ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2007

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims 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 (the "Board") of Directors 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 2007, together with the comparative audited figures for the previous year.

Consolidated Income Statement

	Notes	**2007** **HK$'000**	2006 HK$'000
Turnover	3 & 4	**66,830**	65,725
Cost of services rendered		**(53,197)**	(52,177)
Cost of goods sold		**(1,960)**	(1,159)
Gross profit		**11,673**	12,389
Other income		**880**	602
Administrative expenses		**(11,761)**	(11,001)
Profit from operations	5	**792**	1,990
Finance costs - interests on bank and other loans		**(1,440)**	(1,246)
Gain on disposals of available-for-sale financial assets		**1,826**	-
Profit before taxation		**1,178**	744
Taxation	6	**(221)**	(150)
Profit for the year attributable to shareholders of the Company		**957**	594
Earnings per share	8		
Basic		**0.11 cents**	0.07 cents
Diluted		**N/A**	N/A

Consolidated Balance Sheet

	Note	**2007** **HK$'000**	2006 HK$'000
Non-current assets			
Fixed assets		**793**	361
Goodwill		**-**	-
Available-for-sale financial assets		**1,488**	3,528
		2,281	3,889
Current assets			
Financial assets at fair value through profit or loss		**12**	22
Inventories		**1,925**	1,932
Trade and other receivables	9	**9,299**	9,825
Deposits and prepayments		**1,297**	682
Income tax recoverable		**200**	-
Pledged bank deposits		**15,807**	15,324
Bank and cash balances		**1,901**	160
		30,441	27,945
Current liabilities			
Trade and other payables	10	**14,647**	12,666
Short term borrowings		**8,930**	11,134
Income tax liabilities		**-**	8
		23,577	23,808
Net current assets		**6,864**	4,137
Net assets		**9,145**	8,026
Capital and reserves			
Share capital		**9,075**	9,075
Reserves		**70**	(1,049)
Shareholders' funds		**9,145**	8,026

Consolidated Statement of Changes in Equity

		Reserves					
	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Investment revaluation reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 April 2005	9,075	22,816	10,749	-	-	(35,161)	7,479
Exchange difference arising on translation of foreign operation	-	-	-	59	-	-	59
Decrease in fair value of available-for-sale financial assets	-	-	-	-	(106)	-	(106)
Net expense recognised directly in equity	-	-	-	59	(106)	-	(47)
Profit for the year	-	-	-	-	-	594	594
Total recognised income and expense for the year	-	-	-	59	(106)	594	547
Balance at 31 March 2006 and at 1 April 2006	9,075	22,816	10,749	59	(106)	(34,567)	8,026
Exchange difference arising on translation of foreign operation	-	-	-	128	-	-	128
Increase in fair value of available-for-sale financial assets	-	-	-	-	34	-	34
Net expense recognised directly in equity	-	-	-	128	34	-	162
Profit for the year	-	-	-	-	-	957	957
Total recognised income and expense for the year	-	-	-	128	34	957	1,119
Balance at 31 March 2007	9,075	22,816	10,749	187	(72)	(33,610)	9,145

Notes:

1. Basis of preparation of financial statements

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments which are carried at their fair values.

2. Adoption of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 April 2006. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting polices 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

	2007 **HK$'000**	2006 HK$'000
Provision of smartcard systems, radio frequency identification ("RFID") and information technology services		
- Service revenue	**16,204**	22,505
- Income from maintenance services	**4,360**	3,492
- Sales of service related products	**3,167**	2,045
	23,731	28,042
Consultancy income	**43,099**	37,683
	66,830	65,725

4. Segment information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

The Group comprises the following main business segments:

Smartcard systems, RFID and information technology services	:	The provision of smartcard systems, RFID and information technology services
Consultancy services	:	The provision of information technology consultancy services

	Smartcard systems, RFID and information technology services		Consultancy services		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TURNOVER						
Sales to external customers	**23,731**	28,043	**43,099**	37,682	**66,830**	65,725
RESULTS						
Segment results	**(3,411)**	(280)	**5,151**	4,898	**1,740**	4,618
Unallocated corporate revenue					**880**	602
Unallocated corporate expenses					**(1,828)**	(3,230)
Profit from operations					**792**	1,990
Finance costs					**(1,440)**	(1,246)
Gain on disposals of available-for-sale financial assets					**1,826**	-
Profit before taxation					**1,178**	744
Taxation					**(221)**	(150)
Profit for the year					**957**	594
ASSETS						
Segment assets	**19,683**	19,306	**12,660**	11,961	**32,343**	31,267
Unallocated corporate assets					**379**	567
Consolidated total assets					**32,722**	31,834
LIABILITIES						
Segment liabilities	**7,210**	4,976	**6,098**	5,823	**13,308**	10,799
Unallocated corporate liabilities					**10,269**	13,009
Consolidated total liabilities					**23,577**	23,808
OTHER INFORMATION						
Capital expenditure	**766**	179	**6**	2	**772**	181
Depreciation	**292**	356	**47**	120	**339**	476
Impairment loss	**62**	241	**-**	-	**62**	241
Non-cash expenses other than depreciation and impairment loss	**-**	-	**353**	-	**353**	-

(b) Geographical segments

The Group participates principally in Hong Kong, the People's Republic of China ("PRC") and Macau.

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		Macau		The PRC		Other locations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**56,840**	51,980	**6,289**	12,879	**550**	705	**3,151**	161	**66,830**	65,725
Segment assets	**30,395**	29,297	**102**	105	**2,225**	2,432	**-**	-	**32,722**	31,834
Capital expenditure incurred during the year	**767**	168	**-**	-	**5**	13	**-**	-	**772**	181

5. Profit from operations

Profit from operations is arrived at after charging/(crediting):

	2007	2006
	HK$'000	HK$'000
Allowance for doubtful debts (included in administrative expenses)	**354**	-
Cost of inventories sold	**9,152**	9,714
Depreciation	**339**	476
(Gain)/loss on disposals of fixed assets	**(1)**	3
Gain on disposals of financial assets at fair value through profit or loss	**1**	-
Impairment loss on available-for-sale financial assets (included in administrative expenses)	**62**	241
Net unrealised gain on financial assets at fair value through profit or loss	**-**	(1)

6. Taxation

(a) The amount of taxation in the consolidated income statement represents:

	2007	2006
	HK$'000	HK$'000
Hong Kong profits tax	**220**	150
Overseas taxation	**1**	-
	221	150

Hong Kong profits tax is provided at 17.5% (2006: 17.5%) based on the assessable profit for the year. Taxes on profits assessable overseas are calculated at the rates of tax prevailing in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for income tax in the PRC has been made in the financial statements as the Group does not have any assessable profits for taxation purpose in the PRC during the year.

(b) Deferred tax assets are not recognised for temporary differences and tax losses carried forward due to the uncertainty of the related tax benefit being realised through future taxable profits. The tax effect on temporary differences and unrecognised tax losses was approximately HK$7,947,000 (2006: HK$8,033,000) as at 31 March 2007.

7. Dividend

No interim dividend was paid during the year (2006: HK$Nil). The Directors do not recommend the payment of a final dividend for the year ended 31 March 2007 (2006: HK$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 approximately HK$957,000 (2006: HK$594,000) and the weighted average of 907,536,000 (2006: 907,536,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

No diluted earnings per share is presented for the year as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2007 and 2006.

9. Trade and other receivables

	2007 **HK$'000**	2006 HK$'000
Trade receivables, net	**5,218**	4,748
Other receivables	**202**	415
Gross amount due from customers for service contract work	**3,636**	4,395
Retention money receivables	**243**	267
	9,299	9,825

The Group has a policy of allowing its trade customers with a credit period, normally between 30 to 60 days, or terms in accordance with contracts. An aged analysis, based on the invoice date, is as follows:

	2007 **HK$'000**	2006 HK$'000
Within 1 month	**3,761**	3,191
1 month to 3 months	**1,290**	1,023
More than 3 months but less than 1 year	**167**	490
More than 1 year but less than 2 years	**-**	37
More than 2 years	**-**	7
	5,218	4,748

10. Trade and other payables

	2007 **HK$'000**	2006 HK$'000
Trade and bills payables	**3,467**	2,297
Accrued charges and other payables	**9,174**	8,034
Other borrowings	**649**	975
Gross amount due to customers for service contract work	**344**	611
Deferred maintenance income	**999**	735
Retention money payables	**14**	14
	14,647	12,666

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

	2007 **HK$'000**	2006 HK$'000
Within 1 month	**2,701**	469
1 month to 3 months	**601**	928
More than 3 months but less than 1 year	**49**	832
More than 1 year but less than 2 years	**71**	8
More than 2 years	**45**	60
	3,467	2,297

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, ITE Smartcard Solutions Limited ("ITES") continued to provide products and services to our new and existing clients in Hong Kong and Macau. With more solution platforms built, our clients have been demanding for more related products and services, which represent both opportunities and challenges to the Group. With demand on security products going on, ITES aimed to serve our clients through the provision and delivery of new products from different technology partners across the world, those included identification document scanner and biometrics software.

We have continued to upgrade and enhance the functions and features of the automated passenger and vehicle clearance systems of Macau government. A proposal for the new extension of the Macau automated passenger management system was submitted during the year, the Directors are optimistic towards the award of a new contract in the next quarter.

In Hong Kong, ITES continued to serve the campus, real estates and public sectors. A few important systems were successfully launched including the facility management system of the University of Hong Kong, the vehicle management system of the Hong Kong Country Club, the access control system of the Infectious Disease Centre of Princess Margaret Hospital. We have engaged in the proposal of new facility management systems for two universities in Hong Kong. While the society is going towards more environmental, automated and secured, it is expected more facility management systems will be installed in the public organisations of the region.

During the year, our subsidiary, Quesco Systems Limited ("QSL"), continued to win the contracts for the provision of information technology contract staff services from a number of existing clients. QSL's overall turnover and gross profit have increased above those of the last year.

Innovation and Intellectual

During the year, ITE continued to invest into the intellectual asset development and property rights protection. We have been driving the Group towards innovation and creativity. A number of new product developments were initiated while the Intellectual Property Rights Center filed a number of patents, trademarks and registered outlook design to protect those ideas and capital. All of these products were designed and built with compliance to the new mission statement of RF Tech Limited which tells:

"RF Tech Limited is an advanced information technology company specialising in the innovative design and delivery of products which build on core technologies of smartcard, RFID, biometrics, computer vision and wireless. We aim to serve our clients' and society's application needs for modern life automation, security and safety."

In term of our quality standard, we commit to the establishment and continuous improvement of our innovative products and solutions. Our Total Quality philosophy provides the fundamental structure for meeting and exceeding our clients' needs and expectations. We treasure Intellectual Capital and Assets and focus on technology, quality, reliability, safety and costs in order to insure achievement of our goals and objectives as reflected in our Mission Statements.

Social Responsibility

During the year, the Group has actively participated in number of social service activities including but not limited to those run by the Orbis, World Vision and Suicide Prevention Services. Being our culture, we encouraged our staffs to take part in sports activities so as to keep healthy life. This year, our staffs again put on their running shoes and swimming goggles to take part in the Standard Chartered Hong Kong Marathon 2007 and Tolo Harbour Swim 2007. Two staffs successfully completed the 42 km Marathon setting record time.

We continued to support the Youth Pre-employment Training Programme of the Labour Department and the Work Study Programme of the Chinese University of Hong Kong and the Industrial Placement Programme of the Hong Kong Polytechnic University, more students will be offered the opportunities to work and learn in the Group in the fiscal year 2008.

Future Prospect

While striking a balance between the continual investments in intellectual capital and the net income generated, the Directors are optimistic towards another profitable year in the fiscal year 2008. Certainly, the Group is facing new business opportunity and challenge at the same time. Not only we will continue to keep on with the professionalism and high intellectual nature, we will continue to excel our effort to build up our core value and culture, to fight for a more level playing environment within the local market environment. We hold firm our belief that our strength, experience and capability will bring the best returns and interests to our shareholders.

Financial Performance

For the year ended 31 March 2007, the Group recorded a total revenue of approximately HK$67 million, representing a slightly increase of 2% over last year. Profit for the year attributable to the shareholders of the Company for the year ended 31 March 2007 was approximately HK$0.96 million as compared to approximately HK$0.59 million for last year.

Segmental Information

During the year, the Group recorded a slightly increase in turnover for about 2% when compared with last year. The Group’s gross profit margin was decreased for about 2% from 19% in last year to 17% in current year.

During the year, the Group continued to concentrate its resources on its core business development, i.e. to provide the smartcard systems, RFID and information technology services. The service revenue generated from this segment decreased for 28% to approximately HK$16.2 million (2006: HK$22.5 million).

Besides, within the same segment, the maintenance income increased for 25% to approximately HK$4.4 million (2006: HK$3.5 million). With the accumulated projects completed in previous years, the associated maintenance and service income increased generally. It is expected that this revenue stream will increase generally in the near future.

For consultancy service segment, the turnover increased for about 14% when compared with last year. With the significant increase in turnover, the profit margin was also improved from 13% to 16%.

The Group’s administrative expenses had increased for approximately 7%. The increase was mainly due to the office removal associated expenses and increase in office rental charges. The Group’s office tenancy agreement was signed in three years ago and the rate of office rental had been increased significantly during the past three years. Therefore, the Group’s office had been moved to a comparatively cheaper location in September 2006 but the new office rental charges was still double with its’ previous one.

The finance costs increased by 16% to approximately HK$1.4 million (2006: HK$1.2 million) for the year as a result of increases in interest rates and borrowings.

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 2007, the Group had outstanding borrowings of approximately HK$8,930,000, comprising secured bank loans of approximately HK$6,150,000 and bank overdrafts of approximately HK$2,780,000. As at 31 March 2007, the current ratio of the Group was 1.3 (2006: 1.2) while the liquidity ratio was 1.2 (2006: 1.1)

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 Disposal of Subsidiaries and Affiliated Companies

During the year under review, the Group had no material 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 society 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 2007, the Group had 215 (2006: 191) full-time employees, of which 199 are based in Hong Kong and the rest are in the PRC. Staff costs, including directors' emoluments, was approximately HK$50 million (2006: HK$45 million) for the year ended 31 March 2007. 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 2007, time deposits of approximately HK$15,807,000 (2006: HK$15,324,000) and available-for-sale financial assets of approximately HK$1,488,000 (2006: HK$1,454,000) were 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 2007.

Gearing Ratio

At 31 March 2007, 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 (2006: nil).

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's assets, liabilities, revenues and expenses are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. The exchange rate between Hong Kong dollars, United States dollars and Renminbi has 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 2007, the Company has undertaken to guarantee certain banking facilities granted to two wholly-owned subsidiaries to the extent of approximately HK$22 million (2006: HK$19 million). The Directors consider that the fair value of the financial guarantee given to the two subsidiaries is insignificant.

SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Scheme") and a post-IPO share option scheme (the "Post-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 and the Post-IPO Scheme were simultaneously terminated. Upon termination of the Pre-IPO Scheme and the Post-IPO Scheme, no further options may be offered thereunder. However, in respect of the outstanding options, the provisions of the Pre-IPO Scheme and the Post-IPO Scheme shall remain in force. The outstanding options granted under the Pre-IPO Scheme and the Post-IPO Scheme shall continue to be subject to the provisions of the Pre-IPO Scheme and the Post-IPO Scheme, respectively, and the provisions of 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 and Post-IPO Scheme

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

Name or category of participant	Number of share options: Outstanding at 1 April 2006	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2007	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
Pre-IPO Scheme									
Lau Hon Kwong, Vincent /Director	6,109,440	-	-	-	6,109,440	12 February 2001	21 August 2001 to 11 February 2011	$0.095	N/A
George Roger Manho /Director	4,000,000	-	-	-	4,000,000	12 February 2001	21 August 2001 to 11 February 2011	$0.095	N/A
Cheng Kwok Hung /Director	4,000,000	-	-	-	4,000,000	12 February 2001	21 August 2001 to 11 February 2011	$0.095	N/A
Liu Hoi Wah /Director	19,112,640	-	-	-	19,112,640	12 February 2001	21 August 2001 to 11 February 2011	$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	$0.095	N/A
Employees	35,157,920	-	-	-	35,157,920	12 February 2001	21 August 2001 to 11 February 2011	$0.095	N/A
	70,140,000	-	-	-	70,140,000				
Post-IPO Scheme									
Employees	2,000,000	-	-	2,000,000	-	28 December 2001	1 July 2004 to 31 December 2011	$0.195	$0.195

(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 option granted to a director, chief executive or a substantial shareholder 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:

	Number of share options								
Name or category of participant	Outstanding at 1 April 2006	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2007	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
Employees	3,500,000	-	-	-	3,500,000	9 August 2002	9 August 2003 to 8 August 2012	$0.175	$0.175
An Employee	6,400,000	-	-	-	6,400,000	9 August 2002	9 February 2003 to 8 August 2012	$0.175	$0.175
	9,900,000	-	-	-	9,900,000				

At 31 March 2007, the number of shares issuable under the Pre-IPO Scheme, the Post-IPO scheme and the 2002 Scheme was 70,140,000, nil 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

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 2007, the Directors were not aware of any business or interest of each Director, management 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 and one executive director, Mr. Liu Hoi Wah. Dr. Lee Peng Fei, Allen was appointed as chairman of the audit committee. On 1 December 2006, Mr. Liu Hoi Wah ceased to be a member 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 2007 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 2007, 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 2007. 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 2007.

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, 22 June 2007

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.