



# ITE (HOLDINGS) LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8092)**

## QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

### 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 2020 was approximately HK\$35,811,000 representing an increase of approximately 9% over the turnover of approximately HK\$32,916,000 for the same period in 2019.

Profit attributable to owners of the company for the nine months ended 31 December 2020 amounted to approximately HK\$5,896,000 compared to that of approximately HK\$615,000 for the same period in 2019.

The directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: 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 nine months ended 31 December 2020 (the “period”).

### **Mission**

The mission of the group is to become the leading provider of smartcard, radio frequency identification (“RFID”), biometrics product and solution and professional services in the world. ITE has been pioneering and has achieved outstanding performance in the areas of smartcard system solutions and integration services in the Hong Kong Special Administrative Region (“Hong Kong” or “HKSAR”), the Macao Special Administrative Region (“Macao”) and the People’s Republic of China (“PRC”). With profound expertise, strong research and development (“R&D”) capability, proven track record and excellent reputation, the group has established a leading profile in our industry and has adopted a proactive approach to introduce innovative and customized smartcard, RFID and biometrics applications to our clients. Leveraging on our extensive industry experience and intellectual assets, ITE will continue to develop innovative products and multi-applications solutions for clients coming from different industries and to expand our businesses to more overseas countries.

### **Appreciation**

I would like to take this opportunity to express my deepest thanks to my directors, management and staff for their dedication and hard work, and shareholders, financiers and business partners for their continued support.

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

Hong Kong, 5 February 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.

During the period, a new product, HOMAC® IoT-UVC 24W, was launched for the applications of public hygiene and health enhancement. HOMAC® IoT-UVC 24W is an Internet-of-Things (IoT)-enabled smart ultraviolet-C (UVC) disinfection device for surface disinfection against viruses and bacteria, mites, such as SARS-CoV-2 virus, rat hepatitis E virus, influenza virus, Mycobacterium tuberculosis and Escherichia coli. Powered by high-capacity lithium battery pack and controlled through IoT wireless connectivity, it is portable and very user-friendly. IoT-UVC 24W consists of 3 Philips TUV 8W G8 T5 lamps with a total operating power of 24W, each of which delivers an irradiance of 21 $\mu$ W/cm<sup>2</sup> at 1-meter distance. It is a viable disinfection device for a wide range of real-world applications, such as objects of different sizes, small homes, large areas with irregular surfaces and extremely challenging environments, offering a sophisticated and reliable disinfection solution for smart city applications. It comes as the first member of our new product line, and will be used, together with other technological products, for the “Public Sector Trial Scheme - Special Call for Projects for the Prevention and Control of Coronavirus Disease 2019 in Hong Kong” launched by Innovation Technology Commission.

The COVID-19 pandemic has gravely wounded the world economy with serious consequences impacting all communities and individuals. There are no signs of recovery ahead. Despite all the suffering and difficulty we are facing, we shall remain committed to innovating products and providing professional services to serve Hong Kong and to combat this century disaster.

## **Financial Performance**

For the period, the group had recorded a total revenue of approximately HK\$36 million, representing an increase of 9% over the same period of 2019. Profit attributable to owners of the company for the nine months ended 31 December 2020 was approximately HK\$5.9 million as compared to that of approximately HK\$0.6 million for the corresponding period of 2019.

## QUARTERLY RESULTS

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

	Note	Three Months Ended		Nine Months Ended	
		31 December		31 December	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>12,301</b>	10,978	<b>35,811</b>	32,916
Cost of services rendered		<b>(8,238)</b>	(7,805)	<b>(23,384)</b>	(23,874)
Cost of sales		<b>(43)</b>	(12)	<b>(126)</b>	(85)
<b>Gross profit</b>		<b>4,020</b>	3,161	<b>12,301</b>	8,957
Other revenue and other gains, net		<b>640</b>	182	<b>1,926</b>	544
Administrative expenses		<b>(2,325)</b>	(2,906)	<b>(7,990)</b>	(8,190)
Finance costs		<b>(86)</b>	(164)	<b>(341)</b>	(696)
<b>Profit before taxation</b>		<b>2,249</b>	273	<b>5,896</b>	615
Income tax	4	-	-	-	-
<b>Profit and total comprehensive income</b>					
<b>attributable to owners of the company</b>		<b>2,249</b>	273	<b>5,896</b>	615
<b>Earning per share</b>	6				
Basic and diluted (HK cents)		<b>0.24</b>	0.03	<b>0.64</b>	0.07

## 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 2019	9,255	20,240	10,749	370	2,584	(31,274)	11,924
Impact on initial application of HKFRS 16	-	-	-	-	-	(96)	(96)
Restated balance at 1 April 2019	9,255	20,240	10,749	370	2,584	(31,370)	11,828
<b>Changes in equity for the period:</b>							
Profit and total comprehensive income for the period	-	-	-	-	-	615	615
Lapsed of share options	-	-	-	-	(194)	194	-
At 31 December 2019	9,255	20,240	10,749	370	2,390	(30,561)	12,443
At 1 April 2020	9,255	20,240	10,749	370	2,390	(30,057)	12,947
<b>Changes in equity for the period:</b>							
Profit and total comprehensive income for the period	-	-	-	-	-	5,896	5,896
Lapsed of share options	-	-	-	-	(183)	183	-
At 31 December 2020	9,255	20,240	10,749	370	2,207	(23,978)	18,843

### Notes:

#### 1. Basis of preparation

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

The measurement basis used in the preparation of the unaudited consolidated results is the historical cost.

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 2020.

## 2. Adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

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

## 3. Revenue and segment information

	Nine Months Ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	28,533	25,670
- Income from maintenance services	6,809	7,023
- Sales of service related products	469	223
	<u>35,811</u>	<u>32,916</u>

## 4. Income tax

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

No provision for Hong Kong Profits Tax has been made as companies in the group incurred losses for tax purpose or has sufficient tax losses brought forward to set off assessable profits (2019: 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 (2019: HK\$Nil).

## 5. Dividends

The directors do not recommend the payment of interim dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: HK\$nil).

## 6. Earning per share

The calculation of basic earning per share is based on the profit attributable to owners of the company of approximately HK\$5,896,000 (nine months ended 31 December 2019: HK\$615,000) and the weighted average of 925,508,000 (nine months ended 31 December 2019: 925,508,000) ordinary shares in issue during the period, calculated as follows:

	2020	2019
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 2020 and 2019, basic and diluted earning 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 2020, 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:

### (I) Interests in shares of the company

<u>Name of director</u>	Number of ordinary shares					Percentage of issued shares
	<u>Personal interests</u>	<u>Corporate interests</u>	<u>Family interests</u>	<u>Other interests</u>	<u>Total</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:

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

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

As at 31 December 2020, the directors had the following personal interests in options to subscribe for shares of the company granted at HK\$1 under a share option scheme of the company. Each option gives the holder the right to subscribe for one share.

<u>Name of Director</u>	<u>Number of options outstanding at 31 December 2020</u>	<u>Date granted</u>	<u>Period during which options exercisable</u>	<u>Number of shares acquired on exercise of options during the period</u>	<u>Price per share to be paid on exercise of options</u>
Mr. Lau Hon Kwong, Vincent	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075
Mr. Cheng Kwok Hung	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075
Mr. Liu Hoi Wah	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075
Mr. Kam Hau Choi, Anthony	900,000 (L)	9 July 2015	9 January 2016 to 7 August 2021	-	HK\$0.154
	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075
Mr. Wong Wang Fat, Andrew	900,000 (L)	9 July 2015	9 January 2016 to 7 August 2021	-	HK\$0.154
	900,000 (L)	6 December 2016	5 June 2017 to 7 August 2021	-	HK\$0.146
	900,000 (L)	3 July 2018	3 August 2018 to 7 August 2021	-	HK\$0.075

Note: The letter “L” denotes a long position in the shares.

(III) Aggregate interest in the shares and underlying shares of the company

<u>Name of Director</u>	<u>Aggregate number in ordinary shares</u>	<u>Aggregate number in underlying shares</u>	<u>Total</u>	<u>Percentage of total issued shares</u>
Mr. Lau Hon Kwong, Vincent	248,210,348 (L)	1,800,000 (L)	250,010,348 (L)	27.01%
Mr. Cheng Kwok Hung	113,988,000 (L)	1,800,000 (L)	115,788,000 (L)	12.51%
Mr. Liu Hoi Wah	-	1,800,000 (L)	1,800,000 (L)	0.19%
Mr. Kam Hau Choi, Anthony	-	2,700,000 (L)	2,700,000 (L)	0.29%
Mr. Wong Wang Fat, Andrew	-	2,700,000 (L)	2,700,000 (L)	0.29%

Note: The letter “L” denotes a long position in the shares.

Save as disclosed above, as at 31 December 2020, none of the directors, chief executive of the company or their associates had any interests in the shares or debentures of, or short positions in the shares of, the company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, were required to be notified to the company and the Stock Exchange.

#### **DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Save as disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures", as at 31 December 2020, 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 2020, 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 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 2020	Granted during the period	Lapsed during the period	At 31 December 2020
Independent non-executive directors	9 July 2015	9 January 2016 to 7 August 2021	0.154	2,700,000	-	(900,000)	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	2,700,000	-	(900,000)	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	2,700,000	-	(900,000)	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>38,900,000</u>	<u>-</u>	<u>(2,700,000)</u>	<u>36,200,000</u>
Weighted average exercise price (HK\$)				<u>0.12</u>			

During the period, 2,700,000 (nine months ended 31 December 2019: 3,050,000) share options were lapsed due to the passing of an independent non-executive director. No share options were exercised by the eligible participants during the periods ended 31 December 2020 and 2019.

## **PURCHASE, SALE AND REDEMPTION OF SHARES**

During the period, the company repurchased nil shares (nine months ended 31 December 2019: 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 8 August 2019 and 7 August 2020.

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 31 December 2020, 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. Following the passing of Dr. Lee Peng Fei, Allen on 15 May 2020, the appointment and resignation of Mr. Yeung Kin Hing, Chris were made on 1 August 2020 and 4 August 2020 respectively. Further on 1 November 2020, Mr. Wai Hing Cheung was appointed as independent non-executive director to fill the casual vacancy.

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 quarterly results for the nine months ended 31 December 2020 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 31 December 2020. 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 2020.

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

Hong Kong, 5 February 2021

*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 Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from its date of publication and on the website of the company at [www.hkite.com](http://www.hkite.com).*