



# **ITE (HOLDINGS) LIMITED**

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

**(Stock Code: 8092)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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.**

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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 2015 was approximately HK\$11,582,000 representing a decrease of approximately 7% over the turnover of approximately HK\$12,468,000 for the same period in 2014.

Profit attributable to owners of the Company for the six months ended 30 September 2015 amounted to approximately HK\$240,000 compared to that of approximately HK\$1,020,000 for the same period in 2014.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: HK\$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 2015 (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, 9 November 2015

## **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, we continued to invest into the research and development of innovation technology. ITE Engineering Limited was very pleased to collaborate with the Department of Mechanical and Automation Engineering of the Chinese University of Hong Kong again for a new R&D project related to precision engineering. The project was approved under the Innovation and Technology Support Program of the Hong Kong Government.

Project Title: Precision 3-D Resolved Parallel Laser Machining and Metal Additive Manufacturing Project Reference: ITS/007/15FP).

The proposed parallel laser machining method is a novel and elegant means of producing high-resolution and high throughput micro-/nano-structures. The technology can generate tremendous impact to the manufacturing industry. ITE is very confident about the R&D team in completing the project successfully within the proposed time frame. We will also provide necessary support and be involved in the development of the laser machining and 3-D parallel metal additive manufacturing system in the later stage of the project when additional resources are needed for commercializing the technology.

Our subsidiary, ITE Smartcard Solutions Limited, has received new orders for the supply and delivery of an integrated card management, access control and car park management system for the new Yau Ma Tei Specialist Clinic of the Hospital Authority. The system covers the centralized management of more than one hundred access control points and a UHF RFID car park system. We are very glad to have the opportunity to serve the needs and requirements of our client to expand and enhance their smartcard platform and applications.

Heading for the forthcoming wave of epayment and internet of things (“IoT”) applications, we have established a new subsidiary, 123Pay Limited, to focus on the businesses. Trademarks of “123Pay ” and “123Go ” were filed under 123Pay Limited. The development and provision of epayment application and facility sharing services to the public shall be carried out by the new subsidiary.

## **Financial Performance**

For the Period, the Group had recorded a total revenue of approximately HK\$12 million, representing a decrease of 7% over the same period of 2014. Profit attributable to owners of the Company for the six months ended 30 September 2015 was approximately HK\$0.2 million as compared to that of approximately HK\$1 million for the corresponding period of 2014.

### ***Segmental information***

For the six months ended 30 September 2015, the Group had recorded a decrease in turnover of about 7% when compared with the same period of last year. In spite of decrease in turnover, the Group's gross profit margin had been improved from 42% in corresponding period in last year to 44% 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 slightly by 4% to approximately HK\$4,832,000 (six months ended 30 September 2014: approximately HK\$5,050,000). Under the same segment, the maintenance income had increased by 3% to approximately HK\$5,968,000 (six months ended 30 September 2014: HK\$5,792,000).

For consultancy service segment, the turnover had dropped by 51% to approximately HK\$620,000 (six months ended 30 September 2014: approximately HK\$1,278,000) during the Period.

The Group's administrative expenses had increased by approximately 14% when compared with the same period of last year. The main reason of such increase because was share options had been granted and the related share-based payment expense amounted to approximately HK\$470,000 was recognized during the Period.

During the Period, the Group maintained a healthy liquidity position and therefore the finance costs was HK\$Nil (six months ended 30 September 2014: HK\$Nil).

### ***Liquidity, financial resources and treasury policies***

The Group generally financed its operations with its internally generated cash flows. As at 30 September 2015, the Group did not have any outstanding borrowings. As at 30 September 2015, the current ratio of the Group was 3.19 (31 March 2015: 2.88) while the liquidity ratio was 2.92 (31 March 2015: 2.71).

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 and investment requirements in the future.

### **Gearing Ratio**

At 30 September 2015, the gearing ratio of the Group, which is calculated as the ratio of total borrowings to total equity, was nil (31 March 2015: 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 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 2015, the Group had employed 59 (30 September 2014: 58) full-time employees. Among them, 54 are based in Hong Kong and the rest are based in the PRC and Macao. Staff costs, including directors' emoluments, were approximately HK\$7.2 million (six months ended 30 September 2014: HK\$6.5 million) for the six months ended 30 September 2015. On 9 July 2015, the Company had granted 10,950,000 share options to its Directors and employees.

### ***Charges on Group assets***

As at 30 September 2015, approximately HK\$2,000,000 time deposits (31 March 2015: HK\$Nil) 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 30 September 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\$"), 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 2015, the Company did not have any significant contingent liabilities.

## INTERIM RESULTS

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

		Three Months Ended		Six Months Ended	
		30 September		30 September	
	Note	2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Turnover</b>	3	<b>5,767</b>	6,703	<b>11,582</b>	12,468
Cost of services rendered		<b>(3,067)</b>	(3,983)	<b>(6,440)</b>	(7,059)
Cost of sales		<b>(12)</b>	(65)	<b>(59)</b>	(167)
<b>Gross profit</b>		<b>2,688</b>	2,655	<b>5,083</b>	5,242
Other gains/(loss)		<b>(22)</b>	99	<b>169</b>	180
Administrative expenses		<b>(3,046)</b>	(2,170)	<b>(5,012)</b>	(4,402)
<b>Profit/(loss) before taxation</b>	4	<b>(380)</b>	584	<b>240</b>	1,020
Income tax	5	-	-	-	-
<b>Profit/(loss) attributable to owners of the Company</b>		<b>(380)</b>	584	<b>240</b>	1,020
Other comprehensive income/(expense)		-	-	-	-
<b>Total comprehensive income/(expense)</b>		<b>(380)</b>	584	<b>240</b>	1,020
<b>Earnings/(loss) per share</b>	7				
Basic and diluted (HK cents)		<b>(0.04)</b>	0.06	<b>0.03</b>	0.11

## Consolidated Statement of Financial Position

	Note	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Fixed assets		192	201
Interest in an associate		1	1
Goodwill		-	-
		<b>193</b>	<b>202</b>
<b>Current assets</b>			
Inventories		1,431	1,233
Trade and other receivables	8	8,246	9,312
Loan to an associate		100	100
Financial assets at fair value through profit or loss		1,610	1,586
Pledged bank deposits		2,000	-
Non-pledged time deposits with maturity over three months from date of deposits		-	656
Cash and cash equivalents		3,553	7,501
		<b>16,940</b>	<b>20,388</b>
<b>Current liabilities</b>			
Trade and other payables	9	4,876	6,808
Provisions		413	241
Income tax payable		24	24
		<b>5,313</b>	<b>7,073</b>
<b>Net current assets</b>		<b>11,627</b>	<b>13,315</b>
<b>Net assets</b>		<b>11,820</b>	<b>13,517</b>
<b>Capital and reserves</b>			
Share capital	10	9,288	9,295
Reserves		2,532	4,222
<b>Total equity</b>		<b>11,820</b>	<b>13,517</b>

## Unaudited Condensed Consolidated Cash Flow Statement

	<b>Six Months Ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Net cash generated from/(used in) operating activities	<b>94</b>	(1,486)
Net cash generated from/(used in) investing activities	<b>365</b>	(9)
Net cash (used in)/generated from financing activities	<b>(4,407)</b>	159
Net decrease in cash and cash equivalents	<b>(3,948)</b>	(1,336)
Cash and cash equivalent at 1 April	<b>7,501</b>	7,197
Cash and cash equivalent at 30 September	<b>3,553</b>	5,861

## Unaudited Consolidated Statement of Changes in Equity

	<b>Attributable to owners of the Company</b>						
	<b>Share capital</b>	<b>Share premium</b>	<b>Share option reserve</b>	<b>Merger reserve</b>	<b>Exchange reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	9,295	24,951	-	10,749	282	(33,148)	12,129
<b>Changes in equity for the period:</b>							
Profit for the period	-	-	-	-	-	1,020	1,020
Total comprehensive income							
for the period	-	-	-	-	-	1,020	1,020
Dividend declared and paid	-	(1,859)	-	-	-	-	(1,859)
At 30 September 2014	9,295	23,092	-	10,749	282	(32,128)	11,290
At 1 April 2015	9,295	23,092	-	10,749	285	(29,904)	13,517
<b>Changes in equity for the period:</b>							
Profit for the period	-	-	-	-	-	240	240
Total comprehensive income							
for the period	-	-	-	-	-	240	240
Dividend declared and paid	-	(2,322)	-	-	-	-	(2,322)
Repurchase of shares	(7)	(78)	-	-	-	-	(85)
Equity-settled share-based payment	-	-	470	-	-	-	470
At 30 September 2015	9,288	20,692	470	10,749	285	(29,664)	11,820

**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 2015.

**2. Adoption of new and revised Hong Kong Financial Reporting Standards (“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 and segment information**

	<b>Six Months Ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	4,832	5,050
- Income from maintenance services	5,968	5,792
- Sales of service related products	162	348
	<b>10,962</b>	11,190
Consultancy income	<b>620</b>	1,278
	<b>11,582</b>	12,468

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	10,962	11,190	620	1,278	11,582	12,468
<b>RESULTS</b>						
Segment profit	2,040	2,483	46	102	2,086	2,585
Unallocated corporate revenue					169	180
Unallocated corporate expenses					(2,015)	(1,745)
Profit before taxation					240	1,020
Income tax					-	-
Profit for the period					240	1,020
<b>ASSETS</b>						
Segment assets	9,560	8,757	138	277	9,698	9,034
Unallocated assets					7,435	7,059
Total assets					17,133	16,093
<b>LIABILITIES</b>						
Segment liabilities	4,882	4,367	111	157	4,993	4,524
Unallocated liabilities					320	279
Total liabilities					5,313	4,803
<b>OTHER INFORMATION</b>						
Capital expenditure	64	28	-	-	64	28
Depreciation	74	68	-	-	74	68
Provisions	392	199	-	20	392	219
Reversal of unused provisions	(220)	(210)	-	(8)	(220)	(218)
Write-down of inventories	-	-	-	-	-	-

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, share of loss of an associate, other gains/(losses), exchange difference 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 bank balances.
- All liabilities are allocated to reportable segments other than accrued central administration costs and income tax payable.

## Geographical information

The group's operations are principally located in Hong Kong and 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>2015</b>	2014	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>8,596</b>	10,413	<b>182</b>	248
Macao	<b>2,986</b>	2,055	<b>3</b>	1
PRC	-	-	<b>7</b>	2
	<b>11,582</b>	12,468	<b>192</b>	251

## 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>2015</b>	2014	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
(a) Staff costs (including directors' remuneration):				
Salaries, wages and other benefits	<b>3,439</b>	3,161	<b>6,507</b>	6,260
Share-based payment	<b>470</b>	-	<b>470</b>	-
Retirement scheme contributions	<b>140</b>	133	<b>264</b>	260
	<b>4,049</b>	3,294	<b>7,241</b>	6,520
(b) Other items:				
Cost of inventories	<b>601</b>	980	<b>1,317</b>	1,654
Depreciation	<b>37</b>	34	<b>74</b>	68
Development costs	<b>202</b>	153	<b>411</b>	252
Exchange loss	<b>69</b>	1	<b>71</b>	1
Operating lease charges:				
minimum lease payments				
- hire of properties	<b>326</b>	314	<b>631</b>	617
- hire of office equipment	<b>12</b>	12	<b>24</b>	24

## 5. Income tax

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 Period (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 Period (2014: HK\$Nil).

## 6. Dividends

A final dividend of HK0.25 cent per share amounting to approximately HK\$2,322,000 for the year ended 31 March 2015 had been approved by the shareholders at the annual general meeting and was subsequently paid on 8 September 2015.

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: HK\$Nil).

## 7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK\$240,000 (six months ended 30 September 2014: HK\$1,020,000) and the weighted average of 929,214,055 (six months ended 30 September 2014: 929,544,000) ordinary shares in issue during the respective period, calculated as follows:

	2015	2014
Issued ordinary shares at 1 April	929,544,000	929,544,000
Effect of repurchase of shares	(329,945)	-
Weighted average number of ordinary shares at 30 September	<u>929,214,055</u>	<u>929,544,000</u>

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

## 8. Trade and other receivables

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Trade receivables	3,353	3,796
Other receivables	763	731
Gross amount due from customers for service contract work	2,868	2,055
Amount due from an associate	102	-
Deposits and prepayments	1,160	2,730
	<b>8,246</b>	<b>9,312</b>

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

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Neither past due nor impaired	1,554	1,764
Less than 1 month past due	923	1,551
1 month to 3 months past due	261	444
More than 3 months but less than 1 year past due	615	37
Amounts past due	1,799	2,032
	<b>3,353</b>	<b>3,796</b>

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

## 9. Trade and Other Payables

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Trade payables	273	325
Accrued charges and other payables	2,107	3,549
Gross amount due to customers for service contract work	653	1,044
Deferred maintenance income	1,843	1,890
	<b>4,876</b>	<b>6,808</b>

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 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Less than 1 month	243	280
1 month to 3 months	16	43
More than 3 months but less than 1 year	14	2
	<b>273</b>	<b>325</b>

## 10. 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 2014, 30 September 2014 and 1 April 2015	929,544,000	9,295,440
Repurchase of shares	(708,000)	(7,080)
At 30 September 2015	928,836,000	9,288,360

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

As at 30 September 2015, 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:

### (I) 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)	241,102,348 (L) (Note 2)	-	-	247,210,348 (L)	26.62%
Mr. George Roger Manho	63,142,254 (L)	-	-	-	63,142,254 (L)	6.80%
Mr. Cheng Kwok Hung	118,628,000 (L)	-	-	-	118,628,000 (L)	12.77%
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.

### (II) Interests in equity derivatives (as defined in the SFO) in, or in respect of, underlying shares

As at 30 September 2015, the Directors had the following personal interests in options to subscribe for shares of the Company granted at HK\$1 under a share option scheme of the Company. Each option gives the holder the right to subscribe for one share.

<u>Name of Director</u>	<u>Number of options outstanding at 30 September 2015</u>	<u>Date granted</u>	<u>Period during which options exercisable</u>	<u>Number of shares acquired on exercise of options during the Period</u>	<u>Price per share to be paid on exercise of options</u>
Dr. Lee Peng Fei, Allen	900,000 (L)	9 July 2015	9 January 2016 to 7 August 2021	-	HK\$0.154
Mr. Wong Wang Fat, Andrew	900,000 (L)	9 July 2015	9 January 2016 to 7 August 2021	-	HK\$0.154
Mr. Kam Hau Choi, Anthony	900,000 (L)	9 July 2015	9 January 2016 to 7 August 2021	-	HK\$0.154

Note: The Letter "L" denotes a long position in the shares.

(III) Aggregate interest in the shares and underlying shares of the Company

<u>Name of Director</u>	<u>Aggregate number in ordinary shares</u>	<u>Aggregate number in underlying shares</u>	<u>Total</u>	<u>Percentage of total issued shares</u>
Mr. Lau Hon Kwong, Vincent	247,210,348 (L)	-	247,210,348 (L)	26.62%
Mr. George Roger Manho	63,142,254 (L)	-	63,142,254 (L)	6.80%
Mr. Cheng Kwok Hung	118,628,000 (L)	-	118,628,000 (L)	12.77%
Dr. Lee Peng Fei, Allen	1,760,000 (L)	900,000 (L)	2,660,000 (L)	0.29%
Mr. Wong Wang Fat, Andrew	-	900,000 (L)	900,000 (L)	0.10%
Mr. Kam Hau Choi, Anthony	-	900,000 (L)	900,000 (L)	0.10%

Note: The Letter “L” denotes a long position in the shares.

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

<u>Name of shareholder</u>	<u>Number of ordinary shares held</u>	<u>Percentage of total issued shares</u>
Rax-Comm (BVI) Limited (Note)	241,102,348	25.96%

Note: 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”.

## **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 share option scheme (the "2011 Scheme") on 8 August 2011. 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.

Details of the outstanding share options of the Scheme during the year are as follows:

Name or category of participant	Number of share options					Date granted	Exercisable period	Exercise price
	At 1 April 2015	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding at 30 September 2015			
Lee Peng Fei, Allen /Director	-	900,000	-	-	900,000	9 July 2015	9 January 2016 to 7 August 2021	HK\$0.154
Wong Wang Fat, Andrew /Director	-	900,000	-	-	900,000	9 July 2015	9 January 2016 to 7 August 2021	HK\$0.154
Kam Hau Choi, Anthony /Director	-	900,000	-	-	900,000	9 July 2015	9 January 2016 to 7 August 2021	HK\$0.154
Employees	-	8,250,000	-	-	8,250,000	9 July 2015	9 January 2016 to 7 August 2021	HK\$0.154
	-	10,950,000	-	-	10,950,000			

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

## PURCHASE, SALE AND REDEMPTION OF SHARES

During the Period, the Company repurchased a total of 708,000 shares of HK\$0.01 each in the share capital of the Company on the Stock Exchange pursuant to the general mandates granted by the shareholders at the annual general meeting of the Company held on 8 August 2014, details of which were as follows:

Date of repurchase	No. of shares repurchased	Price per share repurchased		Total consideration (before expenses)
		Highest	Lowest	
		HK\$	HK\$	HK\$
7 July 2015	200,000	0.130	0.124	25,316
8 July 2015	508,000	0.125	0.110	58,016
	708,000			83,332

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 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 interim report for the six months ended 30 September 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 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. 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 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 2015.

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

Hong Kong, 9 November 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. 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).*