



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 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.

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 Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of this announcement.

This announcement, for which the directors (the “directors”) of ITE (Holdings) Limited (the “company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.

HIGHLIGHTS

Turnover of the group for the three months ended 30 June 2022 was approximately HK\$4,019,000 representing a decrease of approximately 63% over the turnover of approximately HK\$11,002,000 for the same period in 2021.

Profit attributable to owners of the company for the three months ended 30 June 2022 amounted to approximately HK\$622,000 compared to that of approximately HK\$2,484,000 for the same period in 2021.

The directors do not recommend the payment of an interim dividend for the three months ended 30 June 2022 (three months ended 30 June 2021: HK\$nil).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “board”) of directors (the “directors”), I hereby present the unaudited consolidated quarterly results of ITE (Holdings) Limited (the “company”) and its subsidiaries (together, “ITE” or the “group”) for the three months ended 30 June 2022 (the “period”).

Mission

The mission of the Group is to become the leading provider of innovation technology products, solutions and professional services in the market. ITE has been pioneering and has achieved outstanding performance in the areas of smartcard, radio frequency identification (“RFID”) 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”) since our establishment. 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 develop and introduce innovative products and customized multi-applications solutions to our clients. Heading for the future, ITE endeavours to develop and deploy smart city solutions and applications building on innovation, technology and excellence so as to meet the needs of smart cities and contribute to public health and well-being as well as sustainability.

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 August 2022

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.

We always spare no effort to strengthen professional standards of integrity and ethics in the group. During the period, ITE adopted an updated Integrity Management Policy, as set out in the Code of Conduct of our Employee Handbook, with reference to the Prevention of Bribery Ordinance (Cap. 201), the Competition Ordinance (Cap. 619) in Hong Kong. All executive directors and employees of ITE must abide by the Integrity Management Policy, as well as relevant laws and regulations in Hong Kong and other jurisdictions. Maintaining and executing the Integrity Management Policy represents our commitment to integrity, honesty and anti-corruption practices in our daily operation.

On the local business front, our wholly-owned subsidiary, ITE Smartcard Solutions Limited, has been awarded a contract for Supply and Installation of Access Control System in Chai Wan, Shau Kei Wan and Sai Wan Ho General Out-patient Clinic under the Hospital Authority. The 52-week contract has commenced. Our delivery of the contract service is currently in full swing.

While the COVID-19 pandemic lingers and poses challenges to businesses, we remain cautious about our future prospects.

QUARTERLY RESULTS

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Three Months Ended	
		30 June	
		2022	2021
		HK\$'000	HK\$'000
Revenue	3	4,019	11,002
Cost of services rendered		(1,944)	(7,153)
Cost of sales		(28)	(8)
Gross profit		2,047	3,841
Other revenue and other gains, net		701	1,055
Administrative expenses		(2,094)	(2,375)
Finance costs		(20)	(37)
Profit before taxation		634	2,484
Income tax	4	(12)	-
Profit attributable to owners of the company		622	2,484
Other comprehensive income			
<i>Item that may be reclassified to profit or loss, net of nil tax:</i>			
Exchange differences on translation of foreign operations		(114)	6
Other comprehensive (expense)/income		(114)	6
Total comprehensive income			
attributable to owners of the company		508	2,490
Earnings per share	6		
Basic and diluted (HK cents)		0.07	0.27

Unaudited Consolidated Statement of Changes in Equity

	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 2021	9,255	20,240	10,749	-	2,206	(21,420)	21,030
Changes in equity for the period:							
Profit for the period	-	-	-	-	-	2,484	2,484
Other comprehensive income for the period	-	-	-	6	-	-	6
Total comprehensive income for the period	-	-	-	6	-	2,484	2,490
At 30 June 2021	9,255	20,240	10,749	6	2,206	(18,936)	23,520
At 1 April 2022	9,255	15,612	10,749	(16)	-	(13,051)	22,549
Changes in equity for the period:							
Profit for the period	-	-	-	-	-	622	622
Other comprehensive expense for the period	-	-	-	(114)	-	-	(114)
Total comprehensive (expenses)/income for the period	-	-	-	(114)	-	622	508
At 30 June 2022	9,255	15,612	10,749	(130)	-	(12,429)	23,057

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 (“HKASs”) and Interpretations 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. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for the financial assets at fair value through profit or loss which are stated at their fair values.

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 2022.

2. Changes 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 company. None of these developments are relevant to the group and have had a material effect on how the group’s results and financial position for the current or prior periods have been prepared and presented.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue

	Three Month Ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Provision of smartcard systems, radio frequency identification (“RFID”) and information technology (“IT”) services		
- Service revenue	1,103	8,528
- Income from maintenance services	2,769	2,444
- Sales of service related products	147	30
	<u>4,019</u>	<u>11,002</u>

4. Income tax

Taxation in the unaudited consolidated statement of profit or loss and other comprehensive income represents:

	2022	2021
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	<u>12</u>	-

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits during the period, except for one of the subsidiaries incorporated in Hong Kong within the group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of estimated assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No provision for Hong Kong Profits Tax has been made for other companies within the group as they incurred losses for tax purpose or had sufficient tax losses brought forward to set off estimated assessable profits (2021: HK\$Nil).

5. Dividends

The directors do not recommend the payment of interim dividend for the three months ended 30 June 2022 (three months ended 30 June 2021: HK\$nil).

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the company of approximately HK\$622,000 (three months ended 30 June 2021: 2,484,000) and the weighted average of 925,508,000 (three months ended 30 June 2021: 925,508,000) ordinary shares in issue during the period, calculated as follows:

	2022	2021
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 June 2022 and 2021, basic and diluted earnings per share are the same.

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

As at 30 June 2022, the interests and short positions of each director and chief executive of the company in the shares, underlying shares and debentures of the company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the company and the Stock Exchange were as follows:

Name of director	Number of ordinary shares					Percentage of issued shares
	Personal interests	Corporate interests	Family interests	Other interests	Total	
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:

- 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.

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 2022, 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 2022, 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	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

On 8 August 2011, the company operated a share option 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 share option scheme included 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 share option scheme expired on 7 August 2021 and there was no new share option scheme adopted afterward.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period, the company repurchased nil shares (three months ended 30 June 2021: nil shares) in the share capital of the company on the Stock 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 year.

COMPETING INTERESTS

As at 30 June 2022, 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 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 results for the three months ended 30 June 2022 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 is firmly committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness. The board ensures that effective self-regulatory practices exist to protect the interests of the shareholders of the company.

The company has applied the principles and complied with all the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 15 of the GEM Listing Rules throughout the period ended 30 June 2022, save for the deviations discussed below.

From 1 January 2022, certain amendments to the Corporate Governance Code (the “New Code”) came into effect and the requirements under the New Code will apply to all listed issuers for financial year commencing on or after 1 January 2022. The board will continue to review and enhance the corporate governance practice of the company to ensure compliance with the New Code and align with the latest developments.

The board is responsible for performing the functions and duties set out in code provision A.2.1 of the Code. The terms of reference of the board include developing and reviewing the company’s policies and practices on corporate governance and make recommendations to the board; reviewing and monitoring the training and continuous professional development of directors and senior management; reviewing and monitoring the company’s policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and reviewing the company’s compliance with the Code and disclosure in the corporate governance report.

Under the code provision C.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 B.2.2 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 B.2.2 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 governance 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 June 2022. 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 2022.

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

Hong Kong, 5 August 2022

The board as of the date of this announcement comprises Mr. Lau Hon Kwong, Vincent, Mr. Cheng Kwok Hung and Mr. Liu Hoi Wah as executive directors, Mr. Wong Wang Fat, Andrew, Mr. Kam Hau Choi, Anthony and Mr. Wai Hing Cheung as independent non-executive directors.

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for at least 7 days from its date of publication and on the website of the company at www.hkite.com.