ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 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.

FINAL RESULTS

The board of directors (the "board") of the company is hereby to announce the audited consolidated results of the company and its subsidiaries ("ITE" or the "group") for the year ended 31 March 2020, together with the comparative audited figures for the previous year.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	**2020**	2019
		HK$'000	HK$'000
Revenue	3, 4	**44,345**	24,791
Cost of services rendered		**(31,549)**	(17,120)
Cost of sales		**(89)**	(157)
Gross profit		**12,707**	7,514
Other revenue and other gains/(losses), net		**1,092**	(38)
Administrative expenses		**(11,918)**	(10,422)
Finance costs		**(858)**	(510)
Profit/(loss) before taxation	5	**1,023**	(3,456)
Income tax	6	**-**	-
Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the company		**1,023**	(3,456)
Earning/(loss) per share	8		
Basic and diluted (HK cents)		**0.11**	(0.37)

Consolidated Statement of Financial Position

	Note	**2020**	2019
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		**3,826**	3,716
Interest in an associate		**-**	-
Goodwill		**-**	-
		3,826	3,716
Current assets			
Inventories		**1,790**	1,348
Trade and other receivables	9	**10,466**	10,292
Amount due from an associate		**400**	-
Financial assets at fair value through profit or loss		**-**	85
Income tax recoverable		**49**	49
Pledged bank deposits		**11,518**	11,540
Cash and cash equivalents		**4,593**	4,574
		28,816	27,888
Current liabilities			
Trade and other payables	10	**7,373**	4,229
Lease liabilities		**1,483**	750
Loans from related parties		**8,800**	11,600
Provisions		**429**	854
		18,085	17,433
Net current assets		**10,731**	10,455
Total assets less current liabilities		**14,557**	14,171
Non-current liabilities			
Lease liabilities		**1,610**	2,247
Net assets		**12,947**	11,924
Capital and reserves			
Share capital		**9,255**	9,255
Reserves		**3,692**	2,669
Total equity		**12,947**	11,924

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 2018	9,255	20,240	10,749	370	2,069	(27,870)	14,813
Changes in equity for the year:							
Loss and total comprehensive expense for the year	-	-	-	-	-	(3,456)	(3,456)
Equity-settled share-based payments	-	-	-	-	567	-	567
Lapse of share options	-	-	-	-	(52)	52	-
At 31 March 2019 and 1 April 2019	9,255	20,240	10,749	370	2,584	(31,274)	11,924
Changes in equity for the year:							
Profit and total comprehensive income for the year	-	-	-	-	-	1,023	1,023
Lapse of share options	-	-	-	-	(194)	194	-
At 31 March 2020	9,255	20,240	10,749	370	2,390	(30,057)	12,947

Notes:

1. Basis of preparation of consolidated financial statements

These consolidated 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 ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

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

2. Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the group. The group had to change its accounting policies as a result of adoption HKFRS 16.

Except for HKFRS 16, Leases, none of the developments have had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue

	2020 **HK$'000**	2019 HK$'000
Provision of smartcard systems, radio frequency identification ("RFID") and information technology ("IT") services		
- Service revenue	**34,970**	14,044
- Income from maintenance services	**9,140**	10,326
- Sales of service related products	**235**	421
	44,345	24,791

4. Segment reporting

(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 and Macao.

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

	Revenue from external customers		Non-current assets	
	2020 **HK$'000**	2019 HK$'000	**2020** **HK$'000**	2019 HK$'000
Hong Kong	**43,203**	21,499	**3,826**	3,716
Macao	**1,142**	3,292	**-**	-
	44,345	24,791	**3,826**	3,716

(c) Information about major customers

For the year ended 31 March 2020, there were two (2019: two) customers who accounted for over 10% of total revenue of the group with aggregate amount of HK$35,453,016 (2019: HK$11,122,445).

5. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

	2020	2019
	HK$'000	HK$'000
(a) Finance costs		
Interests on loans from related parties	664	453
Finance charges on lease liabilities	194	57
	858	510
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	25,435	15,418
Retirement scheme contributions	954	537
Equity-settled share-based payments	-	567
	26,389	16,522
(c) Other items:		
Auditor's remuneration	399	392
Cost of inventories sold	6,292	5,266
Depreciation		
- owned property, plant and equipment	308	353
- right-of-use assets	2,897	-
Development costs	737	1,237
Exchange loss, net	86	-
Loss on disposal of property, plant and equipment	32	-
Provisions	186	775
Expense relating to short-term leases and leases of low-value assets	46	-
Minimum lease payments for lease previously classified as operating leases under HKAS 17		
- hire of properties	-	1,157
- hire of office equipment	-	48
Reversal of unused provisions	(610)	(643)
Write-off of inventories	3	7

6. Income tax

(a) 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.

During the year ended 31 March 2020, no provision for Hong Kong Profits Tax was made as companies within the group incurred losses for tax purpose or has sufficient tax losses brought forward to set off estimated assessable profits (2019: HK$Nil).

No provision for income tax in the People's Republic of China (the "PRC") and Macao have been made as the group did not have any assessable profit for taxation purpose in the PRC or Macao during the year ended 31 March 2020 (2019: HK$Nil).

(b) At 31 March 2020, the group has not recognised deferred tax assets in respect of unused tax losses of approximately HK$32,335,000 (2019: HK$35,111,000) due to the uncertainty of the related tax benefits being realised through future taxable profits. The unused tax losses of approximately HK$Nil (2019: HK$976,000) can be carried forward for offset against the taxable profits of subsequent years for five years following the first profit-making year. Other unused tax losses may be carried forward indefinitely.

At 31 March 2020, there were no significant unrecognised deferred tax liabilities (2019: HK$Nil).

7. Dividends

The board of directors do not recommend the payment of any dividend in respect of the years ended 31 March 2020 and 2019.

8. Earning/(loss) per share

The calculation of basic earning/(loss) per share is based on the profit attributable to owners of the company of approximately HK$1,023,000 (2019: loss of HK$3,456,000) and the weighted average of 925,508,000 (2019: 925,508,000) ordinary shares in issue during the year, calculated as follows:

	2020	2019
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 years ended 31 March 2020 and 2019, basic and diluted earning/(loss) per share are the same.

9. Trade and other receivables

	2020	2019
	HK$'000	HK$'000
Trade receivables	**6,995**	6,330
Contract assets	**1,065**	1,520
Other receivables	**8**	4
Deposits and prepayments	**2,398**	2,438
	10,466	10,292

All of the trade and other receivables, apart from certain deposits of HK$1,153,009 (2019: HK$1,289,913) are expected to be recovered or recognised as expenses within one year.

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

	2020	2019
	HK$'000	HK$'000
Less than 1 month	**3,849**	3,968
More than 1 month but less than 3 months	**2,949**	2,362
More than 3 months but less than 1 year	**197**	-
	6,995	6,330

Trade receivables are generally due within 30 to 45 days (2019: 30 to 45 days) from the date of billing.

(b) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired as at the end of the reporting period is as follows:

	2020	2019
	HK$'000	HK$'000
Neither past due nor impaired	**3,312**	3,116
Less than 1 month past due	**3,059**	3,175
More than 1 month but less than 3 months past due	**536**	39
More than 3 months but less than 1 year past due	**88**	-
Amounts past due	**3,683**	3,214
	6,995	6,330

10. Trade and other payables

	2020	2019
	HK$'000	HK$'000
Trade payables	**933**	312
Accrued charges and other payables	**4,285**	3,212
Contract liabilities	**2,155**	705
	7,373	4,229

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

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

	2020	2019
	HK$'000	HK$'000
Less than 1 month	**341**	284
More than 1 month but less than 3 months	**486**	11
More than 3 months but less than 1 year	**106**	17
	933	312

SCOPE OF WORK OF BAKER TILLY HONG KONG

The figures in respect of the preliminary announcement of the group's results for the year ended 31 March 2020 have been agreed by the group's auditor, Baker Tilly Hong Kong Limited ("Baker Tilly"), to the amounts nearest to thousands as set out in the group's consolidated financial statements for the year. The work performed by Baker Tilly in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Baker Tilly on this preliminary announcement.

DIVIDEND

The directors do not recommend the payment any dividend in respect of the years ended 31 March 2020 and 2019.

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

We are in times of sadness and difficulty. Our founding member Dr. Lee Peng Fei, Allen ("Dr. Lee"), an independent non-executive director of the company, chairman of the audit committee, remuneration committee and nomination committee of the company, passed away on 15 May 2020. It is our deepest sorrow and regret for Dr. Lee's passing and losing a valuable member of the board. Dr. Lee was a man of highest integrity and honesty, he was sincere, farsighted and a good example for people. He has made total commitment to the establishment of core values and good governance of the company since his joining us in 2000. We express our deepest gratitude for the efforts and contribution made by Dr. Lee to the company, and we shall miss him and his lifelong contribution to society!

The COVID-19 pandemic has been causing fatal damages to Hong Kong and the world. To support the fight against it and better protect the lives of people of Hong Kong, we are developing an advanced technological solution for the detection/diagnosis/surveillance of COVID-19 and the reduction of the risk of its infection and spread in our communities. We aim to adopt and integrate various information and communication technologies, sensors and wireless technologies, informatics software development and big data analytics, together with our R&D outcome product, mobilized high capacity lithium battery system, which can provide zero local emission clean power for high temperature steam cleansing and dry ice blasting for public facilities so as to enhance the public health mechanism.

During the year, we were awarded with a number of new contracts and orders by clients. The orders covered the supply of hardware and software and the provision of professional services to build up or enhance their application systems.

We continued to deliver the self-service payment kiosks for public hospitals and clinics of the Hospital Authority. The kiosks were launched and put into usage to effectively enhance the public service. We also provided professional services for the Leisure and Cultural Services Department to launch the city's third self-service library station at the Tai Wai MTR Station in February 2020, offering users round-the-clock public library services with enhanced convenience and accessibility. We were very pleased to complete the delivery of this smartcity system and applications and serve the general public.

We successfully designed, built and implemented a One-Megawatt hour lithium battery system to support the off-grid energy consumption of nearly 10,000 sets of on-street parking meters of the Transport Department under the Contract for Management, Operation and Maintenance of existing Parking Meter System. By end of March 2020, the adoption of rechargeable lithium battery packs saved the landfill disposal of more than 200,000 pieces of D-size alkaline battery cell. We estimate that total 400,000 pieces of D-size alkaline battery cell can be saved every year. The servicing mileages of environmental vehicle fleet established for the contract exceeded 190,000 km by end of March 2020. The environment and people of Hong Kong have been benefit through the zero local emission of air pollutants and greenhouse gases, sustainability is one of ITE's core values, we shall strive for a better Hong Kong and a better world.

Future Prospect

Since our establishment, we have been focusing on our core business and technologies, we continue to devote our efforts and resources for the long term growth of the group building on our ***Innovation, Technology and Excellency***; three words which best explain ITE.

All members performed professionally under the corporate vision, mission and core values. Every year, new intellectual assets are created, accumulated and protected, and the range of professional services continues to expand to meet the fast growing needs of the changing world. We have firmly maintained our position as the pure rider to provide innovative solutions to our clients.

Despite that a trade deal was signed between China and the United States of America, the Sino-US conflicts have not ended, but getting worse rather. Considering the political instability in Hong Kong and the impact of COVID-19 pandemic, the directors are not optimistic towards the outlook. It is unknown to us when and how the recovery will take place. While maintaining our spirits, commitments and efforts, the directors shall take very prudent measures in operating and developing our businesses.

Key Risks and Uncertainties

The group's insurance may be insufficient to cover all losses associated with its business operations. The group maintains insurance policies against loss or damage to its office and business interruption, public liability and employees' compensation. The insurance coverage may be insufficient to cover all the risks associated with the group's business and operations in the future. In the case of an uninsured loss or a loss in excess of insured limit, including those caused by natural disasters and other events beyond the group's control, the group may be required to pay for losses, damages and liabilities out of its own funds, which could materially and adversely affect its business, financial condition and results of operations. Even if the insurance coverage is adequate to cover its direct losses, the group may need to be responsible for the indirect losses. Furthermore, claim records of the group may affect the premiums which insurance companies charge in the future.

Despite of the above, the group considers that the current insurance coverage is sufficient for its existing operation scale and the group will review its insurance policies from time to time.

Compliance with Laws and Regulations

As far as the board of directors of the company and management are aware, the group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the group.

Financial Performance

For the year ended 31 March 2020, the group recorded a revenue of approximately HK$44 million, representing an increase of 79% over last year. Profits for the year attributable to owners of the company for the year ended 31 March 2020 was approximately HK$1 million as compared to that of loss attributable to owners of the company of approximately HK$3.5 million for last year.

Segmental Information

During the year, the group recorded an increase in revenue for about 79% when compared with last year and the group's gross profit margin slightly decreased from 30% to 29%.

The service revenue generated from core business, i.e. the provision of the smartcard systems, RFID and information technology ("IT") services and related sales, was HK$35,204,827 (2019: HK$14,465,650) which significantly increased by 143%. On the other hand, the income from maintenance services decreased by 11% to HK$9,140,379 (2019: HK$10,325,713).

The group's administrative expenses increased by 14% to HK$11,917,737 (2019: HK$10,421,775). Included in administrative expenses, the related share-based payment expense amounted to HK$Nil (2019: HK$567,000) was fully recognized during the year. In addition, the research and development cost and associated sponsorship was significant increased by 54% to HK$2,648,888 (2019: HK$1,718,897). Expenditure on research and development activities was totally expensed in profit or loss during the year.

During the year, the group's finance cost was HK$858,465 (2019: HK$510,059) which related to interest on loans from related parties and finance charges on lease liabilities.

Liquidity and Financial Resources

The group generally financed its operations with its internally generated cash flows and loans from related parties. At 31 March 2020, the group have loans from related parties amounted to HK$8,800,000 (2019: HK$11,600,000) and these loans bear interest at fixed rate of 5% (2019: 8.8%) per annum, are unsecured and repayable on demand. At 31 March 2020, the current ratio of the group was 1.59 (2019: 1.60) while the liquidity ratio was 1.49 (2019: 1.52).

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 requirements and investments in the future.

Gearing Ratio

At 31 March 2020, the gearing ratio of the group, which is calculated as the ratio of total borrowings to total equity, was 0.68 (2019: 0.97).

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 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 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 the PRC and Hong Kong including contributions to the Social Security Scheme in the PRC and the Mandatory Provident Fund Scheme in 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.

At 31 March 2020, the group had 90 (2019: 114) full-time employees, of which 90 (2019: 112) are based in Hong Kong and the rest are in Macao. Staff costs, including directors' remuneration, was approximately HK$26 million (2019: HK$17 million) for the year ended 31 March 2020.

Charges on Group Assets

At 31 March 2020, US$1,476,749 (equivalent to HK$11,518,641) (2019: HK$11,540,203) time deposit was pledged to a bank to secure certain banking facilities of a wholly-owned subsidiary of the company.

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 2020.

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"), Macao Patacas ("MOP") and Renminbi ("RMB"). The exchange rates between HK$, US$, JPY, MOP and RMB have been very steady for the past few years. During the year, 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 Liability

At 31 March 2020, the company did not have any contingent liability.

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.

(a) The following table details the company's share options in issue under the 2011 Scheme during the year

				Number of exercisable and outstanding share options			
Participant	**Date of grant**	**Exercisable period**	**Exercise price per share** HK$	**At 1 April 2019**	**Granted during the year**	**Lapsed during the year**	**At 31 March 2020**
Independent non-executive directors	9 July 2015	9 January 2016 to 7 August 2021	0.154	2,700,000	-	-	2,700,000
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	4,500,000	-	(1,250,000)	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	-	-	2,700,000
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	3,750,000	-	(450,000)	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	-	-	2,700,000
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	3,000,000	-	(450,000)	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	3,300,000	-	(900,000)	2,400,000
			Total	41,950,000	-	(3,050,000)	38,900,000
Weighted average exercise price (HK$)				0.12			

During the year ended 31 March 2020, total of 3,050,000 (2019: 900,000) share options were lapsed due to resignation of relevant employee. No share options were exercised by the eligible participants during the year ended 31 March 2020 and 2019.

(b) Fair value of share options and assumption

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binominal model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

The inputs into the model were as follows:

Date of grant	9 July 2015	6 December 2016	3 July 2018	4 July 2018
Total number of share options	10,950,000	14,650,000	13,000,000	5,900,000
Share price of the company at the date of grant	HK$0.152	HK$0.146	HK$0.075	HK$0.075
Exercise price per share	HK$0.154	HK$0.146	HK$0.075	HK$0.075
Expected volatility	91%	76%	70%	70%
Option life	6.08 years	4.67 years	3.1 years	3.1 years
Expected dividend yield	Nil	Nil	Nil	Nil
Risk-free interest rate	1.26%	1.18%	1.98%	1.94%

The expected volatility is based on the historic volatility of the company's share price and it is assumed there is no material change over the whole life of share options.

The total fair value of the share options granted during the year ended 31 March 2019 was approximately HK$567,000 with fair value of HK$0.03 for each option. The group has recognised equity-settled share-based payments of HK$567,000 arising from options vested during the year ended 31 March 2019.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the year, the company repurchased nil shares (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.

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 March 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 two independent non-executive directors, Mr. Kam Hau Choi, Anthony (being the chairman of the audit committee) and Mr. Wong Wang Fat, Andrew. As mentioned above, following the passing of Dr. Lee Peng Fei, Allen, the number of audit committee member has fall below the minimum number as required under Rule 5.28 of the GEM Listing Rules and the company will find a suitable candidate to fill the vacancy as soon as practicable.

The primary duties of the audit committee are to review the company's annual report and accounts, half-yearly report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee meets at least four times a year with management to review the accounting principles and practices adopted by the group and to discuss auditing, financial reporting matters, internal control and also risk management system. The principal terms of reference includes, inter alia, its relationship with the company's external auditor, review of the company's financial information and oversight of the financial reporting system and internal control procedures of the company.

The group's financial statements for the year ended 31 March 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 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 Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") throughout the year ended 31 March 2020, 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 year ended 31 March 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 year ended 31 March 2020.

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, 12 June 2020

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