ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

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 2021, together with the comparative audited figures for the previous year.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	**2021**	2020
		HK$'000	HK$'000
Revenue	3, 4	**49,750**	44,345
Cost of services rendered		**(33,207)**	(31,549)
Cost of sales		**(154)**	(89)
Gross profit		**16,389**	12,707
Other revenue and other gains/(losses), net		**3,030**	1,092
Administrative expenses		**(10,575)**	(11,918)
Finance costs		**(391)**	(858)
Profit before taxation	5	**8,453**	1,023
Income tax	6	**-**	-
Profit for the year attributable to owners of the company		**8,453**	1,023
Other comprehensive income			
Item that may be reclassified to profit or loss, net of nil tax:			
Exchange differences on translation of foreign operations		**(370)**	-
Total comprehensive income for the year attributable to owners of the company		**8,083**	1,023
Earnings per share	8		
Basic and diluted (HK cents)		**0.91**	0.11

Consolidated Statement of Financial Position

	Note	2021	2020
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		**4,293**	3,826
Interest in an associate		**-**	-
Goodwill		**-**	-
		4,293	3,826
Current assets			
Inventories		**1,502**	1,790
Trade and other receivables	9	**7,342**	10,466
Amount due from an associate		**-**	400
Income tax recoverable		**19**	49
Pledged bank deposits		**11,561**	11,518
Cash and cash equivalents		**9,206**	4,593
		29,630	28,816
Current liabilities			
Trade and other payables	10	**8,071**	7,373
Lease liabilities		**2,054**	1,483
Loans from related parties		**-**	8,800
Provisions		**881**	429
		11,006	18,085
Net current assets		**18,624**	10,731
Total assets less current liabilities		**22,917**	14,557
Non-current liabilities			
Lease liabilities		**1,887**	1,610
Net assets		**21,030**	12,947
Capital and reserves			
Share capital		**9,255**	9,255
Reserves		**11,775**	3,692
Total equity		**21,030**	12,947

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
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 and 1 April 2020	9,255	20,240	10,749	370	2,390	(30,057)	12,947
Changes in equity for the year:							
Profit for the year	-	-	-	-	-	8,453	8,453
Other comprehensive expense for the year	-	-	-	(370)	-	-	(370)
Total comprehensive income for the year	-	-	-	(370)	-	8,453	8,083
Lapse of share options	-	-	-	-	(184)	184	-
At 31 March 2021	9,255	20,240	10,749	-	2,206	(21,420)	21,030

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.

2. Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the group. Other than the amendments to HKFRS 16, COVID-19-Related Rent Concessions, the group has not applied any new standard or amendments to HKFRSs that is not yet effective for the current accounting period.

3. Revenue

	2021 HK$'000	2020 HK$'000
Provision of smartcard systems, radio frequency identification ("RFID") and information technology ("IT") services		
- Service revenue	**39,871**	34,970
- Income from maintenance services	**9,336**	9,140
- Sales of service related products	**543**	235
	49,750	44,345

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	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Hong Kong	**49,313**	43,203	**4,293**	3,826
Macao	**437**	1,142	**-**	-
	49,750	44,345	**4,293**	3,826

(c) Information about major customers

Revenue from major customers, each of whom amounted to 10% or more of total revenue of the group, is set out below:

	2021 HK$'000	2020 HK$'000
Customer A	**27,600**	27,600
Customer B	**13,154**	7,853

5. Profit before taxation

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

	2021 HK$'000	2020 HK$'000
(a) Finance costs:		
Interests on loans from related parties	**202**	664
Finance charges on lease liabilities	**189**	194
	391	858
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	**25,794**	25,435
Retirement scheme contributions	**918**	954
	26,712	26,389
(c) Other items:		
Auditor's remuneration	**404**	399
Cost of inventories sold	**5,702**	6,292
Depreciation		
- owned property, plant and equipment	**233**	308
- right-of-use assets	**2,529**	2,897
Development costs	**934**	737
Exchange loss, net	**16**	86
Loss on disposal of property, plant and equipment	**46**	32
Provisions	**854**	186
Expense relating to short-term leases and leases of low-value assets	**48**	46
Reversal of unused provisions	**(402)**	(610)
Write-off of inventories	**-**	3

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 2021, 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 (2020: HK$Nil).

No provision for income tax in Macao has been made as the group did not have any assessable profit for taxation purpose in Macao during the year ended 31 March 2021 (2020: HK$Nil).

(b) At 31 March 2021, the group has not recognised deferred tax assets in respect of unused tax losses of approximately HK$24,472,000 (2020: HK$32,335,000) due to the uncertainty of the related tax benefits being realised through future taxable profits. The unused tax losses may be carried forward indefinitely.

At 31 March 2021, there were no significant unrecognised deferred tax liabilities (2020: HK$Nil).

7. Dividends

	2021	2020
	HK$	HK$
Proposed final dividend – HK$0.5 cents (2020: HK$Nil) per ordinary share	**4,627,540**	-

The above proposed final dividend for the year amounting to HK$4,627,540, is recommended by the directors on 16 June 2021, which is to be paid out of the share premium account of the company. Such dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the company of approximately HK$8,453,000 (2020: 1,023,000) and the weighted average of 925,508,000 (2020: 925,508,000) ordinary shares in issue during the year, calculated as follows:

	2021	2020
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 2021 and 2020, basic and diluted earnings per share are the same.

9. Trade and other receivables

	2021	2020
	HK$'000	HK$'000
Trade receivables	**3,781**	6,995
Contract assets	**1,260**	1,065
Other receivables	**17**	8
Deposits and prepayments	**2,284**	2,398
	7,342	10,466

All of the trade and other receivables, apart from certain deposits of HK$1,576,065 (2020: HK$1,153,009) 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:

	2021	2020
	HK$'000	HK$'000
Less than 1 month	**3,701**	3,849
More than 1 month but less than 3 months	**80**	2,949
More than 3 months but less than 1 year	**-**	197
	3,781	6,995

Trade receivables are generally due within 30 to 45 days (2020: 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:

	2021	2020
	HK$'000	HK$'000
Current (not past due)	**3,685**	3,312
Less than 1 month past due	**15**	3,059
More than 1 month but less than 3 months past due	**81**	536
More than 3 months but less than 1 year past due	**-**	88
Amounts past due	**96**	3,683
	3,781	6,995

10. Trade and other payables

	2021	2020
	HK$'000	HK$'000
Trade payables	**594**	933
Accrued charges and other payables	**4,853**	4,285
Contract liabilities	**2,624**	2,155
	8,071	7,373

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 :

	2021	2020
	HK$'000	HK$'000
Less than 1 month	**471**	341
More than 1 month but less than 3 months	**26**	486
More than 3 months but less than 1 year	**97**	106
	594	933

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 2021 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

On 16 June 2021, the Directors recommend the payment of a final dividend of HK$0.5 cents (2020: HK$Nil) per ordinary share of the company in cash distributed from the share premium account of the company for the year ended 31 March 2021. At 31 March 2021, the Company's share premium account was approximately HK$20,240,000. Subsequent to the approval of the Company's shareholders at the forthcoming annual general meeting and after the payment of the proposed final dividend, assuming there are no other changes to the share premium account, the Company's share premium account is expected to be reduced to approximately HK$15,612,000. No interim dividend was declared and paid during the year. The recommendation of final dividend has not been incorporated in the financial statements for the year but will be recorded in the following year.

Closure of Register of Members

(i) Entitlement to Attend and Vote at the 2021 Annual General Meeting

The register of members will be closed from Wednesday, 4 August 2021 to Friday, 6 August 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 3 August 2021.

(ii) Entitlement to the Proposed Final Dividend

The register of members will be closed from Monday, 30 August 2021 to Wednesday, 1 September 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 27 August 2021.

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

During the year, we made improvements and developments in multiple aspects, ranging from enhancement of technology capability, extension of local business scope to overseas expansion.

Being a leading innovation technology company in Hong Kong, we are stepping up efforts to enter global markets. During the year, we established a wholly-owned subsidiary, ITE Japan K.K. (ITE Japan株式会社) in Japan. The objectives of ITE Japan K.K. (ITE Japan株式会社) shall be to carry on businesses in relation to research and development, procurement and export of products, systems and services for innovation applications used for smart city development (e.g. information communication technologies, electric and fuel cell vehicles, energy and robotic systems), investment in smart facilities and collaboration with universities and R&D Institutes, and businesses incidental to any of the foregoing.

On the local business front, our solution and professional service arm, ITE Smartcard Solutions Limited, has been awarded a number of new contracts and orders from both new and old clients, including the Contract for Provision of People Counter System and Related Services at Public Toilets, Aqua Privies and Bathhouses in the Territory (the "Contract") awarded by the HKSAR Government. The Contract commenced in April 2021 and our delivery of technology and services is currently in full swing. We believe the Contract will open up opportunities and possibilities for the development and citywide deployment of our smart city applications, solutions and services.

With funding support from the Innovation and Technology Commission under the "Public Sector Trial Scheme - Special Call for Projects for the Prevention and Control of Coronavirus Disease 2019 in Hong Kong", the technological product solution "An Integrated Solution for the Detection/Diagnosis/Surveillance of Hygiene Conditions and Deep Cleansing of Public Toilets and Facilities" developed by ITE Engineering Limited entered the public sector trial stage in April 2021. Our service team has already conducted trials for two Government departments, namely the Transport Department and the Environmental Protection Department. Our proprietary Internet of Things-enabled smart UVC disinfection devices and steam cleaners have been deployed to deep cleanse and disinfect sets of on-street parking meters and recycling bins. In the coming months, we will conduct more trials in the local public sector to help Hong Kong combat the COVID-19 pandemic and enhance public hygiene.

Sustainability is one of our core values. Over the past two years, we have been deploying over 10,000 pieces of rechargeable lithium battery packs to support the off-grid energy consumption of nearly 10,000 pieces of on-street parking meters all over the city under the "Contract for Management, Operation and Maintenance of Parking Meter System". Our knowledge and experience in implementation and management derived from the foregoing own designed and built lithium battery system enable us to continue to apply and integrate green energy into our solutions and professional services, including the Contract for Provision of People Counter System and Related Services at Public Toilets, Aqua Privies and Bathhouses in the Territory and our technological product solution "An Integrated Solution for the Detection/Diagnosis/Surveillance of Hygiene Conditions and Deep Cleansing of Public Toilets and Facilities".

While management of the group is aware of the essence of environmental protection, the success of our environmental policies and performance hinges on the acceptance and support from our employees, suppliers, customers and communities. We are greatly encouraged by the positive attitudes of our employees, suppliers, customers and communities towards our environmental initiatives.

The ongoing COVID-19 pandemic continues to drag on the economy and pose a serious threat to businesses. We remain cautious and vigilant about our future prospects, and yet continue to make progress in innovating products and providing more professional services to serve our communities.

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.

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 2021, the group recorded a revenue of approximately HK$50 million, representing an increase of 12% over last year. Profits for the year attributable to owners of the company for the year ended 31 March 2021 was approximately HK$8 million as compared to that of approximately HK$1 million for last year.

Segmental Information

During the year, the group recorded an increase in revenue for about 12% when compared with last year and the group's gross profit margin also increased from 29% to 33%.

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$40,414,241 (2020: HK$35,204,827) which increased by 15%. On the other hand, the income from maintenance services slightly increased by 2% to HK$9,335,637 (2020: HK$9,140,379).

The group's administrative expenses decreased by 11% to HK$10,574,555 (2020: HK$11,917,737). Included in administrative expenses, the research and development cost and associated sponsorship was significant decreased by 52% to HK$1,259,247 (2020: HK$2,648,888). 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$391,020 (2020: HK$858,465) which related to interest on loans from related parties and finance charges on lease liabilities. The decrease was mainly due to paying off loans from related parties during the year.

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 had loans from related parties amounted to HK$8,800,000 and these loans bore interest at fixed rate of 5% per annum, were unsecured and repayable on demand. The loans were fully repaid during the year. At 31 March 2021, the current ratio of the group was 2.69 (2020: 1.59) while the liquidity ratio was 2.56 (2020: 1.49). The overall financial and liquidity positions of the group remained at a stable and healthy level.

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 2021, the gearing ratio of the group, which is calculated as the ratio of total borrowings to total equity, was nil (2020: 0.68).

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 Hong Kong including contributions to the Mandatory Provident Fund Scheme. Besides, the group also provides on-going training programmes for its employees to keep them abreast of the latest market trends and new technologies.

At 31 March 2021, the group had 84 (2020: 90) full-time employees and all are based in Hong Kong. Staff costs, including directors' remuneration, was approximately HK$27 million (2020: HK$26 million) for the year ended 31 March 2021.

Charges on Group Assets

At 31 March 2021, US$1,482,163 (equivalent to HK$11,560,594) (2020: US$1,476,749 (equivalent to HK$11,518,641)) 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 2021.

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 2021, 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

Participant	Date of grant	Exercisable period	Exercise price per share	Number of exercisable and outstanding share options: At 1 April 2020	Granted during the year	Lapsed during the year	At 31 March 2021
			HK$				
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	38,900,000	-	(2,700,000)	36,200,000
Weighted average exercise price (HK$)				0.12			

During the year ended 31 March 2021, total of 2,700,000 (2020: 3,050,000) share options, were lapsed due to that one of independent non-executive directors passed away (2020: resignation of relevant employee), and the total value of the share options lapsed of HK$183,600 (2020: HK$194,000) was transferred from share option reserve to accumulated losses during the year. No share options were exercised by the eligible participants during the years ended 31 March 2021 and 2020.

(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
Fair value per option at grant date	HK$0.094	HK$0.08	HK$0.03	HK$0.03
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. Change in the subjective input assumptions could materially affect the fair value estimate.

Save as disclosed above, no share options was granted, exercised or cancelled in accordance with the terms of the share option scheme of the company during both the current and prior year.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the year, the company repurchased nil shares (2020: 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 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 March 2021, 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 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 2021 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 2021, 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 2021. 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 2021.

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, 16 June 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. Kam Hau Choi, Anthony, Mr. Wong Wang Fat, Andrew 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 for at least 7 days from its date of publication and on the website of the company at www.hkite.com.