



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

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.

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This announcement, for which the directors (the “directors”) of ITE (Holdings) Limited (the “company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

Turnover of the group for the nine months ended 31 December 2022 was approximately HK\$11,818,000 representing a decrease of approximately 56% over the turnover of approximately HK\$26,898,000 for the same period in 2021.

Profit attributable to owners of the company for the nine months ended 31 December 2022 amounted to approximately HK\$3,386,000 compared to that of approximately HK\$5,611,000 for the same period in 2021.

The directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2022 (nine months ended 31 December 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 nine months ended 31 December 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, 10 February 2023

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.

After more than a decade of dedicated service, Mr. Wong Wang Fat, Andrew, retired from his position as an independent non-executive director of the company on 1 January 2023. During his tenure, Mr. Wong took on his board responsibilities with seriousness and with sheer commitment and steered the company through the turbulent years. Being a pillar of strength for the board, Mr. Wong has been bringing in valuable leadership skills, knowledge and experience to the group. We would like to take this opportunity to pay honour and express gratitude to Mr. Wong for his dedicated service and extraordinary contributions to ITE over the years. We will always remember Mr. Wong's wisdom, integrity, devotion and commitment which continuously inspire us to devote ourselves to the betterment of the company.

On the technical side, there are three pieces of good news regarding ITE's R&D input. RF Tech Limited, ITE's R&D arm, has completed the project "Design and development of Intelligent contactless Reader with Internet of things (IOT) device interface for smart city applications" under the Enterprise Support Scheme (ESS) launched by the Innovation and Technology Commission. Throughout the project period, RF Tech's proprietary developed contactless reader, EMV100 Contactless Reader 1.00, has successfully obtained approval and certification from institutions including EMVCo, Visa, Mastercard and UnionPay.

During the period, Automotive Platforms and Application Systems R&D Centre (APAS)'s R&D project under the Innovation and Technology Commission's Innovation and Technology Support Programme supported by ITE Engineering Limited, ITE's wholly-owned subsidiary, "Development of PEM fuel cell technology platform for EV mobile charging system", also reached the completion stage. APAS has successfully coped with the difficulties and challenges arising from the COVID-19 pandemic and conducted trial runs and demonstrations of its PEM fuel cell technology platform for EV mobile charging system at the installation site in Yuen Long. Among the first to promote the development of the hydrogen economy in Hong Kong through investment and sponsorship of R&D projects and adoption of hydrogen related applications, ITE Engineering Limited is honored to have the opportunity to witness these historical moments.

In addition to APAS, ITE Engineering Limited and Precision Instrument and Optics Limited have long been supporting the R&D activities led by the Department of Mechanical and Automation Engineering at The Chinese University of Hong Kong. A nanofabrication research paper presented by Professor Shih-Chi Chen and his team at the Department of MAE was published in Science, a prestigious academic journal, on 22 December 2022. It was the second research coordinated by Professor Chen published in Science, with the previous one published on 4 October 2019. Having supported both research projects through industry sponsorship under the Innovation and Technology Support Programme launched by Innovation and Technology Commission, we are delighted to share the accomplishments and honors of Professor Chen and his team.

Financial Performance

For the period, the group had recorded a total revenue of approximately HK\$12 million, representing a decrease of 56% over the same period of 2021. Profit attributable to owners of the company for the nine months ended 31 December 2022 was approximately HK\$3.4 million as compared to that of approximately HK\$5.6 million for the corresponding period of 2021.

QUARTERLY RESULTS

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Three Months Ended		Nine Months Ended	
		31 December		31 December	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	4,004	6,558	11,818	26,898
Cost of services rendered		(1,340)	(2,898)	(5,370)	(15,885)
Cost of sales		(24)	(27)	(68)	(48)
Gross profit		2,640	3,633	6,380	10,965
Other revenue and other gains, net		984	163	3,540	1,886
Administrative expenses		(2,129)	(2,023)	(6,467)	(7,140)
Finance costs		(4)	(30)	(31)	(100)
Profit before taxation		1,491	1,743	3,422	5,611
Income tax	4	(12)	-	(36)	-
Profit attributable to owners of the company		1,479	1,743	3,386	5,611
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		78	-	(103)	6
Other comprehensive (expense)/income		78	-	(103)	6
Total comprehensive income					
attributable to owners of the company		1,557	1,743	3,283	5,617
Earnings per share	6				
Basic and diluted (HK cents)		0.16	0.19	0.37	0.61

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	
At 1 April 2021	9,255	20,240	10,749	-	2,207	(21,420)	21,031
Changes in equity for the period:							
Profit for the period	-	-	-	-	-	5,611	5,611
Other comprehensive income for the period	-	-	-	6	-	-	6
Total comprehensive income for the period	-	-	-	6	-	5,611	5,617
Dividend approved and paid	-	(4,628)	-	-	-	-	(4,628)
Lapse of share options	-	-	-	-	(2,207)	2,207	-
At 31 December 2021	9,255	15,612	10,749	6	-	(13,602)	22,020
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	-	-	-	-	-	3,386	3,386
Other comprehensive expense for the period	-	-	-	(103)	-	-	(103)
Total comprehensive income/(expense) for the period	-	-	-	(103)	-	3,386	3,283
Dividend approved and paid	-	(5,553)	-	-	-	-	(5,553)
At 31 December 2022	9,255	10,059	10,749	(119)	-	(9,665)	20,279

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.

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. 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 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 and segment information

	Nine Months Ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	3,372	19,302
- Income from maintenance services	8,138	7,425
- Sales of service related products	308	171
	<u>11,818</u>	<u>26,898</u>

4. Income tax

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

	Nine Months Ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	<u>36</u>	<u>-</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 nine months ended 31 December 2022 (nine months ended 31 December 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\$3,386,000 (nine months ended 31 December 2021: HK\$5,611,000) and the weighted average of 925,508,000 (nine months ended 31 December 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 31 December 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 31 December 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 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:

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 31 December 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 31 December 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:

<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

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 (nine months ended 31 December 2021: 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 6 August 2021 and 8 August 2022.

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 31 December 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 two independent non-executive directors, Mr. Kam Hau Choi, Anthony (being the chairman of the audit committee) and Mr. Wai Hing Cheung. Following the retirement of Mr. Wong Wang Fat, Andrew on 1 January 2023, the number of audit committee member has fall below the minimum number as required under Rule 5.28 of the GEM Listing Rules and the company will find a suitable candidate to fill the vacancy as soon as practicable.

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 nine months ended 31 December 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 31 December 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 31 December 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 31 December 2022.

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

Hong Kong, 10 February 2023

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. 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 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.