



ITE (Holdings) Limited

Stock Code 股份代號: 8092

**2<sup>nd</sup>** Quarterly Report  
第二季度業績報告 2018/19

## **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 report, 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 report.*

*This report, 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 report 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 report misleading.*

# Contents

- 1 Highlights
- 2 Chairman's Statement
- 3 Business Review
- 6 Interim Results
- 14 Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures
- 17 Directors' and Chief Executive's Rights to Acquire Shares or Debt Securities
- 17 Interests and Short Positions of Shareholders in the Shares and Underlying Shares
- 17 Directors' Interest in Contracts
- 18 Share Option Schemes
- 20 Purchase, Sale and Redemption of Shares
- 20 Competing Interests
- 20 Audit Committee
- 21 Corporate Governance
- 22 Compliance with Rules 5.48 to 5.67 of the GEM Listing Rules

## **HIGHLIGHTS**

Turnover of the group for the six months ended 30 September 2018 was approximately HK\$9,885,000 representing a decrease of approximately 21% over the turnover of approximately HK\$12,509,000 for the same period in 2017.

Loss attributable to owners of the company for the six months ended 30 September 2018 amounted to approximately HK\$1,758,000 compared to that of profit attributable to owners of the company approximately HK\$803,000 for the same period in 2017.

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: 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 2018 (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, 8 November 2018

## **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, our subsidiary companies, ITE Smartcard Solutions Limited (“ITES”) and ITE Engineering Limited, successfully completed and transitioned to the ISO9001:2015 Quality Assurance System. The scope of registered activities remain the system design, supply, installation and maintenance of smartcard system, radio frequency identification technology applications and security system, electrical system and extra low voltage system.

We were very pleased to announce that the cutting-edge technology product co-developed by our associated company, Precision Instrument and Optics Limited (“PIO”), and The Chinese University of Hong Kong, Digital Holography-based 3-D Nano-Builder, has been selected as a 2018 R&D 100 Awards Finalist. This is a high achievement and entitles us to an honored place in the R&D community. The R&D 100 Awards honor the latest and best innovations, identifying the worldwide top technology products of the past year. Since 1963, the R&D 100 Awards have identified revolutionary technologies introduced to the market, and now our product could join that list of achievements and make history. PIO was co-founded by Prof. Chen Shi-chi and Prof. Yam Yeung of The Chinese University of Hong Kong and ITE in 2014.

ITES prepared and submitted a tender for a sizeable contract for the management, operation and maintenance of a smartcard system of a government department, the contract period would be up to three years starting in early 2019.

The trade wars and political conflicts between China and the United States of America are getting worse, the directors and management are taking measures to meet the rapidly deteriorating economic environment and protect the business of the company.

## **Financial Performance**

For the period, the group had recorded a total revenue of approximately HK\$10 million, representing a decrease of 21% over the same period of 2017. Loss attributable to owners of the company for the six months ended 30 September 2018 was approximately HK\$1.8 million as compared to that of profit attributable to owners of the company approximately HK\$0.8 million for the corresponding period of 2017.

### ***Segmental information***

For the six months ended 30 September 2018, the group had recorded a decrease in turnover of about 21% when compared with the same period of last year. Besides, the group's gross profit margin had also dropped from 47% in corresponding period in last year to 41% in the current period.

During the period, the service revenue generated from the provision of smartcard systems, RFID and information technology ("IT") services had decrease of 32% to approximately HK\$4,240,000 (six months ended 30 September 2017: approximately HK\$6,269,000). Under the same segment, the maintenance income had also decreased by 10% to approximately HK\$5,349,000 (six months ended 30 September 2017: HK\$5,949,000).

The group's administrative expenses had increased by approximately 8% 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\$567,000 (six months ended 30 September 2017: HK\$388,000) was recognized during the period. Besides, the research and development cost and associated sponsorship was also increased significantly to approximately HK\$855,000 (six months ended 30 September 2017: HK\$573,000). Expenditure on research and development activities was totally expensed in profit or loss during the period.

### ***Liquidity and financial resources***

The group generally financed its operations with its internally generated cash flows and short-term borrowings. As at 30 September 2018, the group has short-term borrowings of HK\$4,600,000 which are unsecured, interest-bearing at 8.8% per annum and repayable within 3 months. As at 30 September 2018, the current ratio of the group was 2.52 (31 March 2018: 3.11) while the liquidity ratio was 2.36 (31 March 2018: 2.93).

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.

The gearing ratio representing the ratio of total borrowings to the total assets of the group which was approximately 20% as at 30 September 2018 (31 March 2018: 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 2018, the group had employed 48 (30 September 2017: 47) full-time employees. Among them, 46 are based in Hong Kong and the rest are based in Macao. Staff costs, including directors' emoluments, were approximately HK\$7.3 million (six months ended 30 September 2017: HK\$6.8 million) for the six months ended 30 September 2018. On 3 July 2018 and 4 July 2018, the Company had granted 18,900,000 share options to its directors and employees of the group.

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

As at 30 September 2018, approximately HK\$8,500,000 time deposits (31 March 2018: 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 2018.

### ***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\$"), Japanese Yen ("JPY"), Macao Patacas ("MOP") and Renminbi ("RMB"). The exchange rates between HK\$, US\$, JPY, MOP and RMB have been very steady for the past few years. During the period, the group generally used the receipts from customers 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 2018, 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	
		2018	2017	2018	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>4,725</b>	6,495	<b>9,885</b>	12,509
Cost of services rendered		<b>(3,144)</b>	(3,886)	<b>(5,736)</b>	(6,469)
Cost of sales		<b>(55)</b>	(38)	<b>(109)</b>	(118)
<b>Gross profit</b>		<b>1,526</b>	2,571	<b>4,040</b>	5,922
Other (loss)/gains		<b>(113)</b>	133	<b>(70)</b>	166
Administrative expenses		<b>(3,387)</b>	(2,302)	<b>(5,728)</b>	(5,285)
<b>(Loss)/profit before taxation</b>	4	<b>(1,974)</b>	402	<b>(1,758)</b>	803
Income tax	5	-	-	-	-
<b>(Loss)/profit attributable to owners of the company</b>		<b>(1,974)</b>	402	<b>(1,758)</b>	803
Other comprehensive income		-	-	-	-
<b>Total comprehensive (expense)/income</b>		<b>(1,974)</b>	402	<b>(1,758)</b>	803
<b>(Loss)/earnings per share</b>	7				
Basic (HK cents)		<b>(0.21)</b>	0.04	<b>(0.19)</b>	0.09
Diluted (HK cents)		<b>(0.21)</b>	0.04	<b>(0.19)</b>	0.09

## Consolidated Statement of Financial Position

	Note	As at 30 September 2018 HK\$'000 (Unaudited)	As at 31 March 2018 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		167	200
Interest in an associate		-	-
Goodwill		-	-
		<b>167</b>	<b>200</b>
<b>Current assets</b>			
Inventories		1,411	1,254
Trade and other receivables	8	6,154	8,939
Loans to an associate		-	400
Financial assets at fair value through profit or loss		1,288	2,092
Pledged bank deposits		8,500	2,000
Cash and cash equivalents		4,938	6,855
		<b>22,291</b>	<b>21,540</b>
<b>Current liabilities</b>			
Trade and other payables	9	3,465	6,205
Short-term borrowings	10	4,600	-
Provisions		771	722
		<b>8,836</b>	<b>6,927</b>
<b>Net current assets</b>		<b>13,455</b>	<b>14,613</b>
<b>Net assets</b>		<b>13,622</b>	<b>14,813</b>
<b>Capital and reserves</b>			
Share capital		9,255	9,255
Reserves		4,367	5,558
<b>Total equity</b>		<b>13,622</b>	<b>14,813</b>

## Unaudited Condensed Consolidated Cash Flow Statement

	Six Months Ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(1,099)	942
Net cash generated from investing activities	682	71
Net cash used in financing activities	(1,500)	-
Net (decrease)/increase in cash and cash equivalents	(1,917)	1,013
Cash and cash equivalent at 1 April	6,855	4,520
Cash and cash equivalent at 30 September	4,938	5,533

## Unaudited Consolidated Statement of Changes in Equity

	Attributable to owners of the company						
	Share	Share	Merger	Exchange	Share	Accumulated	Total
	capital	premium	reserve	reserve	option	losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
At 1 April 2018	9,255	20,240	10,749	370	2,069	(27,870)	14,813
<b>Changes in equity for the period:</b>							
Loss for the period	-	-	-	-	-	(1,758)	(1,758)
Total comprehensive expense							
for the period	-	-	-	-	-	(1,758)	(1,758)
Equity-settled share-based payments	-	-	-	-	567	-	567
At 30 September 2018	9,255	20,240	10,749	370	2,636	(29,628)	13,622

## Notes:

### 1. Basis of preparation

The unaudited interim consolidated financial statements have been prepared in accordance with the Hong Kong Accounting 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 2018.

### 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 financial 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. Revenue and segment information

	<b>Six Months Ended</b>	
	<b>30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	4,240	6,269
- Income from maintenance services	5,349	5,949
- Sales of service related products	296	291
	<b>9,885</b>	<b>12,509</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	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Hong Kong	7,754	10,665	166	334
Macao	2,131	1,844	1	2
PRC	-	-	-	3
	<b>9,885</b>	<b>12,509</b>	<b>167</b>	<b>339</b>

#### 4. (Loss)/profit before taxation

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

	Three Months Ended		Six Months Ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(a) Staff costs (including directors' remuneration):				
Salaries, wages and other benefits	3,308	3,105	6,516	6,182
Retirement scheme contributions	110	118	214	231
Equity-settled share-based payments	567	-	567	388
	<b>3,985</b>	<b>3,223</b>	<b>7,297</b>	<b>6,801</b>
(b) Other items:				
Cost of inventories	1,340	1,219	1,937	1,912
Depreciation	24	88	49	176
Development costs	500	251	855	573
Exchange loss, net	3	3	8	4
Provisions	196	61	392	191
Operating lease charges: minimum lease payments				
- hire of properties	287	297	582	594
- hire of office equipment	12	12	24	24
Reversal of unused provisions	(153)	(146)	(342)	(250)
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 companies in the group incurred losses for tax purpose or has sufficient tax losses brought forward to set off against current period's assessable profits (2017: 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 (2017: HK\$nil).

## 6. Dividends

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: 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\$1,758,000 (six months ended 30 September 2017: profit of approximately HK\$803,000) and the weighted average of 925,508,000 (six months ended 30 September 2017: 925,508,000) ordinary shares in issue during the period.

### (b) Diluted (loss)/earnings 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 and for the six months ended 30 September 2017.

## 8. Trade and other receivables

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Trade receivables	985	2,123
Other receivables	843	870
Gross amount due from customers for service contract work	2,758	4,611
Retention money receivables	43	165
Deposits and prepayments	1,525	1,170
	<b>6,154</b>	<b>8,939</b>

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

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Less than 1 month	878	1,571
More than 1 month but less than 3 months	38	247
More than 3 months but less than 1 year	69	305
	<b>985</b>	<b>2,123</b>

Trade receivables are generally due within 30 to 60 days (2017: 30 to 60 days) from the date of billing.

## 9. Trade and Other Payables

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Trade payables	963	803
Accrued charges and other payables	1,670	1,892
Gross amount due to customers for service contract work	226	1,421
Deferred maintenance income	606	2,089
	<b>3,465</b>	<b>6,205</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 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Less than 1 month	129	558
More than 1 month but less than 3 months	784	168
More than 3 months but less than 1 year	50	77
	<b>963</b>	<b>803</b>

#### 10. Short-term borrowing

The short-term borrowings, of which HK\$2,300,000 are from directors, are unsecured, interest-bearing at 8.8% per annum and repayable within three months.

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

As at 30 September 2018, 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 of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"), to be notified to the company and the Stock Exchange were as follows:

##### (I) Interests in issued shares of the company:

Name of director	Number of ordinary shares of HK\$0.01 each					Total	Percentage of total issued shares
	Personal interests	Corporate interests	Family interests	Other interests			
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	115,572,000 (L)	-	-	-	-	115,572,000 (L)	12.49%
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 2018, 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 2018</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
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075
Mr. Cheng Kwok Hung	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075
Mr. Liu Hoi Wah	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075
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
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075
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
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075
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
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075

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)	1,800,000 (L)	249,010,348 (L)	26.91%
Mr. Cheng Kwok Hung	115,572,000 (L)	1,800,000 (L)	117,372,000 (L)	12.68%
Mr. Liu Hoi Wah	-	1,800,000 (L)	1,800,000 (L)	0.19%
Dr. Lee Peng Fei, Allen	1,760,000 (L)	2,700,000 (L)	4,460,000 (L)	0.48%
Mr. Kam Hau Choi, Anthony	-	2,700,000 (L)	2,700,000 (L)	0.29%
Mr. Wong Wang Fat, Andrew	-	2,700,000 (L)	2,700,000 (L)	0.29%

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

Save as disclosed above, as at 30 September 2018, 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 2018, 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 2018, the following persons, other than a director or chief executive of the company, had interests or short positions in the shares and underlying shares of the company as recorded in the register required to be kept under Section 336 of the SFO and so far as is known to any director or chief executive of the company:

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

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 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 2018	Granted during the period	Lapsed during the period	At 30 September 2018
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	4,250,000	-	-	4,250,000
Executive directors	3 July 2018	3 August 2018 to 7 August 2021	0.075	2,700,000	-	-	2,700,000
Independent non-executive directors	3 July 2018	3 August 2018 to 7 August 2021	0.075	2,700,000	-	-	2,700,000
Directors of subsidiaries of the company	3 July 2018	3 August 2018 to 7 August 2021	0.075	4,600,000	-	-	4,600,000
Other employees	3 July 2018	3 August 2018 to 7 August 2021	0.075	3,000,000	-	-	3,000,000
Directors of subsidiaries of the company	4 July 2018	3 August 2018 to 7 August 2021	0.075	2,200,000	-	-	2,200,000
Other employees	4 July 2018	3 August 2018 to 7 August 2021	0.075	3,700,000	-	-	3,700,000
			Total	<u>42,850,000</u>	<u>-</u>	<u>-</u>	<u>42,850,000</u>
			Weighted average exercise price (HK\$)	<u>0.117</u>			

Save as disclosed above, no share options was granted, exercised, cancelled, or lapsed in accordance with the terms of the share options scheme of the company during both the current and prior periods.

## **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 2018, 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 2018 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. As such, the company considers that sufficient measures have been taken to serve the purpose of the code provision A.4.1 of the Code.

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 2018.

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

Hong Kong, 8 November 2018

*The board as of the date of this report 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 report 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).*



香港九龍青山道 478 號

百欣大廈 1 樓 C-D 室

Units C-D, 1/F, Por Yen Building,

478 Castle Peak Road, Kowloon, Hong Kong

Tel: (852) 2770 6682

Fax: (852) 2782 6249

<http://www.hkite.com>