



ITE (Holdings) Limited

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2nd Quarterly Report
第二季度業績報告 2023/24

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.

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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 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 six months ended 30 September 2023 was approximately HK\$6,448,000 representing a decrease of approximately 17% over the turnover of approximately HK\$7,814,000 for the same period in 2022.

Profit attributable to owners of the company for the six months ended 30 September 2023 amounted to approximately HK\$660,000 compared to that of approximately HK\$1,907,000 for the same period in 2022.

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: 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 2023 (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, 3 November 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.

On the research and development (R&D) front, ITE Engineering Limited, our wholly-owned subsidiary, continued to support and sponsor the R&D project “High-throughput Fabrication Platforms for Submicron Scale Optical Components and Photonic Devices” led by the Multiscale Precision Instrumentation Laboratory of the Department of Mechanical and Automation Engineering at The Chinese University of Hong Kong through industry sponsorship under the Innovation and Technology Support Programme launched by Innovation and Technology Commission.

With regard to the business side, ITE Smartcard Solutions Limited, our wholly-owned subsidiary, has been awarded a contract for the Design, Supply and Installation of Turnstile System Modification for Various Swimming Pools of the Leisure and Cultural Services Department. The contract has commenced to enhance the existing system to gather and provide the admission and operation data of the swimming pools to the Department for dissemination to the public via the Department’s web pages and local digital TV display. We are delighted to serve members of the public through supporting the Leisure and Cultural Services Department’s public facility operations.

Our core customer base primarily includes government departments and public organisations in Hong Kong. Since the HKSAR Government is cautiously optimistic about the economic outlook for the current year and maintains a relatively positive attitude, we expect this positive sentiment will translate into increased investments in R&D and IT development by the government.

However, while the impacts of the United States - China trade war and the COVID-19 pandemic linger, our business growth remains slow. Within our organisation, we will persist in implementing rigorous financial strategies, aiming to mitigate our vulnerability to diverse risks and trim the operational costs of our business.

Financial Performance

For the period, the group had recorded a total revenue of approximately HK\$6 million, representing a decrease of 17% over the same period of 2022. Profit attributable to owners of the company for the six months ended 30 September 2023 was approximately HK\$0.7 million as compared to that of approximately HK\$1.9 million for the corresponding period of 2022.

Segmental information

For the six months ended 30 September 2023, the group had recorded a decrease in turnover of about 17% when compared with the same period of last year. The group’s gross profit margin had increased from 48% in corresponding period in last year to 63% 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 22% to approximately HK\$1,694,000 (six months ended 30 September 2022: approximately HK\$2,177,000). Meanwhile, the maintenance income had also decreased by 15% to approximately HK\$4,646,000 (six months ended 30 September 2022: HK\$5,465,000).

The group’s administrative expenses decreased by 10% to approximately HK\$3,902,000 (six months ended 30 September 2022: HK\$4,338,000). Included in administrative expenses, the research and development cost and associated sponsorship was increased by 73% to approximately HK\$767,000 (six months ended 30 September 2022: HK\$443,000). Expenditure on research and development activities was totally expensed in profit or loss during the period. The decrease in administrative expenses was also attributable to the decrease in depreciation expense and supporting staff cost.

During the period, the group’s finance cost was approximately HK\$32,000 (six months ended 30 September 2022: HK\$27,000) which related to 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 2023, the current ratio of the group was 5.29 (31 March 2023: 5.12) while the liquidity ratio was 5.25 (31 March 2023: 5.11).

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.

Capital Structure

The capital of the company only comprises ordinary shares and there is no change in the capital structure of the group during the period.

Gearing Ratio

At 30 September 2023, the gearing ratio of the group, which is calculated as the ratio of total borrowings to total equity, was nil (31 March 2023: 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 2023, the group had employed 24 (30 September 2022: 29) full-time employees and were all based in Hong Kong. Staff costs, including directors' emoluments, were approximately HK\$3.7 million (six months ended 30 September 2022: HK\$4.9 million) for the six months ended 30 September 2023.

Charges on group assets

The group had no charges on group assets during the period and also corresponding period in last year.

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 2023.

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") and Renminbi ("RMB"). The exchange rates between HK\$, US\$, JPY, GBP and RMB have been steady for the past few months. 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 2023, 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	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	3,156	3,795	6,448	7,814
Cost of services rendered		(1,125)	(2,086)	(2,359)	(4,030)
Cost of sales		(23)	(16)	(26)	(44)
Gross profit		2,008	1,693	4,063	3,740
Other revenue and other gains, net		237	1,855	543	2,556
Administrative expenses		(2,076)	(2,244)	(3,902)	(4,338)
Finance costs		(15)	(7)	(32)	(27)
Profit before taxation	4	154	1,297	672	1,931
Income tax	5	-	(12)	(12)	(24)
Profit attributable to owners of the company		154	1,285	660	1,907
Other comprehensive expense					
<i>Item that may be classified to profit or loss, net of nil tax:</i>					
Exchange difference on translation of foreign operations		-	(67)	-	(181)
Other comprehensive expense		-	(67)	-	(181)
Total comprehensive income					
attributable to owners of the company		154	1,218	660	1,726
Earnings per share	7				
Basic and diluted (HK cents)		0.02	0.14	0.07	0.21

Consolidated Statement of Financial Position

	Note	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		1,095	1,548
Interest in an associate		-	-
		1,095	1,548
Current assets			
Inventories		158	53
Trade and other receivables	8	4,306	4,395
Income tax recoverable		624	457
Cash and cash equivalents		16,025	21,188
		21,113	26,093
Current liabilities			
Trade and other payables	9	2,641	3,817
Lease liabilities		708	690
Provisions		640	589
		3,989	5,096
Net current assets		17,124	20,997
Total assets less current liabilities		18,219	22,545
Non-current liabilities			
Lease liabilities		367	725
Net assets		17,852	21,820
Capital and reserves			
Share capital		9,255	9,255
Reserves		8,597	12,565
Total equity		17,852	21,820

Unaudited Condensed Consolidated Cash Flow Statement

	Six Months Ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(479)	1,428
Net cash generated from investing activities	316	533
Net cash used in financing activities	(5,000)	(10,126)
Net decrease in cash and cash equivalents	(5,163)	(8,165)
Cash and cash equivalent at 1 April	21,188	11,004
Effect on foreign exchange rate changes	-	(181)
Cash and cash equivalent at 30 September	16,025	2,658

Unaudited Consolidated Statement of Changes in Equity

	Share capital	Share premium	Merger reserve	Exchange reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	-	-	-	-	1,907	1,907
Other comprehensive expense for the period	-	-	-	(181)	-	(181)
Total comprehensive income/(expense) for the period	-	-	-	(181)	1,907	1,726
Dividend approved and paid	-	(5,553)	-	-	-	(5,553)
At 30 September 2022	9,255	10,059	10,749	(197)	(11,144)	18,722
At 1 April 2023	9,255	10,059	10,749	(13)	(8,230)	21,820
Changes in equity for the period:						
Profit for the period	-	-	-	-	660	660
Other comprehensive expense for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	660	660
Dividend approved and paid	-	(4,628)	-	-	-	(4,628)
At 30 September 2023	9,255	5,431	10,749	(13)	(7,570)	17,852

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 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 2023.

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. 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

Six Months Ended
30 September
2023 2022
HK\$'000 HK\$'000

Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	1,694	2,177
- Income from maintenance services	4,646	5,465
- Sales of service related products	108	172
	6,448	7,814

(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, hence, geographical segment information is not considered necessary.

4. Profit before taxation

Profit before taxation is arrived at after charging:

	Three Months Ended		Six Months Ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(a) Finance costs				
Finance charges on lease liabilities	15	7	32	27
(b) Staff costs (including directors' remuneration):				
Salaries, wages and other benefits	1,794	2,312	3,597	4,697
Retirement scheme contributions	67	88	125	173
	1,861	2,400	3,722	4,870
(c) Other items:				
Auditor's remuneration	107	105	215	209
Cost of inventories sold	134	733	314	839
Depreciation				
- owned property, plant and equipment	28	77	64	178
- right-of-use assets	177	224	354	449
Development costs	267	250	517	343
Exchange loss, net	5	11	5	11
Provisions	19	25	57	47
Expense relating to short-term leases and leases of low-value assets	8	10	16	20
Write-off of inventories	-	500	-	500

5. Income tax

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

	Six Months Ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	12	24

Hong Kong Profits Tax is calculated at 16.5% (2022: 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 (2022: HK\$nil).

6. Dividends

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: 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\$660,000 (six months ended 30 September 2022: HK\$1,907,000) and the weighted average of 925,508,000 (six months ended 30 September 2022: 925,508,000) ordinary shares in issue during the period, calculated as follows:

	2023	2022
Issued ordinary shares and weighted average number of ordinary shares	925,508,000	925,508,000

As the company does not have any potential dilutive ordinary shares during the periods ended 30 September 2023 and 2022, basic and diluted earnings per share are the same.

8. Trade and other receivables

	At	At
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables from contracts with customers	1,479	1,636
Contract assets	1,289	1,042
Deposits and prepayments	1,538	1,717
	4,306	4,395

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date is as follows:

	At	At
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Less than 1 month	1,332	1,592
More than 1 month but less than 3 months	147	44
More than 3 months but less than 1 year	-	-
	1,479	1,636

Trade receivables are generally due within 30 to 45 days (2022: 30 to 45 days) from the date of billing.

9. Trade and other payables

	At	At
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables	304	279
Accrued charges and other payables	1,278	1,955
Contract liabilities	1,059	1,583
	2,641	3,817

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At	At
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Less than 1 month	235	261
More than 1 month but less than 3 months	69	18
More than 3 months but less than 1 year	-	-
	304	279

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

As at 30 September 2023, 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 September 2023, 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 2023, 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

The share option scheme adopted by the Company expired on 7 August 2021 and all options granted had lapsed in 2021. There was no new share option scheme adopted afterward.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period, the company repurchased nil shares (six months ended 30 September 2022: 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 8 August 2022 and 31 July 2023.

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 2023, 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. Wai Hing Cheung and Mr. Yeung Kin Hing.

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 include, 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 2023 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 September 2023, save for the deviations discussed below.

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 September 2023. 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 2023.

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

Hong Kong, 3 November 2023

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. Wai Hing Cheung and Mr. Yeung Kin Hing as independent non-executive directors.

This report 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.



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