



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

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

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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.

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This announcement, for which the directors (the “Directors”) of ITE (Holdings) Limited (“ITE” or the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) of the Stock Exchange 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

Turnover of the Group for the six months ended 30 September 2012 was approximately HK\$12,708,000 representing a slightly increase of approximately 1% over the turnover of approximately HK\$12,587,000 for the same period in 2011.

Loss attributable to owners of the Company for the six months ended 30 September 2012 amounted to approximately HK\$385,000 compared to that of approximately HK\$1,260,000 for the same period in 2011.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: Nil).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I hereby present the unaudited interim consolidated results of ITE and its subsidiaries (together, the "Group") for the six months ended 30 September 2012 (the "Period").

Mission

The mission of the Group is to become the leading provider of smartcard, radio frequency identification ("RFID"), biometrics product and solution and professional services in the world. ITE has been pioneering and has achieved outstanding performance in the areas of smartcard system solutions and integration services in the Hong Kong Special Administrative Region ("Hong Kong" or "HKSAR"), the Macao Special Administrative Region ("Macao") and the People's Republic of China ("PRC"). With profound expertise, strong research and development ("R&D") capability, proven track record and excellent reputation, the Group has established a leading profile in our industry and has adopted a proactive approach to introduce innovative and customized smartcard, RFID and biometrics applications to our clients. Leveraging on our extensive industry experience and intellectual assets, ITE will continue to develop innovative products and multi-applications solutions for clients coming from different industries and to expand our businesses to more overseas countries.

Appreciation

I would like to take this opportunity to express my deepest thanks to my directors, management and staff for their dedication and hard work, and shareholders, financiers and business partners for their continued support.

By order of the Board
ITE (Holdings) Limited
Lau Hon Kwong, Vincent
Chairman

Hong Kong, 12 November 2012

BUSINESS REVIEW

The Management of the Group has continued to utilize our professional and committed workforce and financial resources to achieve maximum return to our shareholders.

During the Period, the Group has completed the relocation of the headquarter to a new premises. Our competitiveness has further improved to meet the coming challenges.

Our solution and professional services arm, ITE Smartcard Solutions Limited (“ITES”), completed for the fourth consecutive year the production and delivery of more than 14,000 pieces of personalized student smartcards for the Institutes and Colleges of the Vocational Training Council. ITES was awarded a contract to provide smartcard access control system for Tsan Yuk Hospital. It marks the ninth public hospital clients being served by ITE. We also have received more orders for the expansion of smartcard access control systems from other public hospital existing clients.

ITES was awarded a contract by one of the largest property management companies in Hong Kong to provide application development and system integration services for their smartcard based property client management system. This key client is currently managing both commercial and residential property developments in Hong Kong.

Our Macau operation arm, ITE (Macau) Limited, was awarded a contract by the Macau Grand Prix Committee to provide access and parking control system for the 59th Macau Grand Prix to be held from 15 to 18 November 2012.

Our product and technology arm, RF Tech Limited (“RFT”) is pleased to announce that our innovative product, HOMAC®RD-200AB ISO 15693 Handheld Antenna Reader, has won the Machinery & Machine Tools Design Certificate of Merit of 2012 Hong Kong Awards for Industries. This product has been designed and developed to meet the needs and requirements of RFID asset management, such as library books and items. Featuring ISO 15693 high frequency RFID technology, this lightweight handheld reader communicates through Bluetooth connectivity to any Android device. This product solution is robust and extremely flexible for users.

Financial Performance

For the Period, the Group had recorded total revenue of approximately HK\$13 million, representing a slightly increase of 1% over the same period in 2011. Loss attributable to owners of the Company for the six months ended 30 September 2012 was approximately HK\$0.4 million as compared to that of approximately HK\$1.26 million for the corresponding period in 2011.

Segmental information

For the six months ended 30 September 2012, the Group had recorded a slightly increase in turnover of about 1% when compared with the same period last year. The Group's gross profit margin had increased from 28% in last year to 33% in the current year.

During the Period, the service revenue generated from the provision of smartcard systems, RFID and information technology ("IT") services had decreased by 27% to approximately HK\$4,468,000 (six months ended 30 September 2011: approximately HK\$6,106,000). Under the same segment, the maintenance income had increased sharply by 13% to approximately HK\$4,818,000 (six months ended 30 September 2011: HK\$4,279,000).

For consultancy service segment, the turnover had increased significantly by 64% to approximately HK\$3,057,000 (six months ended 30 September 2011: approximately HK\$1,870,000).

Because of the expenditure related to office removal, the Group's administrative expenses had increased slightly by approximately 2% when compared with the same period last year.

With the continual improvement in the cash flow of the Company, the finance costs had decreased by 59% to approximately HK\$24,000 (six months ended 30 September 2011: HK\$58,000) during the Period.

Liquidity, financial resources and treasury policies

The Group generally financed its operations with its internally generated cash flows and bank borrowings. As at 30 September 2012, the Group had outstanding borrowings of approximately HK\$1,000,000 which was the secured bank loans. There was no seasonality in the Group's bank borrowing requirements, and all monies borrowed bear interest at floating rate. As at 30 September 2012, the current ratio of the Group was 2.19 (31 March 2012: 3.09) while the liquidity ratio was 1.99 (31 March 2012: 2.74).

The Group continues to adopt a conservative approach towards its treasury policy. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial condition of its customers. Besides, the Group's liquidity and financing arrangements are also reviewed regularly.

Taking into consideration the banking facilities granted, stringent cost control and the existing financial resources available to the Group, it is believed that the Group should have adequate financial resources to meet its operation, development and investment requirements in the future.

Significant investments

The Group had no significant investments during the Period.

Material acquisitions or disposals of subsidiaries and affiliated companies

During the Period, the Group had no acquisitions and disposals of subsidiaries and affiliated companies.

Employment information

The Group recognises that its staff is one of the Group's most important assets. Aiming at providing competitive salary packages, the Group adjusts employees' salary level in close association with the performance, qualifications and experience of individual staff as well as labour market conditions. In addition to the regular remuneration, discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Group's business performance.

The Group enjoys good relations with staff and has not experienced any disruption of operations due to major labour disputes. In addition to the remuneration as mentioned above, the Group also provides fringe benefits which comply with the relevant laws and regulations of the PRC and Hong Kong including contributions to society security scheme of the PRC and contribution to the Mandatory Provident Fund Scheme of Hong Kong. Besides, the Group also provides on-going training programmes for its employees to keep them abreast of the latest market trends and new technologies.

As at 30 September 2012, the Group had employed 76 (30 September 2011: 77) full-time employees. Among them, 71 are based in Hong Kong and the rest are based in the PRC and Macao. Staff costs, including directors' emoluments, were approximately HK\$8 million (six months ended 30 September 2011: HK\$8 million) for the six months ended 30 September 2012. During the Period, the Company has not granted any share option to any of its Directors and employees.

Charges on Group assets

As at 30 September 2012, time deposits of approximately HK\$2,209,000 (31 March 2012: HK\$2,207,000) were pledged to banks to secure certain banking facilities of the Group.

Future plans for material investments

The Group did not have any plans for material investment and acquisition of material capital assets as at 30 September 2012.

Gearing ratio

At 30 September 2012, the gearing ratio of the Group, which is calculated as the ratio of total secured bank loans due after one year to shareholders' funds, was nil (31 March 2012: nil).

Exposure to fluctuations in exchange rates and related hedges

The Group's assets, liabilities, revenues and expenses are mainly denominated in HK\$, United States dollars ("US\$"), Macao Patacas ("MOP") and Renminbi ("RMB"). The exchange rates between HK\$, US\$, MOP and RMB have been very steady for the past few years. During the year, the Group generally used the receipts from customers and bank loans to pay its suppliers and meet its capital requirements. They are denominated in the local currency of the place in which the subsidiaries operate. The Group does not currently engage in hedging to manage possible exchange rate risk as the Group considers the cost associated with such hedging arrangements would exceed the benefits. However, management will continue to monitor the possible exposure to exchange rate risk and will take such measures as it deems prudent.

Contingent liabilities

At 30 September 2012, the Company has issued corporate guarantees to banks in respect of banking facilities granted to certain wholly owned subsidiaries.

INTERIM RESULTS

Unaudited Consolidated Statement of Comprehensive Income

	Note	Three Months Ended		Six Months Ended	
		30 September		30 September	
		2012	2011	2012	2011
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3	7,231	6,415	12,708	12,587
Cost of services rendered		(4,885)	(4,669)	(8,363)	(8,929)
Cost of sales		(112)	(97)	(173)	(175)
Gross profit		2,234	1,649	4,172	3,483
Other gains and losses		101	(223)	11	(217)
Administrative expenses		(2,418)	(2,263)	(4,544)	(4,468)
Loss from operations		(83)	(837)	(361)	(1,202)
Finance costs		(19)	(36)	(24)	(58)
Loss before taxation	4	(102)	(873)	(385)	(1,260)
Income tax	5	-	-	-	-
Loss attributable to					
owners of the Company		(102)	(873)	(385)	(1,260)
Other comprehensive expense		-	-	-	-
Total comprehensive expense		(102)	(873)	(385)	(1,260)
Loss per share	7				
Basic and diluted (HK cents)		(0.01)	(0.09)	(0.04)	(0.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Non-current assets			
Fixed assets		421	43
Current assets			
Inventories		1,385	1,529
Trade and other receivables	8	7,405	6,523
Financial assets at fair value through profit or loss		688	768
Pledged bank deposits		2,209	2,207
Cash and bank balances		3,484	2,306
		15,171	13,333
Current liabilities			
Trade and other payables	9	5,260	3,629
Short-term borrowings	10	1,000	-
Provisions		636	669
Income tax payable		20	17
		6,916	4,315
Net current assets		8,255	9,018
Net assets		8,676	9,061
Capital and reserves			
Share capital	11	9,306	9,306
Reserves		(630)	(245)
Total equity		8,676	9,061

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six Months Ended	
	30 September	
	2012	2011
	HK\$'000	HK\$'000
Net cash generated from/(used in) used in operating activities	599	(2,419)
Net cash (used in)/generated from investing activities	(419)	17
Net cash generated from financing activities	998	1,552
Net increase/(decrease) in cash and cash equivalent	1,178	(850)
Cash and cash equivalent at 1 April	2,306	1,984
Cash and cash equivalent at 30 September	3,484	1,134

Unaudited Consolidated Statement of Changes in Equity

	Reserves					Total
	Share capital	Share premium	Merger reserve	Exchange reserve	Accumulated Losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2011	9,357	25,322	10,749	392	(34,437)	11,383
Total comprehensive expense						
for the period	-	-	-	-	(1,260)	(1,260)
Repurchase of shares	(14)	(100)	-	-	-	(114)
Balance at 30 September 2011	9,343	25,222	10,749	392	(35,697)	10,009
Balance at 1 April 2012	9,306	24,999	10,749	286	(36,279)	9,061
Total comprehensive expense						
for the Period	-	-	-	-	(385)	(385)
Balance at 30 September 2012	9,306	24,999	10,749	286	(36,664)	8,676

Notes:

1. Basis of preparation

The unaudited interim consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The measurement basis used in the preparation of the financial statements is the historical cost.

The principal accounting policies used in the preparation of the unaudited interim consolidated financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2012.

2. Adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the group and the company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. Turnover and segment information

	Six Months Ended	
	30 September	
	2012	2011
	HK\$’000	HK\$’000
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	4,468	6,106
- Income from maintenance services	4,818	4,279
- Sales of service related products	365	332
	9,651	10,717
Consultancy income	3,057	1,870
	<u>12,708</u>	<u>12,587</u>

The group's operating and reportable segments are (i) smartcard systems, RFID and IT services; and (ii) consultancy services. Information regarding these segments is reported below.

	Smartcard systems, RFID and IT services		Consultancy services		Consolidated	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
TURNOVER						
Revenue from external customers	9,651	10,717	3,057	1,870	12,708	12,587
RESULTS						
Segment loss	394	(27)	100	13	494	(14)
Unallocated corporate revenue					11	(218)
Unallocated corporate expenses					(866)	(970)
Loss from operations					(361)	(1,202)
Finance costs					(24)	(58)
Loss before taxation					(385)	(1,260)
Income tax					-	-
Loss for the period					(385)	(1,260)
ASSETS						
Segment assets	8,505	8,386	610	475	9,115	8,861
Unallocated assets					6,477	8,859
Total assets					15,592	17,720
LIABILITIES						
Segment liabilities	5,013	3,004	580	412	5,593	3,416
Unallocated liabilities					1,323	4,295
Total liabilities					6,916	7,711
OTHER INFORMATION						
Capital expenditure	422	12	-	-	422	12
Depreciation	44	32	-	2	44	34
Provisions	188	328	22	31	210	359
Reversal of unused provisions	(202)	(203)	(41)	(37)	(243)	(240)
Write-down of inventories	34	-	-	-	34	-

For the purpose of monitoring segment performances and allocating resources between segments:

- Segment profit/(loss) represented profit earned by/(loss from) each segment without allocation of central administration costs, other income, finance costs, exchange difference and income tax expense.
- All assets are allocated to reportable segments other than prepaid central administration costs, income tax recoverable, pledged bank deposits and cash and bank balances.
- All liabilities are allocated to reportable segments other than accrued central administration costs, income tax payable and short-term borrowings.

Geographical information

The group's operations are principally located in Hong Kong, Macao and the PRC.

The group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	11,559	9,907	418	58
Macao	1,149	2,657	2	3
PRC	-	-	1	3
Other locations	-	23	-	-
	12,708	12,587	421	64

4. Loss before taxation

Loss before taxation is arrived at after charging:

	Three Months Ended		Six Months Ended	
	30 September		30 September	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(a) Finance costs:				
Interest on bank loans and overdrafts	16	36	24	58
(b) Staff costs (including directors' remuneration):				
Salaries, wages and other benefits	3,891	3,717	7,772	7,241
Retirement scheme contributions	164	160	302	300
	4,055	3,877	8,074	7,541
(c) Other items:				
Cost of inventories	806	1,341	1,368	2,177
Depreciation	33	9	44	34
Development costs	43	89	113	288
Exchange (gain)/loss	(2)	12	(2)	14
Loss on disposal of fixed assets	-	-	-	-
Operating lease charges:				
minimum lease payments				
- hire of properties	487	432	973	864
- hire of office equipment	11	11	22	22

5. Income tax

The provision for Hong Kong profits tax for 2012 is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the Period. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

No provision for income tax of the PRC and Macao has been made in the financial statements as the Group does not have any assessable profits for taxation purpose in the PRC or Macao during the Period (2011: Nil).

6. Dividends

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: \$Nil).

7. Loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$385,000 (six months ended 30 September 2011: approximately HK\$1,260,000) and the weighted average of 930,592,000 (six months ended 30 September 2011: 935,399,935) ordinary shares in issue during the respective periods.

As the Company does not have any potential dilutive ordinary shares during the Period and corresponding period in last year, basic and dilutive loss per share are the same.

8. Trade and other receivables

	At 30 September 2012 HK\$'000 (Unaudited)	At 31 March 2012 HK\$'000 (Audited)
Trade receivables	3,559	1,825
Other receivables	475	679
Gross amount due from customers for service contract work	2,073	2,413
Retention money receivables	332	455
Deposits and prepayments	966	1,151
	7,405	6,523

An ageing analysis of trade receivables as at the end of the reporting period is as follows:

	At 30 September 2012 HK\$'000 (Unaudited)	At 31 March 2012 HK\$'000 (Audited)
Current	1,620	146
Less than 1 month past due	1,395	1,235
1 month to 3 months past due	514	205
More than 3 months but less than 1 year past due	30	239
Amounts past due	1,939	1,679
	3,559	1,825

Trade receivables are due within 45 days (2011: 45 days) from the date of billing.

9. Trade and Other Payables

	At 30 September 2012 HK\$'000 (Unaudited)	At 31 March 2012 HK\$'000 (Audited)
Trade payables	602	427
Accrued charges and other payables	2,170	2,038
Gross amount due to customers for service contract work	821	129
Deferred maintenance income	1,667	1,035
	5,260	3,629

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 September 2012 HK\$'000 (Unaudited)	At 31 March 2012 HK\$'000 (Audited)
Less than 1 month	386	230
1 month to 3 months	128	84
More than 3 months but less than 1 year	88	-
More than 1 year	-	113
	602	427

10. Short term borrowings

	At 30 September 2012 HK\$'000 (Unaudited)	At 31 March 2012 HK\$'000 (Audited)
Secured bank loans	1,000	-

11. Share capital

	Number of shares	HK\$
Authorised:		
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000,000
Ordinary share, issued and fully paid:		
At 1 April 2011	935,728,000	9,357,280
Repurchase of shares	(1,444,000)	(14,440)
At 30 September 2011	934,284,000	9,342,840
At 1 April 2012 and 30 September 2012	930,592,000	9,305,920

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2012, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in shares of the Company

<u>Name of Director</u>	Number of ordinary shares					Percentage of issued shares
	<u>Personal interests</u>	<u>Corporate interests</u>	<u>Family interests</u>	<u>Other interests</u>	<u>Total</u>	
Mr. Lau Hon Kwong, Vincent	6,108,000 (L)	271,102,348 (L) (Note 2)	-	-	277,210,348 (L)	29.79%
Mr. George Roger Manho	63,142,254 (L)	-	-	-	63,142,254 (L)	6.79%
Mr. Cheng Kwok Hung	133,628,000 (L)	-	-	-	133,628,000 (L)	14.36%
Mr. Lee Peng Fei Allen	1,760,000 (L)	-	-	-	1,760,000 (L)	0.19%

Notes:

- The Letter "L" denotes a long position in the shares.
- These shares are beneficially owned by Rax-Comm (BVI) Limited ("Rax-Comm"), a company incorporated in the British Virgin Islands. Mr. Lau Hon Kwong, Vincent held 67.94% of the entire issued share capital of Rax-Comm.

Save as disclosed above, as at 30 September 2012, none of the Directors, chief executive of the Company or their associates had any interests in the shares or debentures of, or short positions in the shares of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, were required to be notified to the Company and the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures", as at 30 September 2012, neither the Company, holding company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2012, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and so far as is known to any Director or chief executive of the Company:

Name of shareholder	Number of ordinary <u>shares held</u>	Percentage of total <u>issued shares</u>
Rax-Comm (BVI) Limited (Note 1)	271,102,348	29.13%
Lau Hoi Chuen (Note 2)	55,938,388	6.01%

Notes:

- 1 These shares have been disclosed as the corporate interests of the relevant Directors in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures".
- 2 Lau Hoi Chuen is the elder brother of Lau Hon Kwong, Vincent.

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company, its holding company or any of its subsidiaries was a party, in which a Director of the Company had a material interest, subsisted at the end of the Period or at any time during the Period.

SHARE OPTION SCHEMES

The Company adopted a 2002 share option scheme (the "2002 Scheme") on 8 August 2002. In addition, the Company adopted a 2011 share option scheme (the "2011 Scheme") on 8 August 2011, and the 2002 Scheme was simultaneously terminated. Upon termination of the 2002 Scheme, no further options may be offered thereunder. However, in respect of the outstanding options, the provisions of the 2002 Scheme shall remain in force. The outstanding options granted under the 2002 Scheme shall continue to be subject to the provisions of the 2002 Scheme and the provisions of Chapter 23 of the GEM Listing Rules and the adoption of the 2011 Scheme will not in any event affect the terms in respect of such outstanding options.

(a) 2002 Scheme

As mentioned above, the 2002 Scheme was terminated on 8 August 2011 and no further options may be offered thereunder. Details of the outstanding share options of the scheme during the Period are as follows:

Name or category of participant	Number of share options				Outstanding at 30 September 2012	Date granted	Period during which options exercisable	Price per share to be paid on exercise of options	Market value per share at date of grant of options
	Outstanding at 1 April 2012	Granted during the Period	Exercised during the Period	Lapsed during the Period					
Employees	3,500,000	-	-	3,500,000	-	9 August 2002	9 August 2003 to 8 August 2012	HK\$0.175	HK\$0.175
An Employee	6,400,000	-	-	6,400,000	-	9 August 2002	9 February 2003 to 8 August 2012	HK\$0.175	HK\$0.175
	<u>9,900,000</u>	<u>-</u>	<u>-</u>	<u>9,900,000</u>	<u>-</u>				

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

(b) 2011 Scheme

The Company operates the 2011 Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2011 Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, advisers and consultants, etc. The 2011 Scheme became effective on 8 August 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue. The maximum number of shares issuable under share options to each eligible participant in the 2011 Scheme and any other share option schemes of the Company within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share option granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 7 days from the date of the offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the 2011 Scheme, if earlier.

The exercise price of the share option is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares on the date of the offer of the share options; and (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

As at the date of this announcement, no options has been granted under the 2011 Scheme.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the Period.

COMPETING INTERESTS

As at 30 September 2012, the Directors were not aware of any business or interest of each Director, managing shareholder and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such persons have or may have with the Group.

AUDIT COMMITTEE

As required by Rules 5.28 to 5.33 of the GEM Listing Rules, the Company has established an audit committee (the “Audit Committee”) with written terms of reference. Following the retirement of Mr. Tang Siu, Henry as a member of the Audit Committee on 8 August 2012, the Audit Committee comprises only two independent non-executive directors, Dr. Lee Peng Fei, Allen and Mr. Kam Hau Choi, Anthony. Dr. Lee Peng Fei, Allen was appointed the chairman of the audit committee. The number of independent non-executive directors fell below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules until the Company appointed Mr. Wong Wang Fat, Andrew to fill in the vacancy on 1 October 2012.

The primary duties of the Audit Committee are to review the Company’s annual report and accounts, half-yearly report and quarterly reports and to provide advices and comments thereon to the Board. The Group’s interim report for the six months ended 30 September 2012 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 15 of the GEM Listing Rules throughout the Period, save for the deviations discussed below.

Under the code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Lau Hon Kwong, Vincent is both the chairman and chief executive officer of the Company who is responsible for managing the Board and the Group’s business. Mr. Lau has been both chairman and chief executive officer of the Company since its incorporation. The Board considers that, with the present board structure and scope of business of the Group, there is no imminent need to separate the roles into two individuals as Mr. Lau is perfectly capable of distinguishing the priority of these roles in which he has been acting. However, the Board will continue to review the effectiveness of the Group’s corporate governance structure to assess whether the separation of the positions of chairman and chief executive officer is necessary.

Under the code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The non-executive Directors do not have a specific term of appointment, but are subject to rotation in accordance with the articles of association of the Company.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the Period. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings throughout the period ended 30 September 2012.

By order of the Board
ITE (Holdings) Limited
Lau Hon Kwong, Vincent
Chairman

Hong Kong, 12 November 2012

The Board as of the date of this announcement comprises Mr. Lau Hon Kwong, Vincent, Mr. George Roger Manho, Mr. Cheng Kwok Hung and Mr. Liu Hoi Wah as executive directors, Dr. Lee Peng Fei, Allen, Mr. Wong Wang Fat, Andrew and Mr. Kam Hau Choi, Anthony as independent non-executive directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from its date of publication and on the website of the Company at www.hkite.com.