



# ITE (HOLDINGS) LIMITED

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

**(Stock Code: 8092)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015**

### **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.**

*The Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of this announcement.*

*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 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 (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## FINAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (“ITE” or the “Group”) for the year ended 31 March 2015, together with the comparative audited figures for the previous year.

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2015 HK\$'000	2014 HK\$'000
<b>Turnover</b>	3, 4	<b>29,395</b>	22,902
Cost of services rendered		(17,497)	(12,650)
Cost of sales		(314)	(302)
<b>Gross profit</b>		<b>11,584</b>	9,950
Other gains		865	401
Administrative expenses		(9,203)	(8,281)
Share of loss of an associate		(2)	-
<b>Profit before taxation</b>	5	<b>3,244</b>	2,070
Income tax	6	-	-
<b>Profit for the year attributable to owners of the Company</b>		<b>3,244</b>	2,070
<b>Other comprehensive income for the year</b>			
Item that may be reclassified subsequently to profit or loss:			
- Exchange differences on translation of foreign operations, net of nil tax		3	4
<b>Total comprehensive income for the year</b>		<b>3,247</b>	2,074
<b>Earnings per share</b>	8		
Basic and diluted (HK cents)		<b>0.35</b>	0.22

## Consolidated Statement of Financial Position

	Note	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Fixed assets		201	291
Interest in an associate		1	-
Goodwill		-	-
		<b>202</b>	291
<b>Current assets</b>			
Inventories		1,233	1,186
Trade and other receivables	9	9,312	5,216
Loan to an associate		100	-
Financial assets at fair value through profit or loss		1,586	1,006
Pledged bank deposits		-	2,019
Non-pledged time deposits with maturity over three months from date of deposits		656	-
Cash and cash equivalents		7,501	7,197
		<b>20,388</b>	16,624
<b>Current liabilities</b>			
Trade and other payables	10	6,808	4,423
Provisions		241	339
Income tax payable		24	24
		<b>7,073</b>	4,786
<b>Net current assets</b>		<b>13,315</b>	11,838
<b>Net assets</b>		<b>13,517</b>	12,129
<b>Capital and reserves</b>			
Share capital		9,295	9,295
Reserves		4,222	2,834
<b>Total equity</b>		<b>13,517</b>	12,129

## Consolidated Statement of Changes in Equity

	Attributable to owners of the company					Total
	Share capital	Share premium	Merger reserve	Exchange reserve	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2013	9,306	24,999	10,749	278	(35,218)	10,114
<b>Changes in equity for the year:</b>						
Profit for the year	-	-	-	-	2,070	2,070
Exchange differences on translation of foreign operations	-	-	-	4	-	4
Total comprehensive income for the year	-	-	-	4	2,070	2,074
Repurchase of shares	(11)	(48)	-	-	-	(59)
At 31 March 2014 and 1 April 2014	9,295	24,951	10,749	282	(33,148)	12,129
<b>Changes in equity for the year:</b>						
Profit for the year	-	-	-	-	3,244	3,244
Exchange differences on translation of foreign operations	-	-	-	3	-	3
Total comprehensive income for the year	-	-	-	3	3,244	3,247
Dividend paid in respect of previous year	-	(1,859)	-	-	-	(1,859)
At 31 March 2015	9,295	23,092	10,749	285	(29,904)	13,517

## Notes:

### 1. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except as otherwise stated in the significant accounting policies.

### 2. Adoption of new and revised HKFRSs

The HKICPA has issued amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company. The adoption of these amendments to HKFRSs has no material effect on the consolidated financial statements in the current or prior accounting periods. The Group has not applied any new or revised HKFRSs that is not yet effective for the current accounting period.

### 3. Turnover

	<b>2015</b>	2014
	<b>HKS'000</b>	HK\$'000
Provision of smartcard systems, radio frequency identification (“RFID”) and information technology (“IT”) services		
- Service revenue	<b>15,093</b>	8,329
- Income from maintenance services	<b>11,587</b>	10,697
- Sales of service related products	<b>655</b>	684
	<b>27,335</b>	19,710
Consultancy income	<b>2,060</b>	3,192
	<b>29,395</b>	22,902

#### 4. Segment reporting

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	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>TURNOVER</b>						
Revenue from external customers	27,335	19,710	2,060	3,192	29,395	22,902
<b>RESULTS</b>						
Segment profit	5,660	3,822	169	263	5,829	4,085
Unallocated corporate revenue					865	401
Unallocated corporate expenses					(3,450)	(2,416)
Profit before taxation					3,244	2,070
Income tax					-	-
Profit for the year					3,244	2,070
<b>ASSETS</b>						
Segment assets	10,376	6,018	175	481	10,551	6,499
Unallocated assets					10,039	10,416
Total assets					20,590	16,915
<b>LIABILITIES</b>						
Segment liabilities	6,534	4,201	138	248	6,672	4,449
Unallocated liabilities					401	337
Total liabilities					7,073	4,786
<b>OTHER INFORMATION</b>						
Capital expenditure	47	46	-	-	47	46
Depreciation	137	130	-	-	137	130
Provisions	359	498	20	20	379	518
Reversal of unused provisions	(469)	(782)	(8)	(29)	(477)	(811)
Write-off of inventories	31	42	-	-	31	42

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

- Segment profit represented profit earned by each segment without allocation of certain central administration costs, share of loss of an associate, other gains, exchange differences and income tax expense.
- All assets are allocated to reportable segments other than prepaid central administration costs, interest in an associate, pledged bank deposits, non-pledged time deposits with maturity over three months from date of deposits and cash and cash equivalents.
- All liabilities are allocated to reportable segments other than accrued central administration costs and income tax payable.

a. Geographical information

The Group's operations are principally located in Hong Kong, Macao and the People's Republic of China (the "PRC").

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

	Revenue from external customers		Non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong	21,238	19,478	196	287
Macao	8,157	3,424	3	1
PRC	-	-	2	3
	<b>29,395</b>	22,902	<b>201</b>	291

b. Information about major customers

For the year ended 31 March 2015, there was three (2014: two) customers who accounted for over 10% of total revenue of the Group with revenue of HK\$11,665,957 (2014: HK\$5,139,391) related to the smartcard systems, RFID and IT services segment (2014: smartcard systems, RFID and IT services segment).

## 5. Profit before taxation

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

	2015 HK\$'000	2014 HK\$'000
(a) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	12,891	13,460
Retirement scheme contributions	521	538
	<hr/> 13,412	<hr/> 13,998
(b) Other items:		
Auditor's remuneration	348	339
Cost of goods sold	7,263	2,834
Depreciation	137	130
Development costs	537	426
Exchange loss, net	12	9
Provisions	379	518
Operating lease charges: minimum lease payments		
- hire of properties	1,220	1,250
- hire of office equipment	48	46
Reversal of unused provisions	(477)	(811)
Write-off of inventories	31	42
	<hr/>	<hr/>

## 6. Income tax

- (a) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries within the Group are domiciled and operated.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits for taxation purposes in Hong Kong during the year ended 31 March 2015 (2014: HK\$Nil).

No provision for income tax in the PRC and Macao have been made as the Group did not have any assessable profits for taxation purpose in the PRC or Macao during the year ended 31 March 2015 (2014: HK\$Nil).

- (b) At 31 March 2015, the Group has not recognised deferred tax assets in respect of unused tax losses of approximately HK\$37,181,000 (2014: HK\$41,750,000) and deductible temporary differences of approximately HK\$507,000 (2014: HK\$452,000) due to the uncertainty of the related tax benefits being realised through future taxable profits. The unused tax losses of approximately HK\$2,640,000 (2014: HK\$3,395,000) can be carried forward for offset against the taxable profits of subsequent years for five years following the loss year. Other unused tax losses may be carried forward indefinitely.



## 7. Dividends

	2015	2014
	HK\$	HK\$
Proposed final dividend – HK\$0.25 cents (2014: HK\$0.2 cents) per ordinary share	<u>2,323,860</u>	<u>1,859,088</u>

The above proposed final dividend for the year amounting to HK\$2,323,860, is recommended by the Board on 17 June 2015, which is to be paid out of the share premium account of the Company. Such dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

## 8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK\$3,244,000 (2014: HK\$2,070,000) and the weighted average of 929,544,000 (2014: 930,560,416) ordinary shares in issue during the year, calculated as follows:

	2015	2014
Issued ordinary shares at 1 April	929,544,000	930,592,000
Effect of repurchase of shares	-	(31,584)
Weighted average number of ordinary shares at 31 March	<u>929,544,000</u>	<u>930,560,416</u>

As the Company does not have any potential dilutive ordinary shares during the year ended 31 March 2015 and 2014, basic and diluted earnings per share are the same.

## 9. Trade and other receivables

	2015	2014
	HK\$'000	HK\$'000
Trade receivables	3,796	2,286
Other receivables	731	619
Gross amount due from customers for service contract work	2,055	793
Retention money receivables	-	420
Deposits and prepayments	2,730	1,098
	<u>9,312</u>	<u>5,216</u>

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

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Neither past due nor impaired	<b>1,764</b>	560
Less than 1 month past due	<b>1,551</b>	1,033
1 month to 3 months past due	<b>444</b>	689
More than 3 months but less than 1 year past due	<b>37</b>	4
Amounts past due	<b>2,032</b>	1,726
	<b>3,796</b>	2,286

Trade receivables are generally due within 30 to 45 days (2014: 30 to 45 days) from the date of billing.

#### 10. Trade and other payables

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>325</b>	286
Accrued charges and other payables	<b>3,549</b>	2,290
Gross amount due to customers for service contract work	<b>1,044</b>	274
Deferred maintenance income	<b>1,890</b>	1,573
	<b>6,808</b>	4,423

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

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Less than 1 month	<b>280</b>	244
1 month to 3 months	<b>43</b>	42
More than 3 months but less than 1 year	<b>2</b>	-
	<b>325</b>	286

## **SCOPE OF WORK OF BAKER TILLY HONG KONG**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited ("Baker Tilly"), to the amounts nearest to thousands as set out in the Group's consolidated financial statements for the year. The work performed by Baker Tilly in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly on this preliminary announcement.

## **DIVIDEND**

On 17 June 2015, the Directors recommend the payment of a final dividend of HK\$0.25 cents (2014: HK\$0.2 cents) per ordinary share of the company in cash distributed from the share premium account of the company for the year ended 31 March 2015. At 31 March 2015, the Company's share premium account was approximately HK\$23,092,000. Subsequent to the approval of the Company's shareholders at the forthcoming annual general meeting and after the payment of the proposed final dividend, assuming there are no other changes to the share premium account, the Company's share premium account is expected to be reduced to approximately HK\$20,768,000. No interim dividend was declared and paid during the year. The recommendation of final dividend has not been incorporated in the financial statements for the year but will be recorded in the following year.

## **Closure of Register of Members**

### **(i) Entitlement to Attend and Vote at the 2015 Annual General Meeting**

The register of members will be closed from Thursday, 6 August 2015 to Monday, 10 August 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Wednesday, 5 August 2015.

### **(ii) Entitlement to the Proposed Final Dividend**

The register of members will be closed from Monday, 24 August 2015 to Wednesday, 26 August 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 21 August 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### Business Review

During the Year, our solution and professional services arm, ITE Smartcard Solutions Limited (“ITES”), has been awarded with a number of new contracts by our clients. The orders covered the supply of hardware and software and the provision of professional services to expand or enhance their smartcard application platforms. For the sixth consecutive year, ITES provided the production and personalization services of the student smartcards for various institutes of the Hong Kong Vocational Training Council. More than 10,000 pieces of student smartcards were produced and delivered.

Teamed with one of the world leading electrical and mechanical equipment manufacturers, we have been awarded with a new contract for the supply and delivery of an electronic payment system for the electric vehicle fast charging stations of a local utility company. The system supports the use of Octopus Card for spot payment or direct debit of electricity bill registered by the electric vehicle user. Total twelve e-payment kiosks will be delivered and integrated with the latest Direct Current (“DC”) fast charging stations. The DC fast charging stations are all equipped with couplers for electric vehicles which have CHAdeMO or IEC62196 Combined Charging Standard interface, for example, Nissan Leaf, BMW i3, Volkswagen e-Golf, KIA Soul, Renault Zoe and Tesla Model S.

Our Macao operation arm, ITE (Macao) Limited (“ITEM”) has been awarded with a new contract by the University of Macau (“UMAC”) to supply and install around 300 units of washing machines and dryers for the hostels located at the new campus of UMAC on Hengqin Island, Guangdong. With the establishment of the new campus, UMAC is now the largest residential university in Asia. ITE has been providing our solutions and services to this client for more than 10 years. The delivery was successfully completed in the Year. We are ready to provide an e-purse management system to be integrated with the system seamlessly. ITEM also received a contract from another university client, the Macau University of Science and Technology, to supply a smartmeter system for their new hostel development. The completion has been scheduled in mid of 2015.

During the Year, our R&D arm, RF Tech Limited, has added new hardware and software to our product family. The new HOMAC SPM-10 is a new intelligent parking meter product which can support the e-payment schemes of Octopus Card, MacauPass Card, and PayWave/Paypass/Quickpass. SPM-10 has been designed and made to a durable and waterproof parking meter product which can operate in an outdoor environment for more than 10 years’ service life. Powered by either alkaline or lithium battery packs, it can operate in either an online or offline mode. SPM-10 has sophisticated wireless connectivity features including 3G, Wi-Fi and Bluetooth. Operator can make use of any Android or iOS mobile device for the testing and commissioning, and also the on-going maintenance and service of the meter without the need of proprietary handheld device.

SPM-10 Smart Parking Meter works with the intelliSPM software packages of ITE. The new software supports all functions from administration and monitoring of meters to the e-payment clearing management with various financial institutions. The unique battery management module can monitor and control the status of individual power pack of the meter and alert the central management station. This can greatly enhance the energy efficiency of meter. Other salient features include alarm sensors against tampering and theft. The software also works with another product of ITE, intelliPBS “Pay-by-Smartphone”, which was recently launched. Users can use their smart phones to pay for the parking fee remotely through the payment platform provided by ITE.

Our continual efforts in innovation and R&D gained results by receiving a US patent granted on November 11, 2014. The US Patent No. US8,885,048 B2, “Device for registering and managing book based on computer vision and radio frequency identification technique”, is an invention which discloses a computer vision and radio frequency technology based book enrolment management apparatus, which comprises an image acquisition working platform, an image acquisition device, a RFID tag reader/writer and antenna group for extracting information characteristics of the book to control and operate embedded firmware modules to analyze the image acquired information characterizes of each registered book and record them in a storage database and RFID tag.

The EFS-50 Smart Electric Vehicle Fast Charging Station, jointly developed with the Hong Kong Automotive Parts and Accessory Systems R&D Centre, has been assessed and certified to be in accordance with the requirements of CHAdeMO standard. Two EFS-50 charging stations have been installed at the Government complex and undergoing a public trial scheme funded by the Innovation Technology Commission of the Hong Kong Government.

ITE has continued to demonstrate our quality assurance commitment through our strict compliance with the ISO 9001 system. Both subsidiaries, ITES and ITE Engineering Limited, have successfully completed and passed the ISO9001:2008 Quality Assurance System audit carried out, and received the continual accreditation of ISO9001:2008 Certificates by British Standards Institution.

During the Year, ITE entered into the businesses and technologies of precision medicine and life science with the formation of a new subsidiary, Precision Instrument and Optics Limited (“PIO”). Founded by Professor Chen Shih-chi who received his PhD from Massachusetts Institute of Technology (“MIT”), Professor Yam Yeung ScD Degree (MIT) and ITE, the new company focuses on the businesses and technologies of precision instrument and optics devices for medical and life science applications. PIO also acts as the commercialization vehicle for the deliverables from the R&D project under Innovation and Technology Supporting Program which was previously sponsored by ITE in 2013-14 Project Title: Multi-modality High-speed Microscope System for Volumetric Imaging (Project Reference: ITS/094/13FP).

### **Environmental Protection**

At the launch ceremony co-organized by the Environment Bureau (“EN”) and Hong Kong Exchanges and Clearing Limited on December 15, 2014, ITE was presented with the Certificate of Commendation in recognition of our first-mover contributions and efforts in auditing our carbon footprints and disclosing the carbon data through the Carbon Footprint Repository of EN.

Climate change has posed an unprecedented, global challenge for everyone. Being part of the international community, we should contribute to the solution. Through carbon audits, listed companies like ITE could obtain a clear account of the amount of greenhouse gases emitted as a result of our operation, and this would help the companies to identify effective emission reduction measures.

The Environmental, Social and Governance Reporting Guide published by The Hong Kong Exchanges and Clearing Limited in 2012 encourages listed companies in Hong Kong, as a recommended practice, to report on, among other things, their carbon emissions and intensity, and to describe the measures adopted in mitigating emissions and the results achieved.

### **Charity and Social Responsibility**

Colleagues and friends of ITE continued to support social caring activities. We participated in the “Action for Love 2014” and “Charity Walk 2015” of Suicide Prevention Services (“SPS”) and achieved our fund-raising target. All donations will be used in SPS services for serving people of all ages in Hong Kong who are suicidal, in despair or emotionally distressed by befriending them, and offering services to help them to regain control of their emotions and find the will to carry on. We also welcome new interns joining the Group. They came from The Hong Kong Polytechnic University, The City University of Hong Kong and The Chinese University of Hong Kong with different engineering disciplines ranging from computing, electronic, information, mechanical and mechatronic engineering. ITE has been supporting internship program for university undergraduates since 2006. We assist the students to gain solid experience and knowledge in their fields through actual work responsibilities.

## **Future Prospect**

Since our establishment, we have been focusing on our core business and technologies, we continue to devote our efforts and resources for the long term growth of the Group building on our *Innovation, Technology and Excellency*; three words which best explain the name of ITE.

All members of the Company performed professionally under the corporate vision, mission and core values. Every year, new intellectual assets are created and accumulated and the range of professional services continues to expand to meet the fast growing needs of the changing market. We have firmly maintained our position as the pure rider to provide multi-applications solutions to our clients.

With improving efficiency and effectiveness, new product development and professional services enhancement, the Directors are optimistic that our profitability will continue to improve throughout the year.

## **Financial Performance**

For the year ended 31 March 2015, the Group recorded a turnover of approximately HK\$29 million, representing an increase of 28% over last year. Profit for the year attributable to owners of the Company for the year ended 31 March 2015 was approximately HK\$3.2 million as compared to that of approximately HK\$2.1 million for last year.

## **Segmental Information**

During the year, the Group recorded an increase in turnover for about 28% when compared with last year. However, the Group's gross profit margin had dropped from 43% in last year to 39% in current year.

The service revenue generated from core business, i.e. the provision of the smartcard systems, RFID and information technology ("IT") services and related sales, was HK\$15,748,502 (2014: HK\$9,013,702) which increased significantly by 75%. On the other hand, the income from maintenance services increased by 8% to HK\$11,586,449 (2014: HK\$10,696,765).

For consultancy service segment, the turnover decreased by 35% to HK\$2,060,255 (2014: HK\$3,191,743).

The Group's administrative expenses increased by 11% to HK\$9,203,259 (2014: HK\$8,280,701). This increase was mainly due to the increase of research and development cost to HK\$1,659,950 (2014: HK\$629,030). Expenditure on research and development activities was totally expensed in profit or loss during the year.

During the year, the Group maintained a healthy liquidity position and therefore the finance costs was HK\$nil (2014: HK\$nil).

## **Liquidity and Financial Resources**

The Group generally financed its operations with its internally generated cash flows. At 31 March 2015, the Group did not have any outstanding borrowings. At 31 March 2015, the current ratio of the Group was 2.88 (2014: 3.47) while the liquidity ratio was 2.71 (2014: 3.23).

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 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 requirements and investments in the future.

## **Gearing Ratio**

At 31 March 2015, the gearing ratio of the Group, which is calculated as the ratio of total borrowings to total equity, was nil (2014: nil).

## **Treasury Policy**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **Significant Investments**

The Group had no significant investments during the year under review.

## **Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies**

During the year under review, 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 Social 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.

At 31 March 2015, the Group had 56 (2014: 62) full-time employees, of which 51 (2014: 57) are based in Hong Kong and the rest are in the PRC and Macao. Staff costs, including directors' remuneration, was approximately HK\$13 million (2014: HK\$14 million) for the year ended 31 March 2015. During the year, the Company has not granted any share option to any of its Directors and employees.

## **Charges on Group Assets**

At 31 March 2015, HK\$nil time deposit (2014: HK\$2,018,503) was 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 31 March 2015.

## **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\$"), Macau 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 Liability**

At 31 March 2015, the Company did not have any contingent liability.

## **SHARE OPTION SCHEMES**

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 options granted to directors, chief executives or substantial shareholders 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 21 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, (ii) the average closing price of the company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the share.

Up to 31 March 2015, no share options were granted, exercised or lapsed.

At 31 March 2015 and 2014, none of the share options was outstanding and exercisable under the 2011 Scheme.

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

## **PURCHASE, SALE AND REDEMPTION OF SHARES**

Neither the company nor any of its subsidiaries has purchased, sold or redeemed any of the company's shares during the year.

## **COMPETING INTERESTS**

As at 31 March 2015, 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**

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, Dr. Lee Peng Fei, Allen (being the chairman of the Audit Committee), Mr. Kam Hau Choi, Anthony and Mr. Wong Wang Fat, Andrew.

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 audit committee meets at least four times a year with management to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The principal terms of reference includes, inter alia, its relationship with the Company’s external auditor, review of the Company’s financial information and oversight of the financial reporting system and internal control procedures of the Company.

The Group’s financial statements for the year ended 31 March 2015 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 is firmly committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness. The Board ensures that effective self-regulatory practices exist to protect the interests of the shareholders of the Company.

The Company has applied the principles and complied with all the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) throughout the year ended 31 March 2015, 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. However, 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 year ended 31 March 2015. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings throughout the year ended 31 March 2015.

## **PUBLICATION OF ANNUAL REPORT ON THE GEM WEBSITE**

The annual report of the Company containing all the information required by the GEM Listing Rules will be published on the GEM website in due course.

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

Hong Kong, 17 June 2015

*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. Kam Hau Choi, Anthony and Mr. Wong Wang Fat, Andrew 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).*