



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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.

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 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 2016 was approximately HK\$9,851,000 representing a decrease of approximately 15% over the turnover of approximately HK\$11,582,000 for the same period in 2015.

Loss attributable to owners of the company for the six months ended 30 September 2016 amounted to approximately HK\$682,000 compared to that of profit attributable to owners of the company approximately HK\$240,000 for the same period in 2015.

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: HK\$nil).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "board") of directors (the "directors"), I hereby present the unaudited consolidated interim results of ITE (Holdings) Limited (the "company") and its subsidiaries (together, "ITE" or the "group") for the six months ended 30 September 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, 7 November 2016

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 were awarded with a new contract by the Leisure and Cultural Services Department (“LCSD”) of HKSAR for the Supply of Book Dispensers for the Hong Kong Public Libraries (“HKPL”). Under the scope of contract, ITE shall provide all hardware, related software, project management and system integration services for the all-new 24-hours self-service book dispensing system of HKPL. Three units of fully automatic book dispensers will be installed in Kowloon, the Hong Kong Island and New Territories to serve the general public. The introduction of this system is an important milestone of the LCSD and HKSAR Government towards the Smart City Initiatives. Latest Smart ID card, electronic payment, RFID and Internet of Things technologies are incorporated into the system which will be integrated with the library circulation system of the HKPL. ITE is very glad to have the opportunity to pioneer this application and serve the people of Hong Kong.

We were also very pleased to be awarded with a new contract by The Education University of Hong Kong (“EdUHK”) for the Supply and Installation of Hostel Octopus Payment Air Conditioner System of EdUHK. Under the scope of contract, ITE shall provide all hardware, software and implementation services for Octopus payment application of seven hundred fifty units of air conditioners across three hostels of the campus. This new payment system is a networked online system as compared with the old Mifare smartmeter system which was offline nature. ITE is very proud to pioneer our Mifare smartmeter application back in 1999 when we designed and delivered for the Hong Kong Institute of Education the first installation of that kind in Hong Kong. Our award winning product, MF-25SM, has been operating and serving the students and client for 16 years. It is a testimonial for ITE : Innovation, Technology and Excellence.

It is ITE’s core value that we never compromise on safety or quality and have dedicated ourselves to a zero-harm and fault mind-set. We were pleased to announce that on July 25, 2016, our subsidiaries, ITE Smartcard Solutions Limited and ITE Engineering Limited, successfully completed and passed the ISO 9001:2008 Quality Assurance System audit carried out by British Standards Institution (“BSI”). Both companies will be recommended by BSI for the continual accreditation of ISO 9001:2008 Certificates which were first accredited in 2002.

Financial Performance

For the period, the group had recorded a total revenue of approximately HK\$10 million, representing a decrease of 15% over the same period of 2015. Loss attributable to owners of the company for the six months ended 30 September 2016 was approximately HK\$0.7 million as compared to that of profit attributable to owners of the company approximately HK\$0.2 million for the corresponding period of 2015.

Segmental information

For the six months ended 30 September 2016, the group had recorded a decrease in turnover of about 15% when compared with the same period of last year. Besides, the group's gross profit margin had also dropped from 44% in corresponding period in last year to 30% in the current period.

During the period, the service revenue generated from the provision of smartcard systems, RFID and information technology ("IT") services had decreased by 21% to approximately HK\$3,802,000 (six months ended 30 September 2015: approximately HK\$4,832,000). Under the same segment, the maintenance income had also decreased by 5% to approximately HK\$5,686,000 (six months ended 30 September 2015: HK\$5,968,000).

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

During the period, the group maintained a healthy liquidity position and therefore the finance costs was HK\$Nil (six months ended 30 September 2015: HK\$Nil).

Liquidity, financial resources and treasury policies

The group generally financed its operations with its internally generated cash flows. As at 30 September 2016, the group did not have any outstanding borrowings. As at 30 September 2016, the current ratio of the group was 2.90 (31 March 2016: 3.29) while the liquidity ratio was 2.63 (31 March 2016: 3.08).

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 2016, the gearing ratio of the group, which is calculated as the ratio of total borrowings to total equity, was nil (31 March 2016: 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 2016, the group had employed 49 (30 September 2015: 59) full-time employees. Among them, 45 are based in Hong Kong and the rest are based in the PRC and Macao. Staff costs, including directors' emoluments, were approximately HK\$6.4 million (six months ended 30 September 2015: HK\$7.2 million) for the six months ended 30 September 2016.

Charges on group assets

As at 30 September 2016, approximately HK\$2,000,000 time deposits (31 March 2016: HK\$2,000,000) 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 2016.

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 period, 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 2016, the company did not have any significant contingent liabilities.

INTERIM RESULTS

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Three Months Ended		Six Months Ended	
		30 September		30 September	
		2016	2015	2016	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3	5,342	5,767	9,851	11,582
Cost of services rendered		(3,980)	(3,067)	(6,776)	(6,440)
Cost of sales		(28)	(12)	(82)	(59)
Gross profit		1,334	2,688	2,993	5,083
Other gains/(loss)		95	(22)	621	169
Administrative expenses		(1,897)	(3,046)	(4,296)	(5,012)
(Loss)/profit before taxation	4	(468)	(380)	(682)	240
Income tax	5	-	-	-	-
(Loss)/profit attributable to owners of the company		(468)	(380)	(682)	240
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income		(468)	(380)	(682)	240
(Loss)/earnings per share	7				
Basic (HK cents)		(0.05)	(0.04)	(0.07)	0.03
Diluted (HK cents)		(0.05)	N/A	(0.07)	N/A

Consolidated Statement of Financial Position

	Note	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		657	125
Interest in an associate		-	-
Goodwill		-	-
		657	125
Current assets			
Inventories		1,529	1,123
Trade and other receivables	8	8,159	6,184
Loan to an associate		200	200
Financial assets at fair value through profit or loss		1,813	1,765
Income tax recoverable		159	159
Pledged bank deposits		2,000	2,000
Cash and cash equivalents		2,820	6,121
		16,680	17,552
Current liabilities			
Trade and other payables	9	5,415	4,852
Provisions		337	482
		5,752	5,334
Net current assets		10,928	12,218
Net assets		11,585	12,343
Capital and reserves			
Share capital		9,269	9,274
Reserves		2,316	3,069
Total equity		11,585	12,343

Unaudited Condensed Consolidated Cash Flow Statement

	Six Months Ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(2,873)	94
Net cash (used in)/generated from investing activities	(352)	365
Net cash used in financing activities	(76)	(4,407)
Net decrease in cash and cash equivalents	(3,301)	(3,948)
Cash and cash equivalent at 1 April	6,121	7,501
Cash and cash equivalent at 30 September	2,820	3,553

Unaudited Consolidated Statement of Changes in Equity

	Attributable to owners of the company						
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015	9,295	23,092	10,749	285	-	(29,904)	13,517
Changes in equity for the period:							
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	10,749	285	470	(29,664)	11,820
At 1 April 2016	9,274	20,487	10,749	379	1,029	(29,575)	12,343
Changes in equity for the period:							
Loss for the period	-	-	-	-	-	(682)	(682)
Total comprehensive expense							
for the period	-	-	-	-	-	(682)	(682)
Repurchase of shares	(5)	(71)	-	-	-	-	(76)
At 30 September 2016	9,269	20,416	10,749	379	1,029	(30,257)	11,585

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 2016.

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

	Six Months Ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	3,802	4,832
- Income from maintenance services	5,686	5,968
- Sales of service related products	211	162
	9,699	10,962
Consultancy income	152	620
	9,851	11,582

(a) Operating segment information

The group conducts its business within one business segment, smartcard systems, RFID, IT services and related services. All of the group’s products and services are of a similar nature and subject to similar risk and returns. Following the business operation review with effect from 1 April 2015, for management purpose, the management does not review the performance of the business in smartcard systems, RFID and IT services, and related consultancy services separately as the segment of provision for consultancy services has continued to be downsized. Accordingly, the group’s operating activities are attributable to a single operating segment, such changes have been restated for comparative amounts in prior year.

(b) Geographical information

The group's operations are principally located in Hong Kong, Macao and 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	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	8,537	8,596	649	182
Macao	1,314	2,986	3	3
PRC	-	-	5	7
	9,851	11,582	657	192

4. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

	Three Months Ended 30 September		Six Months Ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
(a) Staff costs (including directors' remuneration):				
Salaries, wages and other benefits	2,507	3,439	6,186	6,507
Retirement scheme contributions	93	140	233	264
Equity-settled share-based payments	-	470	-	470
	2,600	4,049	6,419	7,241
(b) Other items:				
Cost of inventories	1,318	601	1,850	1,317
Depreciation	89	37	168	74
Development costs	52	202	141	411
Exchange loss, net	1	69	2	71
Operating lease charges:				
- hire of properties	299	326	705	631
- hire of office equipment	12	12	24	24
Reversal of unused provisions	(154)	(135)	(293)	(220)
Write-off of inventories	-	-	-	-

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

6. Dividends

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

7. (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\$682,000 (six months ended 30 September 2015: profit of approximately HK\$240,000) and the weighted average of 927,323,213 (six months ended 30 September 2015: 929,214,055) ordinary shares in issue during the period.

(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\$682,000 and the weighted average number of ordinary shares of 927,694,167 shares (six months ended 30 September 2015: no dilutive potential ordinary shares in existence), calculated as follows:

	2016
Weighted average number of ordinary shares (diluted)	
Weighted average number of ordinary shares as at 30 September	927,323,213
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	370,954
Weighted average number of ordinary shares (diluted) as at 30 September	<u>927,694,167</u>

8. Trade and other receivables

	At 30 September 2016 HK\$'000 (Unaudited)	At 31 March 2016 HK\$'000 (Audited)
Trade receivables	2,815	1,738
Other receivables	1,125	893
Gross amount due from customers for service contract work	2,425	2,036
Retention money receivables	86	34
Deposits and prepayments	1,708	1,483
	8,159	6,184

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

	At 30 September 2016 HK\$'000 (Unaudited)	At 31 March 2016 HK\$'000 (Audited)
Less than 1 month	544	1,265
More than 1 month but less than 3 months	1,322	473
More than 3 months but less than 1 year	949	-
	2,815	1,738

Trade receivables are generally due within 30 to 60 days (2015: 30 to 45 days) from the date of billing.

9. Trade and Other Payables

	At 30 September 2016 HK\$'000 (Unaudited)	At 31 March 2016 HK\$'000 (Audited)
Trade payables	1,120	314
Accrued charges and other payables	1,908	2,221
Gross amount due to customers for service contract work	540	631
Deferred maintenance income	1,847	1,686
	5,415	4,852

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 2016 HK\$'000 (Unaudited)	At 31 March 2016 HK\$'000 (Audited)
Less than 1 month	734	279
More than 1 month but less than 3 months	383	32
More than 3 months but less than 1 year	3	3
	1,120	314

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

As at 30 September 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:

(I) Interests in shares of the company

<u>Name of director</u>	<u>Number of ordinary shares</u>					<u>Percentage of issued shares</u>
	<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)	26.67%
Mr. Cheng Kwok Hung	117,392,000 (L)	-	-	-	117,392,000 (L)	12.67%
Dr. Lee Peng Fei Allen	1,760,000 (L)	-	-	-	1,760,000 (L)	0.19%

Notes:

- The letter "L" denotes a long position in the shares.
- These shares are beneficially owned by Rax-Comm (BVI) Limited ("Rax-Comm"), a company incorporated in the British Virgin Islands. Mr. Lau Hon Kwong, Vincent held 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 2016, 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 2016</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. Kam Hau Choi, Anthony	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

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)	26.67%
Mr. Cheng Kwok Hung	117,392,000 (L)	-	117,392,000 (L)	12.67%
Dr. Lee Peng Fei, Allen	1,760,000 (L)	900,000 (L)	2,660,000 (L)	0.29%
Mr. Kam Hau Choi, Anthony	-	900,000 (L)	900,000 (L)	0.10%
Mr. Wong Wang Fat, Andrew	-	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 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 September 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 September 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 shares held	Percentage of total issued shares
Rax-Comm (BVI) Limited (Note 1)	241,102,348	26.01%
Mr. George Roger Manho (Note 2)	63,142,254	6.81%

Notes:

1. These shares have been disclosed as the corporate interests of the relevant directors in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in the Shares, Underlying Shares and Debentures”.
2. Mr. George Roger Manho had retired by rotation as executive director of the company at the annual general meeting held on 8 August 2016 in accordance with the memorandum and articles of association of the company.

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 September 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	10,950,000	-	10,950,000

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

During the period, the company repurchased a total of 500,000 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 2016, details of which were as follows:

Date of repurchase	No. of shares repurchased	Price per share repurchased		Total consideration (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
19 September 2016	500,000	0.150	0.150	75,000

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 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 interim report for the six months ended 30 September 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.

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 2016.

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

Hong Kong, 7 November 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 for at least 7 days from its date of publication and on the website of the company at www.hkite.com.