



# **ITE (HOLDINGS) LIMITED**

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

**(Stock Code: 8092)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

### **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 2017 was approximately HK\$12,509,000 representing an increase of approximately 27% over the turnover of approximately HK\$9,851,000 for the same period in 2016.

Profit attributable to owners of the company for the six months ended 30 September 2017 amounted to approximately HK\$803,000 compared to that of loss attributable to owners of the company approximately HK\$682,000 for the same period in 2016.

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: 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 2017 (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 2017

## **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, ITE has been awarded with a new contract by the Immigration Department ('ImmD') of HKSAR for the supply of immigration control system at Hong Kong-Zhuhai-Macao bridge Hong Kong boundary crossing facilities. Under the scope of contract, ITE shall provide up to two hundred sets of e-passport reader hardware, related software and integration services for the new border control point of Hong Kong. We are very pleased to continue to provide our products, solution and services to the ImmD in support of the high speed document identification requirements.

We are also pleased to announce that the field trial of New Parking Meter System Trial Scheme of the Transport Department which started on 21 October 2016 in Fung Kwan Street Car Park of Yuen Long and Tung Choi Street and Sai Yeung Choi Street South of Mong Kok was successfully completed. Our award-winning smart parking meter HOMAC SPM-10A and intelliSPM software package have been performing accurately and reliably under the all year-round weather conditions. Not only meeting all the functional requirements and specifications of the Transport Department, the smart parking meter provides internet-of-thing ('IoT') and environmental features which are most innovative and advanced in the parking and e-payment applications, these functions and features are ready to be adopted in the next generation parking meter in Hong Kong.

ITE has been supporting the expansion of electric vehicle ('EV') quick charging infrastructures of both utility companies in Hong Kong. We have recently completed the commission of hardware, software and related professional services for the Octopus payment system of electric vehicle quick charging stations of Hong Kong Electric. Three new multi-standard EV quick charging stations were launched at University of Hong Kong, Hing Wah Estate and Cityplaza. These multi-standard EV quick chargers support IEC Type 2 AC, CCS DC Combo and CHAdeMO standard.

This summer we welcome eight interns joining us. They come from City University of Hong Kong, the Hong Kong Polytechnic University, the Chinese University of Hong Kong with different engineering disciplines from electronic and information, mechanical and automation, bioengineering, manufacturing systems engineering, industrial engineering and engineering management. ITE has been supporting Co-Operative Education Scheme, Industrial-based Training Program and Work Study Program for University Undergraduates since 2006. We assist the students to gain solid experience and knowledge in their respective fields through actual work responsibility.

## **Financial Performance**

For the period, the group had recorded a total revenue of approximately HK\$13 million, representing an increase of 27% over the same period of 2016. Profit attributable to owners of the company for the six months ended 30 September 2017 was approximately HK\$0.8 million as compared to that of loss attributable to owners of the company approximately HK\$0.7 million for the corresponding period of 2016.

### ***Segmental information***

For the six months ended 30 September 2017, the group had recorded an increase in turnover of about 27% when compared with the same period of last year. Besides, the group's gross profit margin had also improved from 30% in corresponding period in last year to 47% in the current period.

During the period, the service revenue generated from the provision of smartcard systems, RFID and information technology ("IT") services had significant increase of 65% to approximately HK\$6,269,000 (six months ended 30 September 2016: approximately HK\$3,802,000). Under the same segment, the maintenance income had also increased by 5% to approximately HK\$5,949,000 (six months ended 30 September 2016: HK\$5,686,000).

The group's administrative expenses had increased by approximately 23% when compared with the same period of last year. The main reason of such increase was share options had been granted and the related share-based payment expense amounted to approximately HK\$388,000 was recognized during the period. Besides, the research and development cost and associated sponsorship was also increased significantly to approximately HK\$573,000 (six months ended 30 September 2016: HK\$141,000). Expenditure on research and development activities was totally expensed in profit or loss 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 2016: HK\$nil).

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

The group generally financed its operations with its internally generated cash flows. As at 30 September 2017, the group did not have any outstanding borrowings. As at 30 September 2017, the current ratio of the group was 3.10 (31 March 2017: 3.24) while the liquidity ratio was 2.86 (31 March 2017: 3.01).

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 2017, the gearing ratio of the group, which is calculated as the ratio of total borrowings to total equity, was nil (31 March 2017: 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 2017, the group had employed 47 (30 September 2016: 49) full-time employees. Among them, 43 are based in Hong Kong and the rest are based in the PRC and Macao. Staff costs, including directors' emoluments, were approximately HK\$6.8 million (six months ended 30 September 2016: HK\$6.4 million) for the six months ended 30 September 2017.

### ***Charges on group assets***

As at 30 September 2017, approximately HK\$2,000,000 time deposits (31 March 2017: 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 2017.

### ***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 2017, 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	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Turnover</b>	3	<b>6,495</b>	5,342	<b>12,509</b>	9,851
Cost of services rendered		<b>(3,886)</b>	(3,980)	<b>(6,469)</b>	(6,776)
Cost of sales		<b>(38)</b>	(28)	<b>(118)</b>	(82)
<b>Gross profit</b>		<b>2,571</b>	1,334	<b>5,922</b>	2,993
Other gains		<b>133</b>	95	<b>166</b>	621
Administrative expenses		<b>(2,302)</b>	(1,897)	<b>(5,285)</b>	(4,296)
<b>Profit/(loss) before taxation</b>	4	<b>402</b>	(468)	<b>803</b>	(682)
Income tax	5	-	-	-	-
<b>Profit/(loss) attributable to owners of the company</b>		<b>402</b>	(468)	<b>803</b>	(682)
Other comprehensive income		-	-	-	-
<b>Total comprehensive income/(expense)</b>		<b>402</b>	(468)	<b>803</b>	(682)
<b>Earnings/(loss) per share</b>	7				
Basic (HK cents)		<b>0.04</b>	(0.05)	<b>0.09</b>	(0.07)
Diluted (HK cents)		<b>0.04</b>	(0.05)	<b>0.09</b>	(0.07)

## Consolidated Statement of Financial Position

	Note	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		339	488
Interest in an associate		-	-
Goodwill		-	-
		<b>339</b>	<b>488</b>
<b>Current assets</b>			
Inventories		1,576	1,306
Trade and other receivables	8	9,652	8,592
Loans to an associate		200	200
Financial assets at fair value through profit or loss		1,692	1,675
Income tax recoverable		8	8
Pledged bank deposits		2,000	2,000
Cash and cash equivalents		5,533	4,520
		<b>20,661</b>	<b>18,301</b>
<b>Current liabilities</b>			
Trade and other payables	9	6,309	5,230
Provisions		357	416
		<b>6,666</b>	<b>5,646</b>
<b>Net current assets</b>		<b>13,995</b>	<b>12,655</b>
<b>Net assets</b>		<b>14,334</b>	<b>13,143</b>
<b>Capital and reserves</b>			
Share capital		9,255	9,255
Reserves		5,079	3,888
<b>Total equity</b>		<b>14,334</b>	<b>13,143</b>

## Unaudited Condensed Consolidated Cash Flow Statement

	<b>Six Months Ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Net cash generated from/(used in) operating activities	<b>942</b>	(2,873)
Net cash generated from/(used in) investing activities	<b>71</b>	(352)
Net cash used in financing activities	<b>-</b>	(76)
Net increase/(decrease) in cash and cash equivalents	<b>1,013</b>	(3,301)
Cash and cash equivalent at 1 April	<b>4,520</b>	6,121
Cash and cash equivalent at 30 September	<b>5,533</b>	2,820

## Unaudited Consolidated Statement of Changes in Equity

	<b>Attributable to owners of the company</b>						
	<b>Share capital</b>	<b>Share premium</b>	<b>Merger reserve</b>	<b>Exchange reserve</b>	<b>Share option 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 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	-	-	-	-	-	(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
At 1 April 2017	9,255	20,240	10,749	370	1,721	(29,192)	13,143
<b>Changes in equity for the period:</b>							
Profit for the period	-	-	-	-	-	803	803
Total comprehensive income for the period	-	-	-	-	-	803	803
Equity-settled share-based payments	-	-	-	-	388	-	388
At 30 September 2017	9,255	20,240	10,749	370	2,109	(28,389)	14,334

**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 2017.

**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>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	6,269	3,802
- Income from maintenance services	5,949	5,686
- Sales of service related products	291	211
	<b>12,509</b>	<b>9,699</b>
Consultancy income	-	152
	<b>12,509</b>	<b>9,851</b>

(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. Accordingly, the group’s operating activities are attributable to a single operating segment.

(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	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Hong Kong	10,665	8,537	334	649
Macao	1,844	1,314	2	3
PRC	-	-	3	5
	<b>12,509</b>	<b>9,851</b>	<b>339</b>	<b>657</b>

4. Profit/(loss) before taxation

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

	Three Months Ended 30 September		Six Months Ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
(a) Staff costs (including directors' remuneration):				
Salaries, wages and other benefits	3,105	2,507	6,182	6,186
Retirement scheme contributions	118	93	231	233
Equity-settled share-based payments	-	-	388	-
	<b>3,223</b>	<b>2,600</b>	<b>6,801</b>	<b>6,419</b>
(b) Other items:				
Cost of inventories	1,219	1,318	1,912	1,850
Depreciation	88	89	176	168
Development costs	251	52	573	141
Exchange loss, net	3	1	4	2
Provisions	61	114	191	148
Operating lease charges:				
- hire of properties	297	299	594	705
- hire of office equipment	12	12	24	24
Reversal of unused provisions	(146)	(154)	(250)	(293)
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 incurred losses for tax purpose or has sufficient tax losses brought forward to set off against current period's assessable profits (2016: 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 (2016: HK\$nil).

## 6. Dividends

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: HK\$nil).

## 7. Earnings/(loss) per share

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the company of approximately HK\$803,000 (six months ended 30 September 2016: loss of approximately HK\$682,000) and the weighted average of 925,508,000 (six months ended 30 September 2016: 927,323,213) ordinary shares in issue during the period.

### (b) Diluted earnings/(loss) per share

Diluted earnings per share is equal to basic earnings per share as there is no dilutive potential ordinary shares in existence during the period. For the six months ended 30 September 2016, 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, calculated as follows:

	<b>2016</b>
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 2017 HK\$'000 (Unaudited)	At 31 March 2017 HK\$'000 (Audited)
Trade receivables	3,373	3,659
Other receivables	715	1,275
Gross amount due from customers for service contract work	3,650	2,120
Retention money receivables	164	185
Deposits and prepayments	1,750	1,353
	<b>9,652</b>	<b>8,592</b>

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

	At 30 September 2017 HK\$'000 (Unaudited)	At 31 March 2017 HK\$'000 (Audited)
Less than 1 month	1,858	2,279
More than 1 month but less than 3 months	1,321	1,202
More than 3 months but less than 1 year	194	178
	<b>3,373</b>	<b>3,659</b>

Trade receivables are generally due within 30 to 60 days (2016: 30 to 45 days) from the date of billing.

## 9. Trade and Other Payables

	At 30 September 2017 HK\$'000 (Unaudited)	At 31 March 2017 HK\$'000 (Audited)
Trade payables	1,228	423
Accrued charges and other payables	2,137	2,054
Gross amount due to customers for service contract work	1,494	742
Deferred maintenance income	1,450	2,011
	<b>6,309</b>	<b>5,230</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 2017 HK\$'000 (Unaudited)	At 31 March 2017 HK\$'000 (Audited)
Less than 1 month	1,108	350
More than 1 month but less than 3 months	111	70
More than 3 months but less than 1 year	9	3
	<b>1,228</b>	<b>423</b>

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

As at 30 September 2017, 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)	26.71%
Mr. Cheng Kwok Hung	117,240,000 (L)	-	-	-	117,240,000 (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 2017, 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 2017</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>
Mr. Lau Hon Kwong, Vincent	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
Mr. Cheng Kwok Hung	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
Mr. Liu Hoi Wah	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
Dr. Lee Peng Fei, Allen	900,000 (L)	9 July 2015	9 January 2016 to 7 August 2021	-	HK\$0.154
	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
Mr. Kam Hau Choi, Anthony	900,000 (L)	9 July 2015	9 January 2016 to 7 August 2021	-	HK\$0.154
	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
Mr. Wong Wang Fat, Andrew	900,000 (L)	9 July 2015	9 January 2016 to 7 August 2021	-	HK\$0.154
	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146

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)	900,000 (L)	248,110,348 (L)	26.81%
Mr. Cheng Kwok Hung	117,240,000 (L)	900,000 (L)	118,140,000 (L)	12.76%
Mr. Liu Hoi Wah	-	900,000 (L)	900,000 (L)	0.10%
Dr. Lee Peng Fei, Allen	1,760,000 (L)	1,800,000 (L)	3,560,000 (L)	0.38%
Mr. Kam Hau Choi, Anthony	-	1,800,000 (L)	1,800,000 (L)	0.19%
Mr. Wong Wang Fat, Andrew	-	1,800,000 (L)	1,800,000 (L)	0.19%

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

Save as disclosed above, as at 30 September 2017, 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 2017, 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 2017, the following persons, other than a director or chief executive of the company, had interests or short positions in the shares and underlying shares of the company as recorded in the register required to be kept under Section 336 of the SFO and so far as is known to any director or chief executive of the company:

Name of shareholder	Number of ordinary <u>shares held</u>	Percentage of total <u>issued shares</u>
Rax-Comm (BVI) Limited (Note 1)	241,102,348	26.05%
Mr. George Roger Manho (Note 2)	63,142,254	6.82%

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 2017	Granted during the period	Lapsed during the period	At 30 September 2017
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
Executive directors	6 December 2016	5 June 2017 to 7 August 2021	0.146	2,700,000	-	-	2,700,000
Independent non-executive directors	6 December 2016	5 June 2017 to 7 August 2021	0.146	2,700,000	-	-	2,700,000
Directors of subsidiaries of the company	6 December 2016	5 June 2017 to 7 August 2021	0.146	3,350,000	-	-	3,350,000
Other employees	6 December 2016	5 June 2017 to 7 August 2021	0.146	4,750,000	-	-	4,750,000
			Total	<u>24,450,000</u>	<u>-</u>	<u>-</u>	<u>24,450,000</u>
Weighted average exercise price (HK\$)				<u>0.15</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 September 2017, 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, 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 2017 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.

The company has not arranged any insurance coverage for the directors' liabilities in respect of any potential legal actions against the directors. Given the nature of the company's business, directors believe that the occurring of legal actions against the directors is very slight, and the company still can achieve excellent corporate government through various management and monitoring mechanism so as to reduce such risks, such as periodic review on the effectiveness of internal control system, clear division of duties and providing training for staffs and the management. The board will review, on a regular basis, the necessity to arrange insurance cover for potential legal actions against the directors.

#### **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 2017.

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

Hong Kong, 9 November 2017

*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).*