



**1<sup>st</sup>** **Quarterly Report**  
**第一季度業績報告 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.*

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## **HIGHLIGHTS**

Turnover of the group for the three months ended 30 June 2018 was approximately HK\$5,160,000 representing a decrease of approximately 14% over the turnover of approximately HK\$6,014,000 for the same period in 2017.

Profit attributable to owners of the company for the three months ended 30 June 2018 amounted to approximately HK\$216,000 compared to that of approximately HK\$401,000 for the same period in 2017.

The directors do not recommend the payment of an interim dividend for the three months ended 30 June 2018 (three months ended 30 June 2017: Nil).

## **CHAIRMAN'S STATEMENT**

Dear Shareholders,

On behalf of the board (the "board") of directors (the "directors"), I hereby present the unaudited quarterly consolidated results of ITE (Holdings) Limited (the "company") and its subsidiaries (together, "ITE" or the "group") for the three months ended 30 June 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, 9 August 2018

## **BUSINESS REVIEW**

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

During the period, our subsidiary, ITE Sistema (Macau) Limitada, received new orders from the Macau University of Science and Technology for the supply and enhancement of their card management and smartmeter systems. We also received orders for the enhancement of card issuance system for Hong Kong Baptist University and the smartmeter system for the Hong Kong University of Science and Technology.

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

## QUARTERLY RESULTS

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

		Three Months Ended	
	Note	30 June	
		2018	2017
		HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>5,160</b>	6,014
Cost of services rendered		(2,592)	(2,583)
Cost of sales		(54)	(80)
<b>Gross profit</b>		<b>2,514</b>	3,351
Other income and other gains, net		43	33
Administrative expenses		(2,341)	(2,983)
<b>Profit before taxation</b>		<b>216</b>	401
Income tax	4	-	-
<b>Profit attributable to</b>			
<b>owners of the company</b>		<b>216</b>	401
Other comprehensive income/(expense)		-	-
<b>Total comprehensive income</b>		<b>216</b>	401
<b>Earnings per share</b>	6		
Basic (HK cents)		<b>0.02</b>	0.04
Diluted (HK cents)		<b>0.02</b>	0.04

## Unaudited Consolidated Statement of Changes in Equity

	Attributable to owners of the company						Total
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 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	-	-	-	-	-	401	401
Total comprehensive income for the period	-	-	-	-	-	401	401
Equity-settled share-based payments	-	-	-	-	388	-	388
Balance at 30 June 2017	9,255	20,240	10,749	370	2,109	(28,791)	13,932
Balance 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>							
Profit for the period	-	-	-	-	-	216	216
Total comprehensive income for the period	-	-	-	-	-	216	216
Equity-settled share-based payments	-	-	-	-	-	-	-
Balance at 30 June 2018	9,255	20,240	10,749	370	2,069	(27,654)	15,029

### Notes:

#### 1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (“HKASs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited consolidated results also comply with the applicable disclosure provisions of the GEM Listing Rules.

The principal accounting policies used in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the group for the year ended 31 March 2018.

#### 2. Adoption of new and revised HKFRSs

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the group. The adoption of these new and revised HKFRSs has no material effect on the consolidated financial statements in the current or prior accounting periods. The group has not applied any new or revised HKFRSs that is not yet effective for the current accounting period.



### 3. Turnover

	Three Months Ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	2,456	2,875
- Income from maintenance services	2,586	2,946
- Sales of service related products	118	193
	<u>5,160</u>	<u>6,014</u>

### 4. Income tax

The group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries within the group are domiciled and operated.

No provision for Hong Kong Profits Tax has been made as 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 of Macao has been made as the group did not have any assessable profits for taxation purpose in Macao during the period (2017: HK\$Nil).

### 5. Dividends

The directors do not recommend the payment of interim dividend for the three months ended 30 June 2018 (three months ended 30 June 2017: HK\$Nil).

### 6. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the company of approximately HK\$216,000 (three months ended 30 June 2017: HK\$401,000) and the weighted average of 925,508,000 (three months ended 30 June 2017: 925,508,000) ordinary shares in issue during the period.

(b) Diluted 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 three months ended 30 June 2018 and 2017.

## EVENTS AFTER THE REPORTING PERIOD

On 3 July 2018, the company had granted 13,000,000 share options to eligible persons of the group. Among these share options granted, the share options in respect of a total of 5,400,000 were granted to the directors.

On 4 July 2018, the company had also granted 5,900,000 share options to the employees of the group.

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

As at 30 June 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					Percentage of total issued shares
	Personal interests	Corporate interests	Family interests	Other interests	Total	
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:

1. The letter "L" denotes a long position in the shares.
2. These shares are beneficially owned by Rax-Comm (BVI) Limited ("Rax-Comm"), a company incorporated in the British Virgin Islands. Mr. Lau Hon Kwong, Vincent held 76.39% of the entire issued share capital of Rax-Comm.

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

As at 30 June 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 June 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
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	115,572,000 (L)	900,000 (L)	116,472,000 (L)	12.58%
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 June 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 June 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 June 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:

Name of shareholder	Number of ordinary shares held	Percentage of total issued shares
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 30 June 2018
				At 1 April 2018	Granted during the period	Lapsed during the period	
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
			Total	<u>23,950,000</u>	<u>-</u>	<u>-</u>	<u>23,950,000</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 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 June 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. Wong Wang Fat, Andrew and Mr. Kam Hau Choi, Anthony.

The primary duties of the audit committee are to review the company's annual report and accounts, half-yearly report and quarterly reports and to provide advices and comments thereon to the board. The audit committee meets at least four times a year with management to review the accounting principles and practices adopted by the group and to discuss auditing, financial reporting matters, internal control and also risk management system. The principal terms of reference includes, inter alia, its relationship with the company's external auditor, review of the company's financial information and oversight of the financial reporting system and internal control procedures of the company.

The group's quarterly report for the three months ended 30 June 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.

## **COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES**

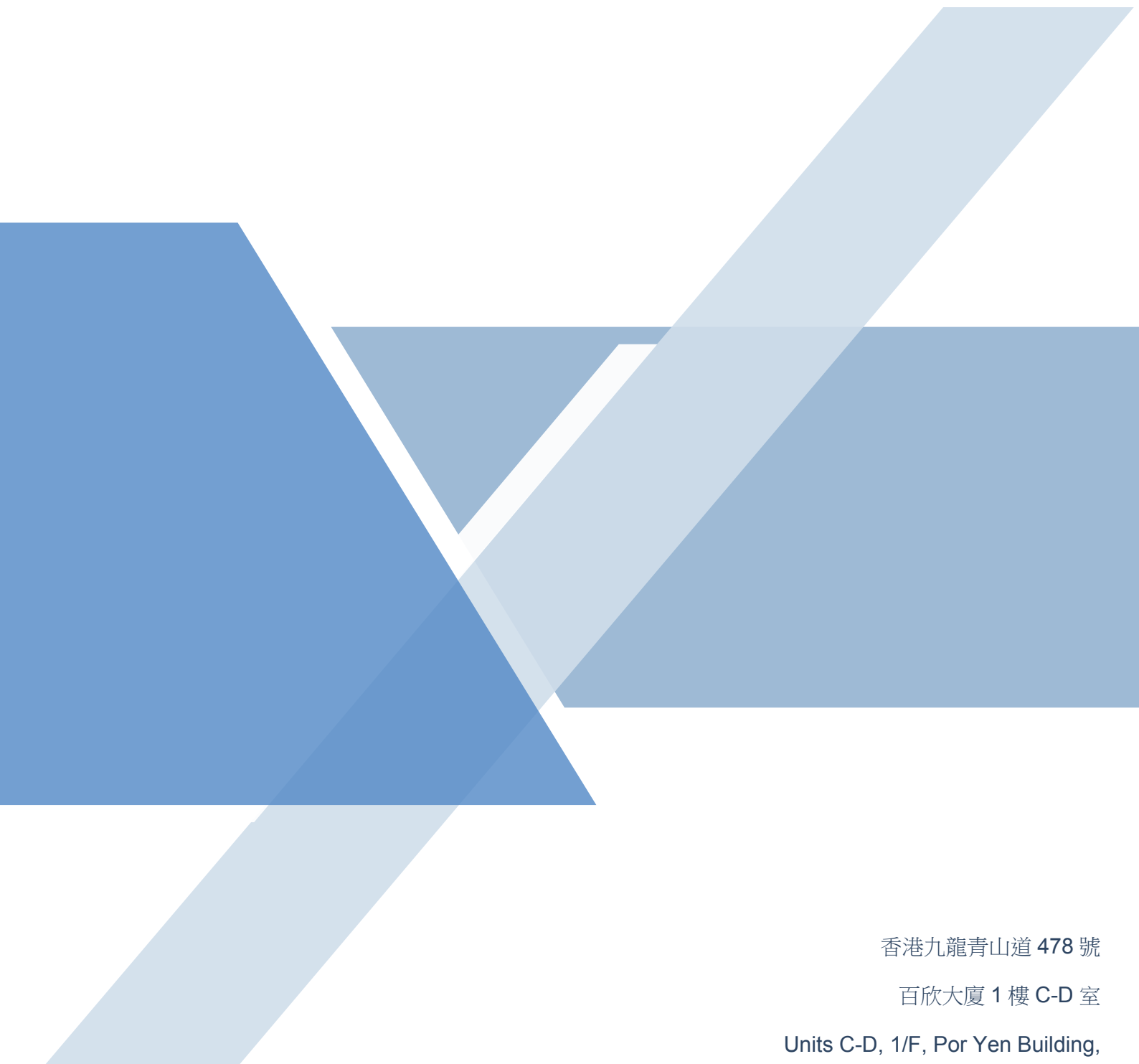
The company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the period. Having made specific enquiry of all directors, the directors have complied with such code of conduct and the required standard of dealings throughout the period ended 30 June 2018.

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

Hong Kong, 9 August 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. Kam Hau Choi, Anthony and Mr. Wong Wang Fat, Andrew 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).*



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