



ITE (Holdings) Limited

Stock Code 股份代號: 8092

A large, abstract graphic composed of several overlapping green geometric shapes, including rectangles and triangles, some of which are tilted. The colors range from a light, pale green to a medium, muted green. The shapes are layered, with some appearing in front of others, creating a sense of depth and movement.

2nd **Quarterly Report**
第二季度業績報告 2021/22

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a high investment risk may be attached than other companies listed on the 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 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 the content 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 GEM (the “GEM Listing Rules”) of the 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
- 1 Chairman's Statement
- 2 Business Review
- 5 Interim Results
- 12 Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures
- 12 Directors' and Chief Executive's Rights to Acquire Shares or Debt Securities
- 12 Interests and Short Positions of Shareholders in the Shares and Underlying Shares
- 13 Directors' Interest in Contracts
- 13 Share Option Scheme
- 15 Purchase, Sale and Redemption of Shares
- 15 Competing Interests
- 15 Audit Committee
- 15 Corporate Governance
- 16 Compliance with Rules 5.48 to 5.67 of the GEM Listing Rule

HIGHLIGHTS

Turnover of the group for the six months ended 30 September 2021 was approximately HK\$20,340,000 representing a decrease of approximately 13% over the turnover of approximately HK\$23,510,000 for the same period in 2020.

Profit attributable to owners of the company for the six months ended 30 September 2021 amounted to approximately HK\$3,868,000 compared to that of approximately HK\$3,647,000 for the same period in 2020.

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: 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 2021 (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") and the Macao Special Administrative Region ("Macao"). 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, 5 November 2021

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.

On 19 October 2021, we announced that the group is expected to have a significant decline in turnover as a result of the completion of term period of the “Contract for Management, Operation and Maintenance of Parking Meter System” of the Transport Department of HKSAR on 19 January 2022.

During the period, we published our Environmental, Social and Governance (“ESG”) report, with reference to the latest ESG Reporting Guide as set out in Appendix 20 Environmental, Social and Governance Reporting Guide to the GEM Listing Rules of The Stock Exchange of Hong Kong Limited, as one of our stakeholder engagement channels. As we recognise that the success of our environmental policies and performance hinges on the support from our stakeholders, we invite members of the public to voice their opinions in relation to our ESG and sustainability strategies.

A trademark application for the trade mark “御識堂” of “The Hall of Chinese Imperial Intellectual” was filed with the Trade Marks Registry, Intellectual Property Department of HKSAR. “御識堂 The Hall of Chinese Imperial Intellectual” aims to gather, share, learn, teach, educate and promote Chinese cultural knowledge and experiences as inherited through the imperial legacies and treasures. Materials, information and communities will be collected, disseminated and built to expand knowledge and experiences through research and cultural sharing programmes. We believe the establishment of “The Hall of Chinese Imperial Intellectual” will be conducive to our future business development, while enhancing our core values and excellence.

The spread of the coronavirus has dealt a severe blow to economic activities all over the world. The group remains vigilant about the outlook and is closely monitoring the development.

Financial Performance

For the period, the group had recorded a total revenue of approximately HK\$20 million, representing a decrease of 13% over the same period of 2020. Profit attributable to owners of the company for the six months ended 30 September 2021 was approximately HK\$3.9 million as compared to that of approximately HK\$3.6 million for the corresponding period of 2020.

Segmental information

For the six months ended 30 September 2021, the group had recorded a decrease in turnover of about 13% when compared with the same period of last year. The group’s gross profit margin had slightly increased from 35% in corresponding period in last year to 36% in the current period.

During the period, the service revenue generated from the provision of smartcard systems, RFID and information technology (“IT”) services had decreased by 18% to approximately HK\$15,380,000 (six months ended 30 September 2020: approximately HK\$18,687,000). However, the maintenance income had increased by 7% to approximately HK\$4,892,000 (six months ended 30 September 2020: HK\$4,553,000).

The group’s administrative expenses had decreased by approximately 10% when compared with the same period of last year. The main reason of such decrease was due to decrease in supporting staff cost during the period.

During the period, the group’s finance cost was approximately HK\$70,000 (six months ended 30 September 2020: HK\$255,000) which related to interest on loans from related parties and finance charges on assets acquired under finance leases.

Liquidity and financial resources

The group generally financed its operations with its internally generated cash flows. At 30 September 2021, the current ratio of the group was 3.03 (31 March 2021: 2.69) while the liquidity ratio was 2.85 (31 March 2021: 2.56).

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 2021, the gearing ratio of the group, which is calculated as the ratio of total borrowings to total equity, was nil (31 March 2021: 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 Hong Kong including contributions to the Mandatory Provident Fund Scheme. 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 2021, the group had employed 76 (30 September 2020: 92) full-time employees and were all based in Hong Kong. Staff costs, including directors' emoluments, were approximately HK\$11.2 million (six months ended 30 September 2020: HK\$13.5 million) for the six months ended 30 September 2021.

Charges on group assets

At 30 September 2021, approximately HK\$11,563,000 time deposit (31 March 2021: HK\$11,561,000) was pledged to a bank to secure certain banking facilities of a wholly-owned subsidiary of the company.

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 2021.

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"), Great British Pounds ("GBP"), Macao Patacas ("MOP") and Renminbi ("RMB"). The exchange rates between HK\$ and US\$, JPY, GBP, 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 2021, 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	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	9,338	11,651	20,340	23,510
Cost of services rendered		(5,834)	(7,909)	(12,987)	(15,146)
Cost of sales		(13)	(33)	(21)	(83)
Gross profit		3,491	3,709	7,332	8,281
Other revenue and other gains, net		668	207	1,723	1,286
Administrative expenses		(2,742)	(2,307)	(5,117)	(5,665)
Finance costs		(33)	(103)	(70)	(255)
Profit before taxation	4	1,384	1,506	3,868	3,647
Income tax	5	-	-	-	-
Profit attributable to owners of the company		1,384	1,506	3,868	3,647
Other comprehensive income					
<i>Item that may be classified to profit or loss, net of nil tax:</i>					
Exchange difference on translation of foreign operations		-	-	6	-
Total comprehensive income					
attributable to owners of the company		1,384	1,506	3,874	3,647
Earnings per share	7				
Basic and diluted (HK cents)		0.15	0.16	0.42	0.39

Consolidated Statement of Financial Position

	Note	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		3,156	4,293
Interest in an associate		-	-
		3,156	4,293
Current assets			
Inventories		1,554	1,502
Trade and other receivables	8	8,027	7,342
Financial assets at fair value through profit or loss		156	-
Income tax recoverable		19	19
Pledged bank deposits		11,563	11,561
Cash and cash equivalents		5,939	9,206
		27,258	29,630
Current liabilities			
Trade and other payables	9	6,364	8,071
Lease liabilities		1,791	2,054
Provisions		854	881
		9,009	11,006
Net current assets		18,249	18,624
Total assets less current liabilities		21,405	22,917
Non-current liabilities			
Lease liabilities		1,128	1,886
Net assets		20,277	21,031
Capital and reserves			
Share capital		9,255	9,255
Reserves		11,022	11,776
Total equity		20,277	21,031

Unaudited Condensed Consolidated Cash Flow Statement

	Six Months Ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
Net cash generated from operating activities	2,881	6,681
Net cash (used in)/generated from investing activities	(183)	4
Net cash used in financing activities	(5,959)	(6,840)
Net decrease in cash and cash equivalents	(3,261)	(155)
Cash and cash equivalent at 1 April	9,206	4,593
Effect on foreign exchange rate changes	(6)	-
Cash and cash equivalent at 30 September	5,939	4,438

Unaudited Consolidated Statement of Changes in Equity

	Attributable to owners of the company						
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	9,255	20,240	10,749	370	2,390	(30,057)	12,947
Changes in equity for the period:							
Profit and total comprehensive income for the period	-	-	-	-	-	3,647	3,647
At 30 September 2020	9,255	20,240	10,749	370	2,390	(26,410)	16,594
At 1 April 2021	9,255	20,240	10,749	-	2,207	(21,420)	21,031
Changes in equity for the period:							
Dividend declared and paid	-	(4,628)	-	-	-	-	(4,628)
Profit for the period	-	-	-	-	-	3,868	3,868
Other comprehensive income for the period	-	-	-	6	-	-	6
Total comprehensive income for the period	-	(4,628)	-	6	-	3,868	(754)
Lapse of share options	-	-	-	-	(2,207)	2,207	-
At 30 September 2021	9,255	15,612	10,749	6	-	(15,345)	20,277

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 basis.

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 2021.

2. Change in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the group. Other than the amendments to HKFRS 16, COVID-19-Related Rent Concessions, the group has not applied any new standard or amendments to HKFRSs that is not yet effective for the current accounting period.

3. Revenue and segment information

	Six Months Ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	15,380	18,687
- Income from maintenance services	4,892	4,553
- Sales of service related products	68	270
	<u>20,340</u>	<u>23,510</u>

(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 and Macao.

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	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	20,277	23,214	3,156	5,071
Macao	63	296	-	-
	<u>20,340</u>	<u>23,510</u>	<u>3,156</u>	<u>5,071</u>

4. Profit before taxation

Profit before taxation is arrived at after charging:

	Three Months Ended		Six Months Ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(a) Finance costs				
Interests on loans from related parties	-	50	-	152
Finance charges on lease liabilities	33	53	70	103
	33	103	70	255
(b) Staff costs (including directors' remuneration):				
Salaries, wages and other benefits	5,023	6,210	10,804	13,088
Retirement scheme contributions	193	214	400	433
	5,216	6,424	11,204	13,521
(c) Other items:				
Auditor's remuneration	101	101	202	202
Cost of inventories sold	772	2,158	2,051	2,855
Depreciation				
- owned property, plant and equipment	191	244	382	493
- right-of-use assets	224	224	449	449
Development costs	386	93	537	211
Exchange loss, net	-	-	-	-
Loss on disposal of property, plant and equipment	33	-	33	-
Provisions	109	206	142	524
Expense relating to short-term leases and leases of low-value assets	12	12	25	24
Reversal of unused provisions	(68)	(49)	(170)	(115)
Write-off of inventories	10	-	10	9

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.

During the period, no provision for Hong Kong Profits Tax has been made as companies within the group incurred losses for tax purpose or has sufficient tax losses brought forward to set off estimated assessable profits (2020: 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 (2020: HK\$Nil).

6. Dividends

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$nil).

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the company of approximately HK\$3,868,000 (six months ended 30 September 2020: HK\$3,647,000) and the weighted average of 925,508,000 (six months ended 30 September 2020: 925,508,000) ordinary shares in issue during the period, calculated as follows:

	2021	2020
Issued ordinary shares and weighted average number of ordinary shares	<u>925,508,000</u>	<u>925,508,000</u>

As the company does not have any potential dilutive ordinary shares during the periods ended 30 September 2021 and 2020, basic and diluted earnings per share are the same.

8. Trade and other receivables

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Trade receivables	3,958	3,781
Contract assets	2,001	1,260
Other receivables	13	17
Deposits and prepayments	2,055	2,284
	<u>8,027</u>	<u>7,342</u>

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Less than 1 month	3,796	3,701
More than 1 month but less than 3 months	162	80
More than 3 months but less than 1 year	-	-
	<u>3,958</u>	<u>3,781</u>

Trade receivables are generally due within 30 to 45 days (2020: 30 to 45 days) from the date of billing.

9. Trade and other payables

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Trade payables	243	594
Accrued charges and other payables	3,904	4,853
Contract liabilities	2,217	2,624
	6,364	8,071

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 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Less than 1 month	72	471
More than 1 month but less than 3 months	74	26
More than 3 months but less than 1 year	97	97
	243	594

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

As at 30 September 2021, 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 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 Exchange were as follows:

<u>Name of director</u>	Number of ordinary shares				<u>Total</u>	Percentage of issued shares
	<u>Personal interests</u>	<u>Corporate interests</u>	<u>Family interests</u>	<u>Other interests</u>		
Mr. Lau Hon Kwong, Vincent	7,108,000 (L)	241,102,348 (L) (Note 2)	-	-	248,210,348 (L)	26.82%
Mr. Cheng Kwok Hung	113,988,000 (L)	-	-	-	113,988,000 (L)	12.32%

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.

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 2021, 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 2021, 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	48,142,254	5.20%

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 SCHEME

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 scheme 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 scheme 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 options granted to directors, chief executives or substantial shareholders 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 21 days from the date of the offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercisable 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 options 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, (ii) the average closing price of the company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the share.

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

On 9 July 2015, the company granted share options to certain eligible participants to subscribe for an aggregate of 10,950,000 ordinary shares of HK\$0.01 each in the share capital of the company, represented approximately 1.18% of all the shares in issue as at the date of the grant.

On 6 December 2016, the company further granted share options to certain eligible participants to subscribe for an aggregate of 14,650,000 ordinary shares of HK\$0.01 each in the share capital of the company, represented approximately 1.58% of all the shares in issue as at the date of the grant.

On 3 July 2018, the company had granted share options to certain eligible participants to subscribe for an aggregate of 13,000,000 ordinary shares of HK\$0.01 each in the share capital of the company, represented approximately 1.40% of all the shares in issue as at the date of the grant.

On 4 July 2018, the company had granted share options to certain eligible participants to subscribe for an aggregate of 5,900,000 ordinary shares of HK\$0.01 each in the share capital of the company, represented approximately 0.64% of all the shares in issue as at the date of the grant.

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

Participant	Date of grant	Exercisable period	Exercise price per share HK\$	Number of exercisable and outstanding share options			
				At 1 April 2021	Granted during the period	Lapsed during the period	At 30 September 2021
Independent non-executive directors	9 July 2015	9 January 2016 to 7 August 2021	0.154	1,800,000	-	(1,800,000)	-
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	3,250,000	-	(3,250,000)	-
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	1,800,000	-	(1,800,000)	-
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	3,300,000	-	(3,300,000)	-
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	1,800,000	-	(1,800,000)	-
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	2,550,000	-	(2,550,000)	-
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	2,400,000	-	(2,400,000)	-
			Total	<u>36,200,000</u>	-	<u>(36,200,000)</u>	-
Weighted average exercise price (HK\$)				<u>0.12</u>			

During the period, 36,200,000 (six months ended 30 September 2020: nil) share options were lapsed due to the expiry of the 2011 Scheme on 7 August 2021. No share options were exercised by the eligible participants during the periods ended 30 September 2021 and 2020.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period, the company repurchased nil shares (six months ended 30 September 2020: nil shares) in the share capital of the company on the Exchange pursuant to the general mandates granted by the shareholders at the annual general meetings of the company held on 7 August 2020 and 6 August 2021.

Save as disclosed above, neither the company nor any of its subsidiaries purchased, sold or redeemed any of the company's shares during the period.

COMPETING INTERESTS

As at 30 September 2021, 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 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, Mr. Kam Hau Choi, Anthony (being the chairman of the audit committee), Mr. Wong Wang Fat, Andrew and Mr. Wai Hing Cheung.

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 advice 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 results for the six months ended 30 September 2021 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 ended 30 September 2021. 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 2021.

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

Hong Kong, 5 November 2021

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, Mr. Kam Hau Choi, Anthony, Mr. Wong Wang Fat Andrew and Mr. Wai Hing Cheung as independent non-executive directors.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from its date of publication and on the website of the company at www.hkite.com.



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>