



# ITE (HOLDINGS) LIMITED

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

**(Stock Code: 8092)**

## QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2016

### 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 three months ended 30 June 2016 was approximately HK\$4,509,000 representing a decrease of approximately 22% over the turnover of approximately HK\$5,815,000 for the same period in 2015.

Loss attributable to owners of the company for the three months ended 30 June 2016 amounted to approximately HK\$214,000 compared to that of profit attributable to owners of the company approximately HK\$620,000 for the same period in 2015.

The directors do not recommend the payment of an interim dividend for the three months ended 30 June 2016 (three months ended 30 June 2015: Nil).

## **CHAIRMAN'S STATEMENT**

Dear Shareholders,

On behalf of the board (the "board") of directors (the "directors"), I hereby present the unaudited quarterly consolidated results of ITE (Holdings) Limited (the "company") and its subsidiaries (together, "ITE" or the "group") for the three months ended 30 June 2016 (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 August 2016

## **BUSINESS REVIEW**

The management of the group has continued to utilize our professional and committed workforce and financial resources to achieve maximum return for our shareholders.

During the period, ITE Smartcard Solutions Limited is very pleased to be awarded a new contract for the Provision of Design, Implementation, and System Support and Maintenance for New Self-service Kiosks under the Electronic Passport System to the Immigration Department (“ImmD”). Under the scope of contract, ITE shall provide all hardware, software and related project management and system integration services for the new generation self-service kiosks of ImmD. Smart ID card, biometrics and payment technologies and applications are incorporated into the new system which will be designed, built and maintained for ten years. ITE is very glad to have the opportunity to serve this client and the general public.

We are also pleased to be approved with a new Patent Application Grant (“PAG”) which is a funding to assist local companies and individuals to apply for patents of their own inventions. The PAG is administered by the Innovation and Technology Commission of HKSAR with Hong Kong Productivity Council as the implementation agent. The PAG will be used for patent registration of our invention “Radio frequency identification card and mobile phone interlinking embedded electronic payment apparatus and methods”.

This year we welcome eleven new interns joining ITE. They come from City University of Hong Kong, the Hong Kong Polytechnic University and the Chinese University of Hong Kong with different disciplines from accounting, electronic, mechanical, information and system engineering. ITE has been supporting Business Practice Internship, Work Study Program and Industrial-based Training Program for University Undergraduates since 2006. We assist the students to gain solid experience and knowledge in their respective fields through actual work responsibility. Up to this summer, more than a hundred interns have completed their on-the-job training programs with ITE.

### **Retirement of director**

With effect from 8 August 2016, Mr. George Roger Manho has retired by rotation as executive director of the company at annual general meeting held on 8 August 2016 in accordance with the memorandum and articles of association of the company. The board does not aware of any disagreement between Mr. George Roger Manho and the board nor any matters relating to the retirement of Mr. George Roger Manho that need to be brought to the attention of the shareholders of the company.

## QUARTERLY RESULTS

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

		Three Months Ended	
	Note	30 June	
		2016	2015
		HK\$'000	HK\$'000
<b>Turnover</b>	3	<b>4,509</b>	5,815
Cost of services rendered		(2,796)	(3,373)
Cost of sales		(54)	(47)
<b>Gross profit</b>		<b>1,659</b>	2,395
Other gains		526	191
Administrative expenses		(2,399)	(1,966)
<b>(Loss)/profit before taxation</b>		<b>(214)</b>	620
Income tax	4	-	-
<b>(Loss)/profit attributable to owners of the company</b>		<b>(214)</b>	620
Other comprehensive income		-	-
<b>Total comprehensive (expense)/income</b>		<b>(214)</b>	620
<b>(Loss)/earnings per share</b>	6		
Basic (HK cents)		<b>(0.02)</b>	0.07
Diluted (HK cents)		<b>(0.02)</b>	N/A

## Unaudited Consolidated Statement of Changes in Equity

	Attributable to owners of the company						Total
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance 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		-		-	-	620	620
Total comprehensive income for the period	-	-	-	-	-	620	620
Balance at 30 June 2015	9,295	23,092	10,749	285	-	(29,284)	14,137
Balance at 1 April 2016	9,274	20,487	10,749	379	1,029	(29,575)	12,343
<b>Changes in equity for the period:</b>							
Loss for the period		-		-	-	(214)	(214)
Total comprehensive expense for the period	-	-	-	-	-	(214)	(214)
Balance at 30 June 2016	9,274	20,487	10,749	379	1,029	(29,789)	12,129

### Notes:

#### 1. Basis of preparation

The unaudited consolidated results 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 (“HKASs”) 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 unaudited consolidated results also comply with the applicable disclosure provisions of the GEM Listing Rules.

The principal accounting policies used in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the group for the year ended 31 March 2016.

#### 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. The adoption of these new and revised 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

	Three Months Ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	1,144	2,509
- Income from maintenance services	3,101	2,821
- Sales of service related products	147	118
	4,392	5,448
Consultancy income	117	367
	<u>4,509</u>	<u>5,815</u>

### 4. 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 (2015: HK\$Nil).

No provision for income tax of 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 (2015: HK\$Nil).

### 5. Dividends

The directors do not recommend the payment of interim dividend for the three months ended 30 June 2016 (three months ended 30 June 2015: HK\$Nil).

### 6. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the company of approximately HK\$214,000 (three months ended 30 June 2015: profit of approximately HK\$620,000) and the weighted average of 927,356,000 (three months ended 30 June 2015: 929,544,000) ordinary shares in issue during the year.

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to owners of the company of approximately HK\$214,000 and the weighted average number of ordinary shares of 927,941,526 shares (three months ended 30 June 2015: no dilutive potential ordinary shares in existence), calculated as follows:

Weighted average number of ordinary shares (diluted)	<b>2016</b>
Weighted average number of ordinary shares as at 30 June	927,356,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	585,526
Weighted average number of ordinary shares (diluted) as at 30 June	<u>927,941,526</u>

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

As at 30 June 2016, the interests and short positions of each director and chief executive of the company in the shares, underlying shares and debentures of the company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the company and the Stock Exchange were as follows:

Interests in shares of the company

<u>Name of director</u>	Number of ordinary shares					Percentage of issued shares
	<u>Personal interests</u>	<u>Corporate interests</u>	<u>Family interests</u>	<u>Other interests</u>	<u>Total</u>	
Mr. Lau Hon Kwong, Vincent	6,108,000 (L)	241,102,348 (L) (Note 2)	-	-	247,210,348 (L)	26.66%
Mr. George Roger Manho	63,142,254 (L)	-	-	-	63,142,254 (L)	6.81%
Mr. Cheng Kwok Hung	117,392,000 (L)	-	-	-	117,392,000 (L)	12.66%
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 June 2016, 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 June 2016, 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 June 2016, 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)	241,102,348	26.00%

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.

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

The following table details the company's share options in issue under the 2011 Scheme:

Participant	Date of grant	Exercisable period	Exercise price per share HK\$	Number of exercisable and outstanding share options		
				At 1 April 2016	Granted during the period	At 30 June 2016
Independent non-executive directors	9 July 2015	9 January 2016 to 7 August 2021	0.154	2,700,000	-	2,700,000
Directors of subsidiaries of the company	9 July 2015	9 January 2016 to 7 August 2021	0.154	3,750,000	-	3,750,000
Other employees	9 July 2015	9 January 2016 to 7 August 2021	0.154	4,500,000	-	4,500,000
			Total	<u>10,950,000</u>	<u>-</u>	<u>10,950,000</u>

Save as disclosed above, no share options was granted, exercised, cancelled, or lapsed in accordance with the terms of the share option scheme of the company during the period.

## 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 period.

## COMPETING INTERESTS

As at 30 June 2016, 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. Wong Wang Fat, Andrew and Mr. Kam Hau Choi, Anthony.

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, financial reporting matters, internal control and also risk management system. 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 quarterly report for the three months ended 30 June 2016 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.

## **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 June 2016.

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

Hong Kong, 11 August 2016

*The board as of the date of this announcement comprises Mr. Lau Hon Kwong, Vincent, 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).*