member of the China Institute of Communications (中國信息產業部電信經濟專家委員會), chairman of the Guangdong Institute of Communications (廣東省通信學會), Honorary chairman of Guangdong Communication Industry Association (廣東省通信行業協會) and Honorary chairman of Guangdong Internet Society (廣東省互聯網協會). Mr. Chen also holds the qualification of a senior engineer at Professor grade, and he has been granted the special subsidy by the State Council of the PRC for his prominent contributions to engineering science since 1992.

MR. CHEUNG SAI MING (張世明先生), aged 33, was appointed as an independent non-executive Director in September 2007. Mr. Cheung is a certified public accountant of Hong Kong and an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Cheung obtained a bachelor degree of arts in accountancy and finance from the Heriot-Watt University in 2006. He has extensive experience in auditing and accounting.

Senior Management

MR. ZHANG LAN (張嵐先生), aged 48, joined the Group in 2002 as Deputy General Manager of the Company overseeing the Company's technology department. Mr. Zhang graduated with a bachelor degree in Telecommunications from Shanghai Railway College in 1982 and possesses over 21 years of experience in the telecommunications technology industry.

MS. CHAN WAI CHING (陳惠貞女士), aged 46, is the Group's Qualified Accountant and Company Secretary. Ms. Chan has over 25 years of experience in accounting, and is an associate member of the Hong Kong Institute of Certified Public Accountant and a fellow member of the Association of Chartered Certified Accountants. Ms. Chan holds a Post-Experience Certificate in Accountancy obtained from The Hong Kong Polytechnic University.

MS. XUAN JING SHAN (禤靜珊女士), aged 39, joined the Group in 1999 and is the finance manager of the Group. Ms. Xuan worked as the accounts manager in Guangzhou Talent Information Engineering Company Limited (廣州天龍信息工程公司) from 1992 to 1999. She has over 11 years of experience in the finance field. Ms. Xuan graduated from the Guangzhou Radio and TV University (廣州市廣播電視大學) with a diploma in Financial Accounting in 1992.

MS. LIN YUAN YI (林原翼女士), aged 33, joined the Group in 2005 and is the Manager of the Group's Customer Service Department and assistant to the General Manager. Ms. Lin has over 14 years of experience in customer relationship management. Prior to joining the Group, Ms. Lin worked for a Telecommunications service provider for over 10 years. Ms. Lin graduated from the Tai Shan Panshi TV University (臺山磐石電視大學) with a Diploma in Pedagogic English in 1994.

MS. PENG JIAN TAO (彭健濤女士), aged 33, joined the Group in 2005 and is the Manager of the Group's Mobile Relationship Management Centre and assistant to the General Manager. Ms. Peng has over 11 years of experience in customer relationship management. Prior to joining the Group, Ms. Peng worked for a Telecommunications service provider for 7 years. Ms. Peng obtained a Certificate in Administrative Management from the University of Macau (澳門大學) in 2000.

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of International Elite Ltd.
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of International Elite Ltd. (the "Company") and its subsidiaries (the "Group") set out on page 35 to 77, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or errors; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince Building
10 Charter Road
Central, Hong Kong

25 March 2008

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2007
(Expressed in Hong Kong dollars)

	Note	2007 $'000	2006 $'000
Turnover	3	**213,870**	149,864
Cost of sales		**(116,123)**	(97,664)
Gross profit		**97,747**	52,200
Other revenue	4	**3,091**	284
Administrative expenses		**(38,712)**	(22,106)
Profit from operations		**62,126**	30,378
Finance costs	5(a)	**(186)**	–
Profit before taxation	5	**61,940**	30,378
Income tax	6	**(2,193)**	6,290
Profit for the year attributable to equity shareholders of the Company		**59,747**	36,668
Earnings per share			
– Basic	11	**HK$0.08**	HK$0.06
– Diluted	11	**HK$0.08**	HK$0.06

The notes on pages 40 to 77 form part of the financial statements.

CONSOLIDATED BALANCE SHEET

at 31 December 2007
(Expressed in Hong Kong dollars)

	Note	2007 $'000	2006 $'000
Non-current assets			
Property, plant and equipment	12	**25,013**	29,545
Deferred tax assets	14(b)	**4,432**	6,290
Total non-current assets		**29,445**	35,835
Current assets			
Trade and other receivables	16	**61,663**	50,097
Cash at bank and in hand	17	**385,715**	34,064
Total current assets		**447,378**	84,161
Total assets		**476,823**	119,996
Current liabilities			
Trade and other payables	18	**20,686**	59,318
Current taxation	14(a)	**335**	–
Total current liabilities		**21,021**	59,318
Net current assets		**426,357**	24,843
Total assets less current liabilities		**455,802**	60,678
Net assets		**455,802**	60,678
Equity			
Share capital	19	**9,462**	14
Reserves	20	**446,340**	60,664
Total equity		**455,802**	60,678

Approved and authorised for issue by the board of directors on 25 March 2008.

Kwok King Wa
Director

Li Kin Shing
Director

The notes on pages 40 to 77 form part of the financial statements.

BALANCE SHEET

at 31 December 2007
(Expressed in Hong Kong dollars)

	Note	2007 $'000	2006 $'000
Non-current assets			
Property, plant and equipment	12	**945**	1,951
Investment in subsidiaries	13	**97**	97
Total non-current assets		**1,042**	2,048
Current assets			
Amounts due from subsidiaries	15	**102,585**	102,167
Trade and other receivables	16	**1,423**	2,609
Cash at bank and in hand	17	**323,185**	22,843
Total current assets		**427,193**	127,619
Total assets		**428,235**	129,667
Current liabilities			
Amounts due to subsidiaries	15	**43,247**	42,158
Trade and other payables	18	**5,065**	47,118
Total current liabilities		**48,312**	89,276
Net current assets		**378,881**	38,343
Total assets less current liabilities		**379,923**	40,391
Net assets		**379,923**	40,391
Equity			
Share capital	19	**9,462**	14
Reserves	20	**370,461**	40,377
Total equity		**379,923**	40,391

Approved and authorised for issue by the board of directors on 25 March 2008.

Kwok King Wa
Director

Li Kin Shing
Director

The notes on pages 40 to 77 form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2007
(Expressed in Hong Kong dollars)

	Share capital $'000 Note 19	Reserves $'000 Note 20	Total equity $'000
As at 1 January 2006	14	22,261	22,275
Net profit for the year	–	36,668	36,668
Recognised expenses on free rental from an ultimate shareholder	–	1,032	1,032
Exchange difference on translation of financial statements of subsidiaries	–	703	703
As at 31 December 2006 and 1 January 2007	14	60,664	60,678
Net profit for the year	–	59,747	59,747
Issue of New shares	14	–	14
Repurchase of existing shares	(14)	–	(14)
Other allotment	342	–	342
Capitalisation issue	6,484	(6,484)	–
Issue of New shares by placing	2,622	–	2,622
Share premium for issuing New shares	–	353,970	353,970
Share issue expenses	–	(27,583)	(27,583)
Equity settled share-based payment	–	4,204	4,204
Exchange difference on translation of financial statements of subsidiaries	–	1,822	1,822
As at 31 December 2007	9,462	446,340	455,802

The notes on pages 40 to 77 form part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2007
(Expressed in Hong Kong dollars)

	Note	2007 $'000	2006 $'000
Operating activities			
Profit before taxation		**61,940**	30,378
Adjustments for:			
– Depreciation	5(c)	**9,000**	7,104
– Expenses recognised on fair value of free rental	27(b)(iii)	**–**	1,032
– Impairment losses of trade receivables	16(b)	**362**	–
– Interest income	4	**(3,070)**	(257)
– Finance costs	5(a)	**186**	–
– Equity settled share-based payment expenses		**4,204**	–
– Foreign exchange loss		**646**	–
Operating profit before changes in working capital		**73,268**	38,257
Increase in trade and other receivables		**(23,276)**	(16,422)
Increase/(decrease) in trade and other payables		**6,402**	(1,261)
Net cash generated from operating activities		**56,394**	20,574
Investing activities			
Payment for the purchase of property, plant and equipment		**(4,243)**	(12,026)
Advances made to related parties		**(472)**	(3,950)
Repayments received from related parties		**11,820**	450
Interest received		**3,070**	257
Net cash generated from/(used in) investing activities		**10,175**	(15,269)
Financing activities			
Proceed from issuance of shares			
– By placing	19(iv)	**356,592**	–
– Other allotment	19(ii)	**342**	–
Increase in pledged deposits		**(18,968)**	(639)
Advances received from related parties		**671**	4,958
Repayments made to related parties		**(47,353)**	(10,104)
Payment of share issue expenses		**(24,829)**	–
Finance charges		**(186)**	–
Net cash generated from/(used in) financing activities		**266,269**	(5,785)
Net increase / (decrease) in cash and cash equivalents		**332,838**	(480)
Cash and cash equivalents at 1 January	17	**13,032**	13,597
Effect of foreign exchange rate changes		**(155)**	(85)
Cash and cash equivalents at 31 December	17	**345,715**	13,032

The notes on pages 40 to 77 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 BACKGROUND OF THE COMPANY

The Company was incorporated in the Cayman Islands on 18 September 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company has established a place of business in Hong Kong and was registered in Hong Kong under Part XI of the Companies Ordinance as an overseas company on 27 June 2007. On 16 October 2007, the Company listed its shares with a par value of HK$0.01 each on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board (the "IASB"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The IASB has issued a number of new and revised IFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of IFRS 7, Financial instruments: Disclosures and the amendment to IAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:

As a result of the adoption of IFRS 7, the financial statements include expanded disclosure about the significance of the group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by IAS 32, Financial instruments: Disclosure and presentation. These disclosures are provided throughout these financial statements, in particular in note 23.

The amendment to IAS 1 introduces additional disclosure requirements to provide information about the level of capital and the group's and the company's objectives, policies and processes for managing capital. These new disclosures are set out in note 23(d).

Both IFRS 7 and the amendment to IAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new and revised standard or interpretation that is not yet effective for the current accounting period (see note 29).

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2007 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for certain financial instruments that have been initially measured at fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 25.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)).

(d) Property, plant and equipment

(i) Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(h)).

Cost comprises direct cost at construction including the capitalisation of staff cost on the application development and equipment assembly on respective property, plant and equipment. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. These costs, which are not eligible for capitalisation under accounting standards, are recognised as expenses under staff costs in the period in which they are incurred.

(ii) Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

–	Leasehold improvements	the shorter of the unexpired term of lease and their estimated useful lives
–	Facilities equipment	5 years
–	Office equipment	3 – 5 years
–	Vehicles and other equipment	3 – 5 years

(iii) Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(iv) Construction in progress represents items of property, plant and equipment under construction and pending installation and is stated at cost less impairment losses (see note 2(h)).

Construction in progress is transferred to property, plant and equipment when it is substantially ready for its intended use. No depreciation is provided against construction in progress.

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Operating lease charges

Leases of assets under which the lessor has not transferred substantially all the risks and rewards of ownership are classified as operating leases.

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(f) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(g) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(h) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables that are carried at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collectively group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Impairment of assets *(continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

– property, plant and equipment
– investments in subsidiaries

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount
The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses
An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses
An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Employee benefits

(i) Short term employee benefits and contribution to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(k) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Income tax *(continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Customer Relationship Management services

Customer Relationship Management services comprise inbound services which include customer hotline services and Built-in-Secretarial services, a personalised message taking services, and outbound services which include telesales services and market research services.

Revenue is recognised when the services have been provided and the Group has obtained the right to demand payment of the consideration. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due or when the amount of revenue and the costs incurred or to be incurred in respect of the services cannot be measured reliably.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(n) Repairs and maintenance expenditure

Repairs and maintenance expenditure, including cost of overhaul, is expensed as incurred.

(o) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (“functional currency”). The Financial statements are presented in Hong Kong dollars (“presentation currency”).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Translation of foreign currencies *(continued)*

(ii) Transactions and balances

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations for entities with functional currencies other than Hong Kong dollars are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

(p) Related parties

For the purposes of the financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group has two business segments: inbound services and outbound services.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, borrowings, tax balances, corporate and financing expenses.

3 TURNOVER

The principal activity of the Group is the provision of Customer Relationship Management services, which included inbound services and outbound services, to companies in various service-oriented industries.

The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2007	2006
	$'000	$'000
Inbound services	**111,822**	103,313
Outbound services	**102,048**	46,551
	213,870	149,864

4 OTHER REVENUE

	2007	2006
	$'000	$'000
Interest income from bank deposits	**3,070**	257
Others	**21**	27
	3,091	284

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2007 $'000	2006 $'000
(a)	**Finance costs:**		
	Finance charges	**186**	–
(b)	**Staff costs:**		
	Contributions to defined contribution retirement plan	**7,347**	6,306
	Equity settled share-based payment expenses	**4,204**	–
	Salaries, wages and other benefits	**103,062**	86,264
		114,613	92,570
(c)	**Other items:**		
	Depreciation	**9,000**	7,104
	Taxes other than income tax	**5,333**	3,090
	Auditors' remuneration		
	– audit services	**1,094**	83
	– tax services	**120**	–
	Repair and maintenance	**997**	743
	Operating lease charges in respect of		
	– rental of building, offices and dormitories	**4,637**	2,305
	– hire of transmission lines	**7,249**	6,085

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2007 $'000	2006 $'000
Provision for Hong Kong profits tax	**(335)**	–
Deferred taxation (note 14(b))	**(1,858)**	6,290
Total income tax (expense)/credit	**(2,193)**	6,290

(Expressed in Hong Kong dollars)

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(continued)*

(a) Taxation in the consolidated income statement represents: *(continued)*

(i) Hong Kong profits tax

The provision for Hong Kong profits tax for the year ended 31 December 2007 is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year ended 31 December 2007.

No provision has been made for Hong Kong profits tax for the year ended 31 December 2006 as the Group had no assessable profits arising in or derived from Hong Kong during the year ended 31 December 2006.

On 27 February 2008, the Financial Secretary of the Hong Kong SAR Government announced his annual Budget which proposes a cut in the profits tax rate from 17.5% to 16.5% with effect from the fiscal year 2008-09 and a one-off reduction of 75% of the tax payable for the 2007-08 assessment subject to a ceiling of HK$25,000. In accordance with the Group's accounting policy set out in note 2(k), no adjustments have been made to these financial statements as a result of this announcement.

The Directors estimate that these proposed changes will have no material impact on the opening balances of the Group and the Company as at 1 January 2008.

(ii) Income taxes outside Hong Kong

The Company's subsidiaries established in the British Virgin Islands, namely Keithick Profits Limited and PacificNet Management Limited, are incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from payment of the British Virgin Islands income tax.

The Company's subsidiaries established in Macau, namely International Elite Ltd. – Macao Commercial Offshore and PacificNet Communications Limited – Macao Commercial Offshore, are incorporated under the Commercial Code and regulations on offshore activities of Macau and, accordingly, are exempted from payment of the Macau income tax.

The applicable tax rate of the Company's subsidiary in the PRC, namely China Elite Info. Co. Limited ("China Elite"), was 33% in respect of the year ended 31 December 2007 (2006: 33%).

On 16 March 2007, the Fifth Session of the Tenth National People's Congress passed the united enterprise income tax law in the PRC. Pursuant to the united income tax law, the income tax rate that is applicable to the subsidiary of the Group in the PRC would be reduced from 33% to 25% effective from 1 January 2008. The Group's deferred tax assets have been reduced as a result of the change in tax rate and the financial effect of the which has been reflected in the Group's financial statements for the year ended 31 December 2007.

(Expressed in Hong Kong dollars)

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2007 $'000	2006 $'000
Accounting profit/(loss) before taxation for entities		
– with tax rate of 33%	13,238	(16,642)
– with tax rate of 17.5%	4,361	(1,058)
– with nil tax rate	44,341	48,078
Total	61,940	30,378
Tax on accounting profit/(loss) before taxation using applicable tax rates for entities		
– with tax rate of 33%	4,369	(5,492)
– with tax rate of 17.5%	763	(185)
– with nil tax rate	–	–
Tax effect of non-deductible expenses	179	–
Tax effect of unused tax losses not recognised	88	5,677
Reduction in deferred tax assets resulting from reduction in tax rate	466	–
Recognition of tax losses not recognised previously	(3,672)	(6,290)
Income tax expense/(credit)	2,193	(6,290)

7 DIRECTORS' REMUNERATION

Directors' remuneration is as follows:

For the year ended 31 December 2007

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonus $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments (Note) $'000	Total $'000
Executive directors							
Li Kin Shing	17	–	–	–	17	1,400	1,417
Kwok King Wa	17	–	–	–	17	1,299	1,316
Li Yin	17	240	20	13	290	882	1,172
Wong Kin Wa	17	396	33	21	467	140	607
Li Wen	17	–	–	–	17	70	87
Independent non-executive directors							
Tang Yue	17	–	–	–	17	35	52
Chen Xue Dao	17	–	–	–	17	35	52
Cheung Sai Ming	17	–	–	–	17	35	52
Total	136	636	53	34	859	3,896	4,755

(Expressed in Hong Kong dollars)

7 DIRECTORS' REMUNERATION *(continued)*

For the year ended 31 December 2006

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonus $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments $'000	Total $'000
Executive directors							
Li Kin Shing	–	–	–	–	–	–	–
Kwok King Wa	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–

Note*:*

These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(j)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 21.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2006: nil) is director whose emoluments are disclosed in note 7. The aggregate emoluments in respect of the other four (2006: five) highest paid individuals are as follows:

	2007 $'000	2006 $'000
Salaries and other emoluments	**2,374**	1,341
Employees discretionary bonuses	**81**	53
Share-based payments	**53**	–
Retirement scheme contributions	**48**	50

The emoluments of the four (2006: five) individuals with the highest emoluments are within the following bands:

	2007 Number of individuals	2006 Number of individuals
HK$Nil – HK$1,000,000	**3**	5
HK$1,000,000 – HK$1,500,000	**1**	–

9 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$5,977,000 (2006: HK$15,056,000) which has been dealt with in the financial statements of the Company.

(Expressed in Hong Kong dollars)

10 DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2007 (2006: Nil).

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$59,747,000 (2006: HK$36,668,000) and the weighted average of 713,827,000 shares in issue (2006: 649,800,000 shares after adjusting for the capitalisation issues in 2007) during the year, calculated as follows:

Weighted average number of ordinary shares

	2007 **'000**	2006 '000
Issued ordinary shares at 1 January	**17,950**	17,950
Effect of Issue of New shares (note 19(i))	**1,400**	1,400
Effect of repurchase of existing shares (note 19(i))	**(17,950)**	(17,950)
Effect of Other allotment (note 19(ii))	**10,775**	–
Effect of Capitalisation Issue (note 19(iii))	**648,400**	648,400
Effect of issue of New shares by placing (note 19(iv))	**53,252**	–
Weighted average number of ordinary shares at 31 December	**713,827**	649,800

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$59,747,000 (2006: HK$36,668,000) and the weighted average number of ordinary shares of 715,520,000 shares (2006: 649,800,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2007 **'000**	2006 '000
Weighted average number of ordinary shares at 31 December	**713,827**	649,800
Effect of deemed issue of share under the Company's share option scheme (note 21)	**1,693**	–
Weighted average number of ordinary shares (diluted) at 31 December	**715,520**	649,800

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

12 PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements $'000	Facilities equipment $'000	Office equipment $'000	Vehicles and other equipment $'000	Construction in progress $'000	Total $'000
Cost:						
At 1 January 2006	11,458	17,554	7,993	3,815	326	41,146
Additions	223	3,237	328	19	7,623	11,430
Transfer from construction in progress	3,920	2,368	1,423	–	(7,711)	–
Translation adjustments	380	453	287	83	7	1,210
At 31 December 2006 and 1 January 2007	15,981	23,612	10,031	3,917	245	53,786
Additions	–	1,483	247	82	1,326	3,138
Transfer from construction in progress	345	–	565	3	(913)	–
Translation adjustments	775	867	896	142	34	2,714
At 31 December 2007	**17,101**	**25,962**	**11,739**	**4,144**	**692**	**59,638**
Accumulated depreciation:						
At 1 January 2006	(5,941)	(7,532)	(2,400)	(842)	–	(16,715)
Charge for the year	(2,128)	(2,897)	(1,369)	(710)	–	(7,104)
Translation adjustments	(156)	(167)	(80)	(19)	–	(422)
At 31 December 2006 and 1 January 2007	(8,225)	(10,596)	(3,849)	(1,571)	–	(24,241)
Charge for the year	(3,259)	(3,374)	(1,630)	(737)	–	(9,000)
Translation adjustments	(438)	(476)	(400)	(70)	–	(1,384)
At 31 December 2007	**(11,922)**	**(14,446)**	**(5,879)**	**(2,378)**	**–**	**(34,625)**
Net book value:						
At 31 December 2007	**5,179**	**11,516**	**5,860**	**1,766**	**692**	**25,013**
At 31 December 2006	7,756	13,016	6,182	2,346	245	29,545

(Expressed in Hong Kong dollars)

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Company

	Leasehold improvements $'000	Facilities equipment $'000	Office equipment $'000	Total $'000
Cost:				
At 1 January 2006	4,821	271	14	5,106
At 31 December 2006 and 1 January 2007	4,821	271	14	5,106
Additions	–	–	13	13
At 31 December 2007	**4,821**	**271**	**27**	**5,119**
Accumulated depreciation:				
At 1 January 2006	(2,122)	–	(13)	(2,135)
Charge for the year	(965)	(54)	(1)	(1,020)
At 31 December 2006 and 1 January 2007	(3,087)	(54)	(14)	(3,155)
Charge for the year	(964)	(54)	(1)	(1,019)
At 31 December 2007	**(4,051)**	**(108)**	**(15)**	**(4,174)**
Net book value				
At 31 December 2007	**770**	**163**	**12**	**945**
At 31 December 2006	1,734	217	–	1,951

13 INVESTMENT IN SUBSIDIARIES

The Company

	2007 $'000	2006 $'000
Unlisted shares, at cost	**97**	97

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

13 INVESTMENT IN SUBSIDIARIES *(continued)*

The following list contains the particulars of all the subsidiaries. The class of shares held is ordinary.

Name of company	Place of incorporation and operation	Particular of issued and paid-up capital and debt securities	Portion of ownership interest: Group's effective interest	Portion of ownership interest: Held by the Company	Portion of ownership interest: Held by a subsidiary	Principal activities
Keithick Profits Limited ("Keithick")	British Virgin Islands	Authorised capital of US$50,000 and paid-up capital of US$1	100%	100%	–	Investment holding
Winet Engineering Limited ("Winet")	Hong Kong, PRC	Authorised capital of HK$10,000 and paid-up capital of HK$2	100%	–	100%	Marketing and technical support services for telecommunications companies
PacificNet Management Limited ("PacificNet Management")	British Virgin Islands	Authorised capital of US$50,000 and paid-up capital of US$50	100%	100%	–	Investment holding
China Elite Information Co., Ltd. ("China Elite")	PRC	Registered and paid-up capital of HK$94,000,000	100%	–	100%	Services relating to information and telecommunications system network technology; data communications technology services
International Elite Limited – Macao Commercial Offshore ("International Elite Macau")	Macau Special Administrative Region ("Macau") of the PRC	Authorised and paid-up capital of Macau Patacus ("MOP") 100,000	100%	100%	–	Call centre for customer support and back offices
PacificNet Communications Limited – Macao Commercial Offshore ("PacificNet Communications")	Macau, PRC	Authorised and paid-up capital of MOP100,000	100%	–	100%	Call centre for customer support and back offices

(Expressed in Hong Kong dollars)

14 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

The Group

	2007 **$'000**	2006 $'000
Provision for Hong Kong profits tax for the year	**335**	–

(b) Deferred tax assets recognised

The Group

The component of deferred tax assets recognised in the consolidated balance sheets and the movements during the year are as follows:

Deferred tax arising from:

	Unutilised tax loss $'000
As at 1 January 2006	–
Credited to income statement	6,290
As at 31 December 2006 and 1 January 2007	6,290
Changed to income statement	(1,858)
As at 31 December 2007	**4,432**

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profit is probable. As at 31 December 2007, the Group did not recognise deferred tax assets in respect of cumulative reported tax losses in China Elite amounting to approximately HK$45 million (2006: HK$53 million), as it is not probable that future taxable profits against which the losses can be utilised will be available to China Elite. The tax losses expire within five years after the year the loss occurred under the current tax legislation, the details of which are set out below:

(Expressed in Hong Kong dollars)

14 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(continued)*

(b) Deferred tax assets recognised *(continued)*

Occurrence year	Unexpired tax losses as at 31 December 2007 RMB'000	Unexpired tax losses as at 31 December 2006 RMB'000	Expiry year
2002	–	2,187	2008
2003	–	16,356	2009
2004	9,365	9,965	2010
2005	27,663	27,663	2011
2006	16,220	16,220	2012
	53,248	72,391	
Less: Amount recognised	(11,521)	(19,143)	
	41,727	53,248	
Equivalent to HK$	44,561	53,021	

15 AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from/to subsidiaries were interest free and repayable on demand.

16 TRADE AND OTHER RECEIVABLES

	Note	2007 $'000	2006 $'000
The Group			
Trade receivables			
– amounts due from related parties	27(c)	**902**	4,041
– amounts due from third parties		**58,349**	32,263
Deposits, prepayments and other receivables			
– amounts due from an ultimate shareholder and related parties	27(c)	**–**	11,743
– others		**2,412**	2,050
		61,663	50,097

(Expressed in Hong Kong dollars)

16 TRADE AND OTHER RECEIVABLES *(continued)*

	2007 $'000	2006 $'000
The Company		
Trade receivables		
– amounts due from related parties	–	31
Deposits, prepayments and other receivables		
– amounts due from an ultimate shareholder and related parties	–	2,379
– others	1,423	199
	1,423	2,609

The amount due from an ultimate shareholder and related parties are unsecured, interest free and repayable on demand.

(a) Ageing analysis

Included in trade receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	2007 $'000	2006 $'000
The Group		
Aged within 1 month	22,526	18,670
Aged between 1 to 3 months	33,559	12,588
Aged between 3 to 6 months	3,166	2,283
Aged between 6 months to 1 year	–	2,763
	59,251	36,304
The Company		
Aged within 1 month	–	31

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(h)(i)).

(Expressed in Hong Kong dollars)

16 TRADE AND OTHER RECEIVABLES *(continued)*

(b) Impairment of trade receivables *(continued)*

The movement in the allowance for doubtful debts during the year is as follows:

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
At 1 January	**–**	–	**–**	–
Impairment loss recognised	**362**	–	**–**	–
Uncollectible amounts written off	**–**	–	**–**	–
	362	–	**–**	–

At 31 December 2007, the Group's trade receivables of HK$362,000 (2006: nil) were individually determined to be impaired. The individually impaired receivables related to invoices that were default in payments and management assessed that the receivables are not to be recovered. Consequently, specific allowances for doubtful debts of HK$362,000 (2006: nil) were recognised. The Group does not hold any collateral over these balances. The Group's credit policy is set out in note 23(a).

17 CASH AT BANK AND IN HAND

	2007	2006
	$'000	$'000
The Group		
Fixed deposits	**318,733**	21,032
Cash in hand and demand deposits	**66,982**	13,032
Cash at bank and in hand in the consolidated balance sheet	**385,715**	34,064
Fixed deposits held as security for letters of credit	**(40,000)**	(21,032)
Cash and cash equivalents in the consolidated cash flow statement	**345,715**	13,032
The Company		
Fixed deposits	**318,733**	21,032
Cash in hand and demand deposits	**4,452**	1,811
Cash at bank and in hand in the balance sheet	**323,185**	22,843

(Expressed in Hong Kong dollars)

18 TRADE AND OTHER PAYABLES

	Note	2007 $'000	2006 $'000
The Group			
Creditors and accrued charges		**19,524**	11,568
Advance payments from customers		**–**	583
Amounts due to an ultimate shareholder	27(c)	**967**	6,419
Amounts due to related parties	27(c)	**195**	40,748
		20,686	59,318
The Company			
Creditors and accrued charges		**4,985**	350
Advance payments from customers		**–**	165
Amounts due to an ultimate shareholder		**–**	6,418
Amounts due to related parties		**80**	40,185
		5,065	47,118

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

	2007 $'000	2006 $'000
The Group		
Due within 3 months or on demand	**12,964**	12,250
The Company		
Due within 3 months or on demand	**167**	515

All of the trade payables are expected to be settled within one year.

The amount due to an ultimate shareholder and related parties are unsecured, interest free and repayable on demand.

(Expressed in Hong Kong dollars)

19 SHARE CAPITAL

Authorised and issued share capital

		2007		2006	
		No. of shares '000	**$'000**	No. of shares '000	$'000
Authorised:					
Ordinary shares of US$0.0001 each	(i)	–	–	500,000	390
Ordinary shares of HK$0.01 each	(i)	**4,000,000**	**40,000**	–	–
Ordinary shares, issued and fully paid:					
At 1 January		**17,950**	**14**	17,950	14
Issue of New shares	(i)	**1,400**	**14**	–	–
Repurchase of existing shares	(i)	**(17,950)**	**(14)**	–	–
Other allotment	(ii)	**34,200**	**342**	–	–
Capitalisation Issue	(iii)	**648,400**	**6,484**	–	–
Issue of New shares by placing	(iv)	**262,200**	**2,622**	–	–
At 31 December		**946,200**	**9,462**	17,950	14

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(i) On 8 September 2007, the authorised share capital of the Company was increased by HK$40,000,000 by the creation of 4,000,000,000 shares ("New shares") at par value of HK$0.01 each. The Company then issued an aggregate of 1,400,100 New shares at par value of HK$0.01 each to Ever Prosper International Limited ("Ever Prosper"), the immediate parent and ultimate controlling party.

Following the issue of New shares, the Company repurchased all 17,950,000 existing issued shares of US$0.0001 each in the capital of the Company at a price of HK$14,001 in aggregate ("the Repurchase") which was paid out from the proceeds of the issue of New shares. Following the Repurchase, the authorised share capital of the Company was reduced by the cancellation of all unissued shares of US$0.0001 each in the capital of the Company.

(ii) 34,200,000 shares of HK$0.01 each were allotted and issued at par to Ever Prosper on 8 September 2007 with proceeds of HK$342,000 received ("Other allotment").

(Expressed in Hong Kong dollars)

19 SHARE CAPITAL *(continued)*

(iii) On 21 September 2007, the Company allotted and issued a total of 648,399,900 shares at par value of HK$0.01 each to Ever Prosper by capitalising the Company's retained profits of HK$6,483,999 ("Capitalisation Issue").

(iv) On 16 October 2007, 228,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$1.36 per share and listed on the GEM of the Stock Exchange. On 7 November 2007, an additional 34,200,000 ordinary shares of HK$0.01 each were issued at a price of HK$1.36 per share.

Part of proceeds of HK$2,622,000, being the par value of the shares issued, was credited to the Company's share capital account. The remaining proceeds of HK$353,970,000 as set off by share issuance expenses of HK$27,583,000 were credited to the share premium account (Note 20).

The application of the share premium account of the Company is governed by the Companies Law (Revised) of the Cayman Islands.

(v) Terms of unexpired and unexercised share options at the balance sheet date.

Exercise period	Exercise price	**2007 Number**	2006 Number
16 October 2008 to 15 April 2009	HK$1.36	**60,000,000**	–

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

20 RESERVES

The Group

	Statutory reserve $'000 Note (i)	Exchange reserve $'000	Share premium $'000	Capital contribution reserve $'000 Note 27(b)(iii)	Capital reserve $'000	Retained profits $'000	Total $'000
As at 1 January 2006	97	(49)	–	4,934	–	17,279	22,261
Net profit for the year	–	–	–	–	–	36,668	36,668
Recognised expenses on free rental from an ultimate shareholder	–	–	–	1,032	–	–	1,032
Exchange difference on translation of financial statements of subsidiaries	–	703	–	–	–	–	703
As at 31 December 2006 and 1 January 2007	97	654	–	5,966	–	53,947	60,664
Net profit for the year	–	–	–	–	–	59,747	59,747
Capitalisation Issue (Note 19(iii))	–	–	–	–	–	(6,484)	(6,484)
Share premium for issuing new shares (Note 19(iv))	–	–	353,970	–	–	–	353,970
Share issue expenses (Note 19 (iv))	–	–	(27,583)	–	–	–	(27,583)
Equity settled share-based payment (Note 21)	–	–	–	–	4,204	–	4,204
Exchange difference on translation of financial statements of subsidiaries	–	1,822	–	–	–	–	1,822
As at 31 December 2007	97	2,476	326,387	5,966	4,204	107,210	446,340

(Expressed in Hong Kong dollars)

20 RESERVES *(continued)*

The Company

	Share premium $'000 Note (ii)	Capital reserve $'000	Retained profits $'000 Note (ii)	Total $'000
As at 1 January 2006	–	–	25,321	25,321
Net profit for the year	–	–	15,056	15,056
As at 31 December 2006 and 1 January 2007	–	–	40,377	40,377
Net profit for the year	–	–	5,977	5,977
Capitalisation Issue (Note 19(iii))	–	–	(6,484)	(6,484)
Share premium for issuing new shares (Note 19 (iv))	353,970	–	–	353,970
Share issue expenses (Note 19 (iv))	(27,583)	–	–	(27,583)
Equity settled share-based payment (Note 21)	–	4,204	–	4,204
As at 31 December 2007	326,387	4,204	39,870	370,461

(i) Statutory reserve

The Group's wholly owned subsidiaries in Macau are required to transfer not less than 25% of their net profits, as determined in accordance with Commercial Code of Macau, to their statutory reserve funds until the balance reaches 50% of the registered capital. As at 1 January 2007, the balances of statutory reserve in these subsidiaries had already reached 50% of their respective registered capital and no more transfer was required to be made to the statutory reserve funds of these subsidiaries.

The statutory reserve can be used to make up for previous years' losses of the subsidiaries, if any. This fund can also be used to increase capital of the subsidiaries, if approved. This fund is non-distributable other than upon liquidation. Transfer to this fund must be made before distributing dividends to the equity holders.

Pursuant to the applicable regulations in the PRC, the Group's wholly owned subsidiary in the PRC, namely China Elite, is required to transfer at least 10% of its after-tax profit determined under the relevant accounting regulations in the PRC (after offsetting prior year losses) to the statutory reserve until the balance reaches 50% of the registered capital. As China Elite had accumulated losses, no transfer was made to the statutory reserve during the year.

(Expressed in Hong Kong dollars)

20 RESERVES *(continued)*

(ii) Distributability of reserves

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

As at December 2007, the Company had HK$366,257,000 available for distribution to equity shareholders of the Company (2006: HK$40,377,000).

21 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has two share option schemes, namely the Share Option Scheme and the Pre-IPO Share Option Scheme, which were adopted on 21 September 2007 whereby the Board of the Company is authorised, at its discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at a cash consideration of HK$1.00 for each grantee to subscribe for shares of the Company. As at 31 December 2007, no option was granted under the Share Option Scheme. The exercise price of the share options under the Pre-IPO Share Option Scheme was determined based on the new issue price of the Company's shares on 16 October 2007 (the "Listing Date"). The options vest after one year from the Listing Date and are then exercisable within a period of six months. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(a) The terms and conditions of the grants that existed during the year ended 31 December 2007 are as follows, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted:			
– on 8 October 2007	60,000,000	One year after the Listing Date	1.5 years
Total share options	60,000,000		

(b) The number and exercise price of share options under the Pre-IPO Share Option Scheme are as follows:

	2007	
	Exercise price	Number of options '000
Outstanding at the beginning of the year	–	–
Granted during the year	$1.36	60,000
Outstanding at the end of the year	$1.36	60,000

No options were exercised during the year ended 31 December 2007.

The options outstanding at 31 December 2007 had an exercise price of $1.36 and a remaining contractual life of 1.3 years.

21 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(c) Fair value of share options under the Pre-IPO Share Option Scheme and assumptions:

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial option pricing model.

Fair value of share options and assumptions	**2007**
Fair value at measurement date	**$0.30**
Share price	**$1.36**
Exercise price	**$1.36**
Expected volatility (expressed as weighted average volatility used in the modelling under Binomial option pricing model)	**42.4%**
Option life (expressed as weighted average life used in the modelling under Binominal option pricing model)	**1.5 years**
Expected dividends yield	**0%**
Risk-free interest rate (based on Hong Kong Exchange Fund Notes)	**3.8%**

The expected volatility is estimated by reference to the historic volatility of comparable companies which engage in Customer Relationship Management outsourcing services based on publicly available information. Expected dividends are based on historical dividends. Change in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

22 RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000 (the "Cap"). The amounts in excess of the Cap are contributed to the MPF Scheme by both employers and employees as voluntary contributions. Mandatory contributions to the MPF Scheme are vested to the employees immediately. Any unvested balance from voluntary contributions is refunded to the Group.

In accordance with the labour regulations of the PRC, the operating subsidiary of the Group in the PRC, namely China Elite, participates in defined contribution retirement schemes organised by the municipal governments for its employees. The subsidiary is required to make contributions to the government administered retirement schemes at certain rates of the basic salaries of its employees. Under these schemes, retirement benefits of the existing and retired employees are payable by the relevant authorities and the Group has no further obligations beyond the contributions.

Employees engaged by the Group outside Hong Kong and PRC are covered by the appropriate local defined contribution schemes pursuant to the local labour rules and regulations.

23 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and market risks arises in the normal course of the Group's business. The Group's financial assets include cash at bank and in hand, trade and other receivables. The Group's financial liabilities include trade and other payables.

The Group's financial management policies and practices to limit the above risks and the Group's management of capital are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Normally, the Group does not obtain collateral from customers.

At 31 December 2007, the Group had a concentration of credit risk as 89% (2006: 88%) of the total trade receivables was due from the Group's five largest customers and 33% (2006: 30%) of the total trade receivables was due from the Group's largest customer.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the consolidated balance sheet. The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 16.

(Expressed in Hong Kong dollars)

23 FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy to managing liquidity risk is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Group has no material exposure to market risk for changes in interest rate.

(ii) Foreign currency risk

The Group has certain foreign currency sales, which expose the Group to foreign currency risk. The Group currently does not have hedging policy in respect of the foreign currency risk. However, management monitors the related foreign currency risk exposure closely and will consider hedging significant foreign currency risk exposure should the need arises.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk.

The Group actively and regularly reviews and manages its capital structure, monitors the return on capital, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(e) Fair value

The fair values of the Group's financial instruments are not materially different from their carrying amounts. Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial assets and liabilities. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(Expressed in Hong Kong dollars)

24 SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The business segment of the Group comprises:

(i) Inbound services; and

(ii) Outbound services.

Year ended 31 December 2007

	Inbound services $'000	Outbound services $'000	Total $'000
Revenue from external customers	111,822	102,048	213,870
Segment results	44,029	53,718	97,747
Unallocated income and expenses			(35,807)
Profit before taxation			61,940
Income tax			(2,193)
Profit for the year			59,747
Depreciation for the year	816	967	
Segment assets	34,450	29,299	63,749
Unallocated assets			413,074
Total assets			476,823
Segment liabilities	–	–	–
Unallocated liabilities			21,021
Segment capital expenditure incurred during the year	979	351	1,330
Unallocated capital expenditure incurred during the year			1,808
Total capital expenditure incurred during the year			3,138

(Expressed in Hong Kong dollars)

24 SEGMENT REPORTING *(continued)*

Business segments *(continued)*

Year ended 31 December 2006

	Inbound services $'000	Outbound services $'000	Total $'000
Revenue from external customers	103,313	46,551	149,864
Segment results	34,555	17,645	52,200
Unallocated income and expenses			(21,822)
Profit before taxation			30,378
Income tax			6,290
Profit for the year			36,668
Depreciation for the year	697	489	
Segment assets	23,318	14,515	37,833
Unallocated assets			82,163
Total assets			119,996
Segment liabilities	–	–	–
Unallocated liabilities			59,318
Segment capital expenditure incurred during the year	6,611	4,819	11,430
Unallocated capital expenditure incurred during the year			–
Total capital expenditure incurred during the year			11,430

(Expressed in Hong Kong dollars)

24 SEGMENT REPORTING *(continued)*

Geographical segments

The Group primarily operates in the PRC, Hong Kong and Macau. Hong Kong is a major market for all of the Group's businesses.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

Year ended 31 December 2007

	PRC $'000	Hong Kong $'000	Macau $'000	Total $'000
Revenue from external customers	29,816	177,836	6,218	213,870
Segment assets	15,287	47,213	1,249	63,749
Capital expenditure incurred during the year	2,898	231	9	3,138

Year ended 31 December 2006

	PRC $'000	Hong Kong $'000	Macau $'000	Total $'000
Revenue from external customers	14,874	131,538	3,452	149,864
Segment assets	3,620	32,138	2,075	37,833
Capital expenditure incurred during the year	8,818	2,608	4	11,430

25 ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

(b) Impairments

In considering the impairment loss that may be required for certain property, plant and equipment of the Group, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

Impairment loss for bad and doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the net profit in future years.

(c) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and requires significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(Expressed in Hong Kong dollars)

26 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2007 not provided for in the financial statements were as follows:

The Group

	2007 $'000	2006 $'000
Contracted for	732	–

(b) The total future minimum lease payments under non-cancellable operating leases payable at 31 December 2007 are as follows:

The Group

	2007		2006	
	Properties $'000	Transmission lines $'000	Properties $'000	Transmission lines $'000
Within 1 year	1,261	1,408	211	1,275
Over 1 year but within 2 years	1,257	–	–	–
	2,518	1,408	211	1,275

The Company

	2007		2006	
	Properties $'000	Transmission lines $'000	Properties $'000	Transmission lines $'000
Within 1 year	168	–	–	–
Over 1 year but within 2 years	168	–	–	–
	336	–	–	–

The Group is the lessee in respect of a number of properties and transmission lines held under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

27 MATERIAL 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 from ultimate shareholders

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

(iii) Related companies of ultimate shareholders

Guangdong Zhitong Investment Ltd.
Guangdong Zhitong Telecommunications Service Company Limited
Shenzhen Zhitong Telecommunications Limited
Guangdong Zhitong Telecommunications Limited
Guangdong Zhitong Telecommunications Paging Limited

(b) Transactions

During the year, the Group entered into the following material related party transactions:

		2007 $'000	2006 $'000
Sales	(i)	11,083	5,071
Purchases of services	(ii)	511	782
Rental of properties	(iii)	1,095	1,032
Cash advances to related parties		472	3,950
Repayment of cash advances from related parties		11,820	450
Cash advances from related parties		671	4,958
Repayment of cash advances to related parties		47,353	10,104

Notes:

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

(ii) Services purchased from related parties mainly represent services for operation.

(iii) The Group rented properties from an ultimate shareholder, Li Kin Shing, and a related party, Talent Information Engineering Co., Ltd., and used them as offices with free charges up to 31 December 2006. The Group recognised the fair value of rents on property as capital contribution reserve set out in note 20. The fair value of rents was determined by reference to the market price. Started from 1 January 2007, the Group pays rents to the ultimate shareholder and the related party with reference to the market price.

An ultimate shareholder, Li Kin Shing, pledged his own property amounting to approximately HK$38 million up to 10 August 2007 to secure the performance of the Group's contract with a major customer.

The directors are of the opinion that the above transactions with related parties were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

27 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties

The outstanding balances arising from the above transactions at the balance sheet date are as follows:

	2007 $'000	2006 $'000
Amounts due from an ultimate shareholder and related parties		
– trade	**902**	4,041
– non-trade	**–**	11,743
Amounts due to an ultimate shareholder and related parties		
– trade	**1,145**	99
– non-trade	**17**	47,068

Notes: The amounts due from/to an ultimate shareholder and related parties are unsecured, interest free and are repayable on demand. The amounts due from an ultimate shareholder and related parties are included in "Trade and other receivables" (note 16) and the amounts due to an ultimate shareholder and related parties are included in "Trade and other payables" (note 18). No allowance for doubtful debts has been made in respect of the amounts due from an ultimate shareholder and related parties.

The amounts due to an ultimate shareholder and related parties are the payable for rental of properties and director's fee.

(d) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2007 $'000	2006 $'000
Short-term employee benefits	**1,561**	892
Contribution to retirement benefit schemes	**56**	56
Equity compensation benefits	**3,938**	–
	5,555	948

The remuneration is included in "staff costs" (see note 5(b)).

(e) Contributions to defined contribution retirement schemes

The amounts of contributions and details of the Group's defined contribution retirement schemes are described in note 5(b) and note 22.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2007, the directors consider the immediate parent and ultimate controlling party of the Company to be Ever Prosper International Limited, which is incorporated in the British Virgin Islands. This entity does not provide financial statements available for public use.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2007

Up to the date of issue of these financial statements, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2007 and which have not been adopted in these financial statements.

		Effective for accounting periods beginning on or after
IFRS 8	Operating Segments	1 January 2009
IAS 23 (Revised)	Borrowing costs	1 January 2009
IAS 1 (Revised)	Presentation of financial information	1 January 2009
IFRIC-12	Service concession arrangement	1 January 2008
IFRIC-13	Customer loyalty programme	1 July 2008
IFRIC-14	IAS19 – The limit on a defined benefit assets, minimum funding requirements and their interaction	1 January 2008
Amendment to IFRS 2	Share-based payment – Vesting conditions and cancellations	1 January 2009
Amendments to IAS 32 and IAS 1	Puttable financial instruments and obligations arising on liquidation	1 January 2009
Revised IFRS 3	Business combinations	Applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1July 2009
Amendments to IAS 27	Consolidated and separate financial statements	1 July 2009

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial applications. So far it has concluded that adoption of them is unlikely to have a significant impact on the Group's result of operations and financial positions. While, IFRS 8, Operating segments and IAS1 (Revised), Presentation of financial statements, which are effective for accounting period beginning on or after 1 January 2009, may result in new or amended disclosures in the financial statements.

FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

	2007 $'000	2006 $'000	2005 $'000
Results			
Turnover	213,870	149,864	83,434
Profit from operations	62,126	30,378	1,744
Finance costs	(186)	–	–
Profit before taxation	61,940	30,378	1,744
Income tax	(2,193)	6,290	–
Profit for the year	59,747	36,668	1,744
Assets and liabilities			
Property, plant and equipment	25,013	29,545	24,431
Deferred tax assets	4,432	6,290	–
Net current assets/(liabilities)	426,357	24,843	(2,156)
Total assets less current liabilities	455,802	60,678	22,275
Net assets	455,802	60,678	22,275
Capital and reserves			
Share capital	9,462	14	14
Reserves	446,340	60,664	22,261
Total equity	455,802	60,678	22,275
Earnings per share (note 1)			
Basic	HK$0.08	HK$0.06	HK$0.00
Diluted	HK$0.08	HK$0.06	HK$0.00

Note 1: As a result of the capitalisation issues in 2007, figures for the two years ended 31 December 2005 and 31 December 2006 have been adjusted for comparison purposes.