



# ITE (HOLDINGS) LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8092)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

### 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 (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 2013 was approximately HK\$11,124,000 representing a decrease of approximately 12% over the turnover of approximately HK\$12,708,000 for the same period in 2012.

Profit attributable to owners of the Company for the six months ended 30 September 2013 amounted to approximately HK\$525,000 compared to loss attributable to owners of the Company approximately HK\$385,000 for the same period in 2012.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

## **CHAIRMAN'S STATEMENT**

Dear Shareholders,

On behalf of the Board (the "Board") of Directors (the "Directors"), I hereby present the unaudited interim consolidated results of ITE (Holdings) Limited (the "Company") and its subsidiaries (together, "ITE" or the "Group") for the six months ended 30 September 2013 (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, 11 November 2013

## **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, our solution and professional services arm, ITE Smartcard Solutions Limited (“ITES”), was awarded a contract to develop and deliver a RFID System to improve Hospital Authority’s mortuary and autopsy services. Six public hospitals will be installed with the new system which includes fix-mounted and handheld UHF readers and related application programs. Besides, we continued to receive more orders for the expansion of campus-wide smartcard access control systems for our public hospital clients. ITES also added a new client to our education sector. The Open University of Hong Kong awarded a contract to ITES for the design and delivery of a smartcard access control and passage management systems for their new campus. We are very pleased to have the opportunity to provide our solution and professional services to meet the requirements and needs of this new client.

During the Period, ITES successfully completed the delivery of software application development and system integration services for the property management requirements of our client, the MTR Corporation.

Our R&D and product arm, RF Tech Limited (“RFT”) is pleased to announce that our innovative product, advanced guard tour reader HOMAC ML-100GTB, won a Certificate of Merit in the Hong Kong RFID Awards 2013. The official presentation ceremony was conducted on 8 November 2013 at the 13th GS1 Hong Kong Supply Chain Management Excellence Summit 2013 held at the Hong Kong Convention and Exhibition Centre.

### **Financial Performance**

For the Period, the Group had recorded a total revenue of approximately HK\$11 million, representing a decrease of 12% over the same period of 2012. Profit attributable to owners of the Company for the six months ended 30 September 2013 was approximately HK\$0.5 million as compared to loss attributable to owners of the Company of approximately HK\$0.4 million for the corresponding period of 2012.

### ***Segmental information***

For the six months ended 30 September 2013, the Group had recorded a decrease in turnover of about 12% when compared with the same period of last year. The Group’s gross profit margin had increased from 33% in last corresponding period to 42% in the current period.

During the Period, the service revenue generated from the provision of smartcard systems, RFID and information technology (“IT”) services had decreased by 11% to approximately HK\$3,996,000 (six months ended 30 September 2012: approximately HK\$4,468,000). Under the same segment, the maintenance income had increased slightly by 2% to approximately HK\$4,912,000 (six months ended 30 September 2012: HK\$4,818,000).

For consultancy service segment, the turnover had dropped significantly by 43% to approximately HK\$1,748,000 (six months ended 30 September 2012: approximately HK\$3,057,000) during the Period.

The Group's administrative expenses had decreased by approximately 5% when compared with the same period of last year.

With the continual improvement in the cash flow of the Company, the finance costs was nil (six months ended 30 September 2012: HK\$24,000) 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 2013, the Group did not have any outstanding borrowings. There was no seasonality in the Group's bank borrowing requirements, and all monies borrowed bear interest at floating rate. As at 30 September 2013, the current ratio of the Group was 2.95 (31 March 2013: 2.56) while the liquidity ratio was 2.70 (31 March 2013: 2.37).

The Group continues to adopt a conservative approach in 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 its 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 the Society Security Scheme in the PRC and the Mandatory Provident Fund Scheme in 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 2013, the Group had employed 63 (30 September 2012: 76) full-time employees. Among them, 58 are based in Hong Kong and the rest are based in the PRC and Macao. Staff costs, including directors' emoluments, were approximately HK\$7 million (six months ended 30 September 2012: HK\$8 million) for the six months ended 30 September 2013. 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 2013, time deposits of approximately HK\$2,015,000 (31 March 2013: HK\$2,212,000) 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 2013.

***Gearing ratio***

At 30 September 2013, 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 2013: 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 2013, the Company has issued corporate guarantees to a bank in respect of banking facilities granted to a wholly owned subsidiary.

## INTERIM RESULTS

### Unaudited Consolidated Statement of Comprehensive Income

	Note	Three Months Ended		Six Months Ended	
		30 September		30 September	
		2013	2012	2013	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Turnover</b>	3	<b>6,094</b>	7,231	<b>11,124</b>	12,708
Cost of services rendered		<b>(3,372)</b>	(4,885)	<b>(6,190)</b>	(8,363)
Cost of sales		<b>(166)</b>	(112)	<b>(219)</b>	(173)
<b>Gross profit</b>		<b>2,556</b>	2,234	<b>4,715</b>	4,172
Other gains and losses		<b>92</b>	101	<b>130</b>	11
Administrative expenses		<b>(2,337)</b>	(2,418)	<b>(4,320)</b>	(4,544)
<b>Profit/(loss) from operations</b>		<b>311</b>	(83)	<b>525</b>	(361)
Finance costs		-	(19)	-	(24)
<b>Profit/(loss) before taxation</b>	4	<b>311</b>	(102)	<b>525</b>	(385)
Income tax	5	-	-	-	-
<b>Profit/(loss) attributable to owners of the Company</b>		<b>311</b>	(102)	<b>525</b>	(385)
Other comprehensive expense		-	-	-	-
<b>Total comprehensive income/(expense)</b>		<b>311</b>	(102)	<b>525</b>	(385)
<b>Earnings/(loss) per share</b>	7				
Basic and diluted (HK cents)		<b>0.03</b>	(0.01)	<b>0.06</b>	(0.04)

## Consolidated Statement of Financial Position

	Note	As at 30 September 2013 HK\$'000 (Unaudited)	As at 31 March 2013 HK\$'000 (Audited)
<b>Non-current assets</b>			
Fixed assets		330	375
<b>Current assets</b>			
Inventories		1,309	1,228
Trade and other receivables	8	6,342	6,293
Financial assets at fair value through profit or loss		773	751
Pledged bank deposits		2,015	2,212
Cash and bank balances		5,077	5,485
		15,516	15,969
<b>Current liabilities</b>			
Trade and other payables	9	4,731	5,578
Provisions		515	632
Income tax payable		20	20
		5,266	6,230
<b>Net current assets</b>		<b>10,250</b>	<b>9,739</b>
<b>Net assets</b>		<b>10,580</b>	<b>10,114</b>
<b>Capital and reserves</b>			
Share capital	10	9,295	9,306
Reserves		1,285	808
<b>Total equity</b>		<b>10,580</b>	<b>10,114</b>

## Unaudited Condensed Consolidated Cash Flow Statement

	<b>Six Months Ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Net cash (used in)/generated from used in operating activities	(571)	599
Net cash generated from/(used in) investing activities	24	(419)
Net cash generated from financing activities	139	998
Net (decrease)/increase in cash and cash equivalent	(408)	1,178
Cash and cash equivalent at 1 April	4,856	2,306
Cash and cash equivalent at 30 September	4,448	3,484

## Unaudited Consolidated Statement of Changes in Equity

	<b>Reserves</b>					<b>Total</b>
	<b>Share capital</b>	<b>Share premium</b>	<b>Merger reserve</b>	<b>Exchange reserve</b>	<b>Accumulated Losses</b>	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
Balance at 1 April 2013	9,306	24,999	10,749	278	(35,218)	10,114
Total comprehensive income for the Period	-	-	-	-	525	525
Repurchase of shares	(11)	(48)	-	-	-	(59)
Balance at 30 September 2013	9,295	24,951	10,749	278	(34,693)	10,580



## 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 2013.

### 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

	<b>Six Months Ended</b>	
	<b>30 September</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	<b>3,996</b>	4,468
- Income from maintenance services	<b>4,912</b>	4,818
- Sales of service related products	<b>468</b>	365
	<b>9,376</b>	9,651
Consultancy income	<b>1,748</b>	3,057
	<b>11,124</b>	12,708

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	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>TURNOVER</b>						
Revenue from external customers	9,376	9,651	1,748	3,057	11,124	12,708
<b>RESULTS</b>						
Segment profit	1,530	394	136	100	1,666	494
Unallocated corporate revenue					130	11
Unallocated corporate expenses					(1,271)	(866)
Profit/(loss) from operations					525	(361)
Finance costs					-	(24)
Profit/(loss) before taxation					525	(385)
Income tax					-	-
Profit/(loss) for the period					525	(385)
<b>ASSETS</b>						
Segment assets	7,557	8,505	355	610	7,912	9,115
Unallocated assets					7,934	6,477
Total assets					15,846	15,592
<b>LIABILITIES</b>						
Segment liabilities	4,705	5,013	228	580	4,933	5,593
Unallocated liabilities					333	1,323
Total liabilities					5,266	6,916
<b>OTHER INFORMATION</b>						
Capital expenditure	21	422	-	-	21	422
Depreciation	65	44	-	-	65	44
Provisions	264	188	11	22	275	210
Reversal of unused provisions	(375)	(202)	(16)	(41)	(391)	(243)
Write-down of inventories	-	34	-	-	-	34

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

- Segment profit represented profit earned by 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:

	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>9,348</b>	11,559	<b>329</b>	418
Macao	<b>1,776</b>	1,149	<b>1</b>	2
PRC	-	-	-	1
Other locations	-	-	-	-
	<b>11,124</b>	12,708	<b>330</b>	421

## 4. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
(a) Finance costs:				
Interest on bank loans and overdrafts	-	16	-	24
(b) Staff costs (including directors' remuneration):				
Salaries, wages and other benefits	<b>3,469</b>	3,891	<b>6,916</b>	7,772
Retirement scheme contributions	<b>136</b>	164	<b>274</b>	302
	<b>3,605</b>	4,055	<b>7,190</b>	8,074
(c) Other items:				
Cost of inventories	<b>755</b>	806	<b>1,368</b>	1,368
Depreciation	<b>32</b>	33	<b>65</b>	44
Development costs	<b>95</b>	43	<b>208</b>	113
Exchange loss/(gain)	<b>1</b>	(2)	<b>4</b>	(2)
Operating lease charges:				
minimum lease payments				
- hire of properties	<b>316</b>	487	<b>629</b>	973
- hire of office equipment	<b>10</b>	11	<b>22</b>	22

## 5. Income tax

The provision for Hong Kong profits tax for 2013 is calculated at 16.5% (2012: 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 (2012: Nil).

## 6. Dividends

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: \$Nil).

## 7. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK\$525,000 (six months ended 30 September 2012: loss of approximately HK\$385,000) and the weighted average of 930,076,590 (six months ended 30 September 2012: 930,592,000) 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 earnings/(loss) per share are the same.

## 8. Trade and other receivables

	<b>At 30 September 2013 HK\$'000 (Unaudited)</b>	<b>At 31 March 2013 HK\$'000 (Audited)</b>
Trade receivables	3,272	3,796
Other receivables	474	488
Gross amount due from customers for service contract work	1,246	806
Retention money receivables	416	442
Deposits and prepayments	934	761
	<b>6,342</b>	<b>6,293</b>

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

	<b>At</b>	<b>At</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Current	<b>2,133</b>	1,606
Less than 1 month past due	<b>649</b>	1,547
1 month to 3 months past due	<b>345</b>	328
More than 3 months but less than 1 year past due	<b>145</b>	315
Amounts past due	<b>1,139</b>	2,190
	<b>3,272</b>	3,796

Trade receivables are due within 45 days (2012: 45 days) from the date of billing.

## 9. Trade and Other Payables

	<b>At</b>	<b>At</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2013</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables	<b>561</b>	496
Accrued charges and other payables	<b>2,144</b>	2,758
Gross amount due to customers for service contract work	<b>201</b>	376
Deferred maintenance income	<b>1,825</b>	1,948
	<b>4,731</b>	5,578

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

	<b>At 30 September 2013 HK\$'000 (Unaudited)</b>	<b>At 31 March 2013 HK\$'000 (Audited)</b>
Less than 1 month	<b>402</b>	315
1 month to 3 months	<b>73</b>	95
More than 3 months but less than 1 year	<b>-</b>	-
More than 1 year	<b>86</b>	86
	<b>561</b>	496

## 10. Share capital

	<b>Number of shares</b>	<b>HK\$</b>
Authorised:		
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000,000
Ordinary share, issued and fully paid:		
At 1 April 2012, 30 September 2012 and 1 April 2013	930,592,000	9,305,920
Repurchase of shares	(1,048,000)	(10,480)
At 30 September 2013	929,544,000	9,295,440

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

As at 30 September 2013, 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				<u>Total</u>	Percentage of issued <u>shares</u>
	<u>Personal interests</u>	<u>Corporate interests</u>	<u>Family interests</u>	<u>Other interests</u>		
Mr. Lau Hon Kwong, Vincent	6,108,000 (L)	241,102,348 (L) (Note 2)	-	-	247,210,348 (L)	26.59%
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)	14.38%
Dr. Lee Peng Fei Allen	1,760,000 (L)	-	-	-	1,760,000 (L)	0.19%

### Notes:

- 1 The Letter “L” denotes a long position in the shares.
- 2 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 76.39% of the entire issued share capital of Rax-Comm.

Save as disclosed above, as at 30 September 2013, 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 2013, 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 2013, 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)	241,102,348	25.94%
Lau Hoi Chuen (Note 2)	55,938,388	6.02%

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. The Company later adopted another 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**

During the Period, the Company repurchased a total of 1,048,000 shares of HK\$0.01 each in the share capital of the Company on the Stock Exchange and details of which were as follows:

<b>Date of repurchase</b>	<b>No. of shares repurchased</b>	<b>Price per share repurchased</b>		<b>Total consideration</b>
		<b>Highest</b>	<b>Lowest</b>	<b>(before expenses)</b>
		HK\$	HK\$	HK\$
3 July 2013	1,048,000	0.055	0.055	57,640

All shares repurchased would be cancelled subsequently and accordingly the Company's issued share capital was reduced by the nominal value of these shares. The repurchases were effected for the benefit of the shareholders as a whole by enhancing the net assets and earnings per share of the Company.

Save as disclosed above, 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 2013, 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 “Committee”) which comprises three independent non-executive directors, Dr. Lee Peng Fei, Allen, Mr. Kam Hau Choi, Anthony and Mr. Wong Wang Fat, Andrew. Dr. Lee Peng Fei, Allen was appointed the chairman of the audit committee.

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 quarterly report for the six months ended 30 September 2013 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 2013.

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

Hong Kong, 11 November 2013

*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](http://www.hkgem.com) for at least 7 days from its date of publication and on the website of the Company at [www.hkite.com](http://www.hkite.com).*