



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (“ITE” or the “Group”) for the year ended 31 March 2010, together with the comparative audited figures for the previous year.

Consolidated Statement of Comprehensive Income

	Note	2010 HK\$'000	2009 HK\$'000
Turnover	3, 4	54,935	77,488
Cost of services rendered		(43,038)	(60,766)
Cost of sales		(875)	(1,909)
Gross profit		11,022	14,813
Other income		112	338
Administrative expenses		(10,490)	(12,851)
Profit from operations		644	2,300
Finance costs	5(a)	(397)	(800)
Profit before taxation	5	247	1,500
Income tax	6	(43)	(185)
Profit for the year attributable to shareholders of the company		204	1,315
Other comprehensive income for the year			
Fair value changes in available-for-sale financial assets		-	(94)
Total comprehensive income for the year		204	1,221
Earnings per share	8		
Basic (HK cents)		0.02	0.15
Diluted (HK cents)		0.02	N/A

Consolidated Balance Sheet

	Note	2010 HK\$'000	2009 HK\$'000
Non-current assets			
Fixed assets		176	372
Current assets			
Inventories		1,600	1,700
Trade and other receivables	9	4,930	9,335
Income tax recoverable		73	-
Pledged bank deposits		17,624	14,488
Cash and bank balances		1,532	1,314
		25,759	26,837
Current liabilities			
Trade and other payables	10	4,113	10,748
Provisions		291	1,935
Short-term borrowings		9,753	2,685
Income tax payable		-	92
		14,157	15,460
Net current assets		11,602	11,377
Net assets		11,778	11,749
Capital and reserves			
Share capital		9,033	9,056
Reserves		2,745	2,693
Total equity		11,778	11,749

Consolidated Statement of Changes in Equity

	Reserves						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated Losses HK\$'000	
Balance at 1 April 2008	9,075	22,816	10,749	432	94	(32,524)	10,642
Total comprehensive income							
for the year	-	-	-	-	(94)	1,315	1,221
Repurchase of shares	(19)	(95)	-	-	-	-	(114)
Balance at 31 March 2009							
and 1 April 2009	9,056	22,721	10,749	432	-	(31,209)	11,749
Total comprehensive income							
for the year	-	-	-	-	-	204	204
Repurchase of shares	(23)	(152)	-	-	-	-	(175)
Balance at 31 March 2010	9,033	22,569	10,749	432	-	(31,005)	11,778

Notes:

1. Basis of preparation of financial statements

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

The measurement basis used in the preparation of the financial statements is the historical cost basis except as otherwise stated in the accounting policies set out below.

2. Adoption of new and revised 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 and the company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. Turnover

	2010 HK\$’000	2009 HK\$’000
Provision of smartcard systems, radio frequency identification (“RFID”) and information technology (“IT”) services		
- Service revenue	9,020	9,520
- Income from maintenance services	9,019	7,686
- Sales of service related products	1,551	3,040
	19,590	20,246
Consultancy income	35,345	57,242
	<u>54,935</u>	<u>77,488</u>

4. Segment reporting

The group has adopted HKFRS 8 with effect from 1 April 2009, HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14, Segment reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The group's operating and reportable segments under HKFRS 8 are (i) smartcard systems, RFID and IT services; and (ii) consultancy services. Information regarding these segments is reported below.

	Smartcard systems, RFID and IT services		Consultancy services		Consolidated	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER						
Revenue from external customers	19,590	20,246	35,345	57,242	54,935	77,488
RESULTS						
Segment profit/(loss)	(1,356)	(3,526)	3,668	7,166	2,312	3,640
Unallocated corporate revenue					112	279
Unallocated corporate expenses					(1,780)	(1,619)
Profit from operations					644	2,300
Finance costs					(397)	(800)
Profit before taxation					247	1,500
Income tax					(43)	(185)
Profit for the year					204	1,315
ASSETS						
Segment assets	6,006	5,803	529	5,439	6,535	11,242
Unallocated assets					19,400	15,967
Total assets					25,935	27,209
LIABILITIES						
Segment liabilities	3,762	3,971	95	7,949	3,857	11,920
Unallocated liabilities					10,300	3,540
Total liabilities					14,157	15,460
OTHER INFORMATION						
Capital expenditure	29	114	2	-	31	114
Depreciation	222	393	5	6	227	399
Write-down of inventories	103	228	-	-	103	228

For the purpose of monitoring segment performances and allocating resources between segments:

- Segment profit/(loss) represented profit earned by/(loss from) each segment without allocation of central administration costs, other income, finance costs and income tax expense.
- All assets are allocated to reportable segments other than prepaid central administration costs, income tax recoverable, pledged bank deposits and cash and cash equivalents.
- All liabilities are allocated to reportable segments other than accrued central administration costs, income tax payable and short-term borrowings.

(a) Geographical information

The group's operations are principally located in Hong Kong, Macao and the PRC.

The group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong	45,814	70,285	152	336
Macao	8,902	6,412	10	15
PRC	199	369	13	21
Other locations	20	422	-	-
	54,935	77,488	175	372

(b) Information about major customers

For the year ended 31 March 2010, there was one (2009: one) customer who accounted for over 10% of total revenue of the group with revenue of approximately HK\$29,693,000 (2009: HK\$50,473,000) related to the consultancy services segment.

5. Profit before taxation

Profit before taxation is arrived at after charging:

	2010 HK\$'000	2009 HK\$'000
(a) Finance costs:		
Interest on bank loans and overdrafts	397	728
Interest on other borrowings	-	72
	<u>397</u>	<u>800</u>
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	41,386	60,353
Retirement scheme contributions	1,471	2,158
	<u>42,857</u>	<u>62,511</u>
(c) Other items:		
Auditor's remuneration	325	325
Cost of inventories	5,519	5,311
Depreciation	227	399
Development costs	957	1,410
Exchange loss	-	16
Loss on disposal of fixed assets	-	2
Operating lease charges: minimum lease payments		
- hire of properties	1,836	1,937
- hire of office equipment	33	29
Write-down of inventories	103	228
	<u>103</u>	<u>228</u>

6. Income tax

(a) Income tax in the consolidated income statement represents:

	2010 HK\$'000	2009 HK\$'000
Hong Kong profits tax		
- Provision for the year	63	210
- Over-provision in respect of prior years	(20)	(25)
	<u>43</u>	<u>185</u>

The provision for Hong Kong profits tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

No provision for income tax in the PRC and Macao have been made in the financial statements as the Group does not have any assessable profits for taxation purpose in the PRC and Macao during the year (2009: HK\$Nil).

- (b) At 31 March 2010, the group has not recognised deferred tax assets in respect of unused tax losses of approximately HK\$40,207,000 (2009: HK\$41,143,000) and deductible temporary differences of approximately HK\$795,000 (2009: HK\$730,000) due to the uncertainty of the related tax benefits being realised through future taxable profits. The unused tax losses of approximately HK\$3,844,000 (2009: HK\$3,836,000) can be carried forward to offset against the taxable profits of subsequent years for five years following the loss year. Other unused tax losses may be carried forward indefinitely.

7. Dividend

No interim dividend was paid during the year (2009: HK\$Nil). The Directors do not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: HK\$Nil).

8. Earnings per share

- (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the company of approximately HK\$204,000 (2009: HK\$1,315,000) and the weighted average of 904,564,592 (2009: 906,675,507) ordinary shares in issue during the year.

- (b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 March 2010 was based on the profit attributable to shareholders of the company of approximately HK\$204,000 and the weighted average number of ordinary shares of 906,739,476 shares, calculated as follows:

	2010
Weighted average number of ordinary shares for the purpose of basic earnings per share at 31 March	904,564,592
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>2,174,884</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share at 31 March	<u>906,739,476</u>

No diluted earnings per share is presented for the year as there were no dilutive potential ordinary shares in existence for the year ended 31 March 2009.

9. Trade and other receivables

	2010	2009
	HK\$'000	HK\$'000
Trade receivables	1,289	6,904
Other receivables	768	457
Gross amount due from customers for		
Service contract work	1,847	532
Retention money receivables	47	68
Deposits and prepayments	979	1,374
	4,930	9,335

An ageing analysis of trade receivables as at the balance sheet date is as follows:

	2010	2009
	HK\$'000	HK\$'000
Current	567	500
Less than 1 month past due	614	4,991
1 month to 3 months past due	95	1,382
More than 3 months but less than 1 year past due	13	31
Amounts past due	722	6,404
	1,289	6,904

Trade receivables are due within 60 days (2009: 45 days) from the date of billing.

10. Trade and other payables

	2010	2009
	HK\$'000	HK\$'000
Trade payables	1,027	594
Accrued charges and other payables	1,758	8,495
Gross amount due to customers for		
Service contract work	203	431
Deferred maintenance income	1,125	1,056
Retention money payables	-	14
Deposits received	-	158
	4,113	10,748

An ageing analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows :

	2010 HK\$'000	2009 HK\$'000
Less than 1 month	424	223
1 month to 3 months	352	304
More than 3 months but less than 1 year	236	9
More than 1 year	15	58
	1,027	594

MANAGEMENT DISCUSSION AND ANALYSIS

Management of the Group has continued to utilise our professional and committed workforce and financial resources to achieve maximum return to our shareholders.

Business Review

Marketing and Operation

During the year, our subsidiary, Quesco Systems Limited (“QSL”), lost a substantive information technology staffing service renewal contract with the Hong Kong Government, the bid loss resulted in considerable fall in turnover and gross profit of the Company in this fiscal year, a profit warning announcement was then made. Despite the impact, the management committed their best effort to explore new business opportunity, QSL was awarded by the Hospital Authority with a new three-years contract for the provision of computer personnel services. Besides, QSL successfully invited a number of new accounts to her client list.

Our solution and professional services arm, ITE Smartcard Solutions Limited (“ITES”), was awarded with a number of new smartcard contracts by new clients including four public hospitals in Hong Kong and the Hong Kong Post. Enhancement work and purchase orders of smartcard products and related service have remained fairly stable.

Our product arm, RF Tech Limited (“RFT”), partnered with the world leading document management solution provider, Canon Hong Kong, to develop a MacauPass card driven e-payment system for their photocopying charging requirements, the product was successfully developed and launched last month. The Directors are optimistic towards the market potential of this integrated product solution which can provide fast and convenience experiences to the Macao general public.

Innovation and Intellectual

During the year, ITES collaborated with the Automotive Parts and Accessory Systems R&D Centre (“APAS”) for the development of an electric vehicle fast charging station which would support Octopus Card in Hong Kong, MacauPass Card in Macao and scalable to other commercial use smartcards. The core technologies of charging station will be developed by APAS, whilst the e-payment system will be developed by ITES. This collaborative project was submitted to the Innovation and Technology Commission of HKSAR Government for the approval of government funding support. The approval result is expected to be released shortly.

ITES, as the leading supplier of commercial e-payment solutions, is pleased to match with strengths of APAS which has very strong R&D expertise in high power electronics of charging station. The Directors are confident that this collaboration will lead to a prospective, high business potential market where ITES anticipates to become a key player. The collaboration with APAS also demonstrates a role model of Hong Kong enterprise and R&D institute leveraging each other to enter a new market industry chain together.

Future Prospect

ITE shall grow beyond the products and services we are now offering. We will continue to invent, enhance and sell our solutions and services in the region, to expand our revenue by building on our delivered platforms for clients, on our expertise to develop new application products and services. With the foundation and drive formed, and management continual focus on innovation, technology and excellence, we look forward to a very positive new stage of development in fiscal year 2011.

Financial Performance

For the year ended 31 March 2010, the Group recorded a total turnover of approximately HK\$55 million, representing a decrease of 29% over last year. Profit for the year attributable to shareholders of the Company for the year ended 31 March 2010 was approximately HK\$0.2 million as compared to approximately HK\$1.2 million for last year.

Segmental Information

During the year, the Group recorded a decrease in turnover for about 29% when compared with last year. However, the Group’s gross profit margin has improved from 19% in last year to 20% in current year.

Because of tough economic situation, many of our clients hold their IT investments and delay their projects. This resulted in significant decrease in its service revenue generated from core business, i.e. the provision of the smartcard systems, RFID and information technology (“IT”) services and related sales, by 16% to approximately HK\$10.6 million (2009: HK\$12.6 million). However, with the accumulated projects completed in previous years, the income from maintenance services increased sharply by 17% to approximately HK\$9.0 million (2009: HK\$7.7 million).

For consultancy service segment, because of a major consultancy service contract ended on 31 October 2009, the turnover decreased significantly by 38% when compared with last year. The profit margin had also dropped from 15% to 14%.

With our tighter cost control during the severe financial situation, the Group's administrative expenses had decreased sharply by 18%.

With our continual working capital improvement, the finance costs decreased significantly by 50% to approximately HK\$0.4 million (2009: HK\$0.8 million) for the year.

Liquidity, Financial Resources and Treasury Policies

The Group generally financed its operations with its internally generated cash flows and bank borrowings. As at 31 March 2010, the Group had outstanding borrowings of approximately HK\$9,753,000, comprising secured bank loans of HK\$3,000,000 and bank overdrafts of approximately HK\$6,753,000. As at 31 March 2010, the current ratio of the Group was 1.82 (2009: 1.74) while the liquidity ratio was 1.71 (2009: 1.63).

The Group continues to adopt a conservative approach towards 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 banking facilities granted, 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 requirements and investments in the future.

Significant Investments

The Group had no significant investments during the year under review.

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

During the year under review, 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 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 the PRC and Hong Kong including contributions to social security scheme of the PRC and contribution to the Mandatory Provident Fund Scheme of Hong Kong. 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 31 March 2010, the Group had 83 (2009: 214) full-time employees, of which 72 are based in Hong Kong and the rest are in the PRC and Macao. Staff costs, including directors' remuneration, was approximately HK\$43 million (2009: HK\$63 million) for the year ended 31 March 2010. During the year, the Company has not granted any share option to any of its Directors and employees.

Charges on Group Assets

As at 31 March 2010, time deposits of approximately HK\$17,624,000 (2009: HK\$14,488,000) was pledged to banks to secure certain banking facilities of the Group.

Future Plans for Material Investments

The Group did not have any plans for material investment and acquisition of material capital assets as at 31 March 2010.

Gearing Ratio

At 31 March 2010, the gearing ratio of the Group, which is calculated as the ratio of total secured bank loans due after one year to shareholders' funds, was nil (2009: nil).

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\$"), Macao Patacas ("MOP") and Renminbi ("RMB"). The exchange rates between HK\$, US\$, MOP and RMB have been very steady for the past few years. During the year, the Group generally used the receipts from customers and bank loans 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 Liability

At 31 March 2010, the Company has issued corporate guarantees to banks in respect of banking facilities granted to certain wholly owned subsidiaries.

SHARE OPTION SCHEMES

The Company adopted a pre-IPO share option scheme (the “Pre-IPO Scheme”) on 12 February 2001. In addition, the Company adopted a 2002 share option scheme (the “2002 Scheme”) on 8 August 2002, and the Pre-IPO Scheme was simultaneously terminated. Upon termination of the Pre-IPO Scheme, no further options may be offered thereunder. However, in respect of the outstanding options, the provisions of the Pre-IPO Scheme shall remain in force. The outstanding options granted under the Pre-IPO Scheme shall continue to be subject to the provisions of the Pre-IPO Scheme and Chapter 23 of the GEM Listing Rules, and the adoption of the 2002 Scheme will not in any event affect the terms in respect of such outstanding options.

(a) Pre-IPO Scheme

As mentioned above, the Pre-IPO Scheme was terminated on 8 August 2002 and no further options may be offered thereunder. Details of the outstanding share options of the scheme during the year are as follow:

Name or category of participant	Number of share options				Outstanding at 31 March 2010	Date granted	Period during which options exercisable	Price per share to be paid on exercise of options	Market value per share at date of grant of options
	Outstanding at 1 April 2009	Granted during the year	Exercised during the year	Lapsed during the year					
Lau Hon Kwong, Vincent /Director	6,109,440	-	-	-	6,109,440	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
George Roger Manho /Director	4,000,000	-	-	-	4,000,000	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
Cheng Kwok Hung /Director	4,000,000	-	-	-	4,000,000	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
Liu Hoi Wah /Director	19,112,640	-	-	-	19,112,640	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
Lee Peng Fei, Allen /Director	1,760,000	-	-	-	1,760,000	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
Employees	35,157,920	-	-	-	35,157,920	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
	<u>70,140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,140,000</u>				

(b) 2002 Scheme

The Company operates the 2002 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 2002 Scheme include the 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 2002 Scheme became effective on 8 August 2002 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 2002 Scheme and any other share option schemes 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 2002 Scheme and any other share option schemes 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 executive 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 exercise 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 2002 Scheme, if earlier.

The exercise price of the share option 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.

Details of the outstanding share options of the 2002 Scheme during the year are as follows:

Name or category of participant	Number of share options				Outstanding at 31 March 2010	Date granted	Period during which options exercisable	Price per share to be paid on exercise of options	Market value per share at date of grant of options
	Outstanding at 1 April 2009	Granted during the year	Exercised during the year	Lapsed during the year					
Employees	3,500,000	-	-	-	3,500,000	9 August 2002	9 August 2003 to 8 August 2012	HK\$0.175	HK\$0.175
An employee	6,400,000	-	-	-	6,400,000	9 August 2002	9 February 2003 to 8 August 2012	HK\$0.175	HK\$0.175
	<u>9,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,900,000</u>				

At 31 March 2010, the number of shares outstanding and issuable under the Pre-IPO Scheme and the 2002 Scheme were 70,140,000 and 9,900,000, respectively.

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

PURCHASE, SALE AND REDEMPTION OF SHARES

During the year, the Company purchased 2,252,000 ordinary shares of HK\$0.01 each in the capital of the Company at prices ranging from HK\$0.059 to HK\$0.125 per share on the Stock Exchange.

Month/year	Number of shares repurchased	Aggregate prices paid HK\$	Price paid per share	
			Highest HK\$	Lowest HK\$
September 2009	1,524,000	95,194	0.065	0.060
October 2009	24,000	1,548	0.059	0.059
December 2009	<u>704,000</u>	<u>77,932</u>	0.125	0.098
	<u>2,252,000</u>	<u>174,674</u>		

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on repurchase was charged against the share premium account of the Company. The Directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company.

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

COMPETING INTERESTS

As at 31 March 2010, 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

As required by Rules 5.28 to 5.33 of the GEM Listing Rules, the Company has established an audit committee which comprises three independent non-executive Directors, Dr. Lee Peng Fei, Allen, Mr. Tang Siu, Henry and Mr. Kam Hau Choi, Anthony. Dr. Lee Peng Fei, Allen was appointed as chairman of the audit committee.

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, internal control and financial reporting matters. 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 financial statements for the year ended 31 March 2010 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 year ended 31 March 2010, 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 separate 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. Under the code provision A.4.2 stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the present articles of association of the Company, Mr. Lau Hon Kwong, Vincent, being chairman and chief executive officer of the Company, is not subject to retirement by rotation. This is not in compliance with the Code requirement that every Director must retire by rotation once every three years.

Besides, 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 (that at each annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to but not greater than one-third, shall retire from office) provided that notwithstanding anything herein, the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. At such, with the exception of the chairman, all Directors are subject to retirement by rotation. The management considered that there is no imminent need to amend the articles of association of the Company.

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 year ended 31 March 2010. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings throughout the year ended 31 March 2010.

PUBLICATION OF ANNUAL REPORT ON THE GEM WEBSITE

The annual report of the Company containing all the information required by the GEM Listing Rules will be published on the GEM website in due course.

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

Hong Kong, 18 June 2010

The Board as of the date of this announcement comprises Mr. Lau Hon Kwong, Vincent, Mr. George Roger Manho, Mr. Cheng Kwok Hung and Mr. Liu Hoi Wah as executive directors, Dr. Lee Peng Fei, Allen, Mr. Tang Siu, Henry and Mr. Kam Hau Choi, Anthony as independent non-executive directors.

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