



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

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.

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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 2008, together with the comparative audited figures for the previous year.

Consolidated Income Statement

	Notes	2008 HK\$'000	2007 HK\$'000
Turnover	3 & 4	77,493	66,830
Cost of services rendered		(61,145)	(53,197)
Cost of sales		(2,160)	(1,960)
Gross profit		14,188	11,673
Other income		809	880
Administrative expenses		(12,592)	(11,761)
Profit from operations		2,405	792
Finance costs		(1,201)	(1,440)
Gain on disposals of available-for-sale financial assets		-	1,826
Profit before taxation	5	1,204	1,178
Income tax	6	(118)	(221)
Profit for the year and attributable to shareholders of the Company		1,086	957
Earnings per share	8		
Basic		0.12 cents	0.11 cents
Diluted		0.12 cents	N/A

Consolidated Balance Sheet

	Note	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Fixed assets		660	793
Available-for-sale financial assets		1,653	1,488
		2,313	2,281
Current assets			
Financial assets at fair value through profit or loss		-	12
Inventories		1,699	1,925
Trade and other receivables	9	10,895	9,299
Deposits and prepayments		1,010	1,297
Income tax recoverable		96	200
Pledged bank deposits		16,773	15,807
Cash and cash equivalents		917	1,901
		31,390	30,441
Current liabilities			
Trade and other payables	10	12,305	14,647
Short term borrowings		10,756	8,930
		23,061	23,577
Net current assets		8,329	6,864
Net assets		10,642	9,145
Capital and reserves			
Share capital		9,075	9,075
Reserves		1,567	70
Total equity		10,642	9,145

Consolidated Statement of Changes in Equity

	Reserves						
	Share	Share	Merger	Exchange	Investment	Accumulated	Total
	capital	premium	reserve	reserve	revaluation	losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance 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 income 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 and 1 April 2007	9,075	22,816	10,749	187	(72)	(33,610)	9,145
Exchange difference arising on translation of foreign operation	-	-	-	245	-	-	245
Increase in fair value of available-for-sale financial assets	-	-	-	-	166	-	166
Net income recognised directly in equity	-	-	-	245	166	-	411
Profit for the year	-	-	-	-	-	1,086	1,086
Total recognised income and expense for the year	-	-	-	245	166	1,086	1,497
Balance at 31 March 2008	9,075	22,816	10,749	432	94	(32,524)	10,642

Notes:

1. Basis of preparation of financial statements

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

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial instruments classified as available-for-sale are stated at their fair value.

2. Adoption of new and revised HKFRSs

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior years.

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

3. Turnover

	2008 HK\$’000	2007 HK\$’000
Provision of smartcard systems, radio frequency identification (“RFID”) and information technology (“IT”) services		
- Service revenue	19,672	16,204
- Income from maintenance services	4,330	4,360
- Sales of service related products	3,397	3,167
	27,399	23,731
Consultancy income	50,094	43,099
	77,493	66,830

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 IT services : The provision of smartcard systems, RFID and IT services
- Consultancy services : The provision of IT consultancy services

	Smartcard systems, RFID and IT services		Consultancy services		Consolidated	
	2008 HK\$'000	2007 HK\$'000 (restated)	2008 HK\$'000	2007 HK\$'000 (restated)	2008 HK\$'000	2007 HK\$'000 (restated)
TURNOVER						
Revenue from external customers	27,399	23,731	50,094	43,099	77,493	66,830
RESULTS						
Segment results	(2,654)	(3,411)	5,911	5,284	3,257	1,873
Unallocated corporate revenue					600	747
Unallocated corporate expenses					(1,452)	(1,828)
Profit from operations					2,405	792
Finance costs					(1,201)	(1,440)
Gain on disposals of available-for-sale financial assets					-	1,826
Profit before taxation					1,204	1,178
Income tax					(118)	(221)
Profit for the year					1,086	957
ASSETS						
Segment assets	10,047	9,473	4,074	3,700	14,121	13,173
Unallocated assets					19,582	19,549
Total assets					33,703	32,722
LIABILITIES						
Segment liabilities	4,835	5,715	6,754	6,098	11,589	11,813
Unallocated liabilities					11,472	11,764
Total liabilities					23,061	23,577
OTHER INFORMATION						
Capital expenditure	148	766	12	6	160	772
Depreciation	279	292	15	47	294	339
Write-down of inventories	258	25	-	-	258	25

(b) Geographical segments

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

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		Macao		The PRC		Other locations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from										
external customers	62,165	56,840	12,412	6,289	415	550	2,501	3,151	77,493	66,830
Segment assets	28,349	27,559	2,907	657	1,126	2,225	1,321	2,281	33,703	32,722
Capital expenditure	108	767	22	-	30	5	-	-	160	772

5. Profit before taxation

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

	2008	2007
	HK\$'000	HK\$'000
Cost of inventories	11,599	11,111
Depreciation	294	339
Impairment losses		
- available-for-sale financial assets	-	62
- other receivables	-	354
Loss/(gain) on disposal of fixed assets	1	(1)
Write-down of inventories	258	25

6. Income tax

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

	2008	2007
	HK\$'000	HK\$'000
Hong Kong profits tax		
- Provision for the year	116	220
Overseas taxation		
- Under-provision in respect of prior years	2	1
	<u>118</u>	<u>221</u>

The provision for Hong Kong profits tax for 2008 is calculated at 17.5% (2007: 17.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

No provision for income tax in the PRC has been made in the financial statements as the Group does not have any assessable profits for taxation purposes in the PRC during the year (2007: \$Nil).

- (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\$8,099,000 (2007: HK\$7,947,000) as at 31 March 2008.

7. Dividend

No interim dividend was paid during the year (2007: HK\$Nil). The Directors do not recommend the payment of a final dividend for the year ended 31 March 2008 (2007: HK\$Nil).

8. Earnings per share

- (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of approximately HK\$1,086,000 (2007: HK\$957,000) and the weighted average of 907,536,000 (2007: 907,536,000) ordinary shares in issue during the year.

- (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of approximately HK\$1,086,000 and the weighted average number of ordinary shares of 926,811,115 shares (2007: no dilutive potential ordinary shares in existence), calculated as follows:

Weighted average number of ordinary shares (diluted)	2008
Weighted average number of ordinary shares as at 31 March	907,536,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>19,275,115</u>
Weighted average number of ordinary shares (diluted) as at 31 March	<u>926,811,115</u>

9. Trade and other receivables

	2008	2007
	HK\$'000	HK\$'000
Trade receivables	5,569	5,218
Other receivables	550	202
Gross amount due from customers for service contract work	4,598	3,636
Retention money receivables	178	243
	10,895	9,299

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

	2008	2007
	HK\$'000	HK\$'000
Current	271	263
Less than 1 month past due	3,468	3,850
1 month to 3 months past due	1,228	880
More than 3 months but less than 1 year past due	602	221
Over 1 year past due	-	4
Amounts past due	5,298	4,955
	5,569	5,218

Trade receivables are due within 30 days to 60 days (2007: 30 days to 60 days) from the date of billing.

10. Trade and other payables

	2008	2007
	HK\$'000	HK\$'000
Trade and bills payables	1,796	3,467
Accrued charges and other payables	9,322	9,174
Other borrowings	-	649
Gross amount due to customers for service contract work	253	344
Deferred maintenance income	920	999
Retention money payables	14	14
	12,305	14,647

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

	2008	2007
	HK\$'000	HK\$'000
Less than 1 month	624	2,701
1 month to 3 months	883	601
More than 3 months but less than 1 year	230	49
More than 1 year but less than 2 years	45	71
More than 2 years	14	45
	1,796	3,467

11 Comparative figures

As a result of adopting HKFRS 7 “Financial instruments: Disclosures” and the amendment to HKAS 1 “Presentation of financial statements: Capital disclosures”, certain comparative figures have been adjusted to conform with changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2008.

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”) received and completed a new order from our client in the Middle East to supply another set of Automated Passengers Management System (“APMS”) for implementation in the second international airport of the country. An order from our technology partner for a pilot-run APMS in the Asia Pacific Region was also confirmed with the commissioning of system in the first quarter of fiscal year 2009. Our Macao wholly-owned subsidiary, ITE Sistema (Macao) Limitada, tendered as the prime contractor for the new phase of APMS of the Public Security Forces Services Bureau of the Macao Government. The result of tender bid is expected to come in the second quarter of fiscal year 2009. The Directors remain positive that the business opportunities associated with the APMS products and solutions shall remain the driving force of ITE’s overseas growth.

Within the Hong Kong market, ITES has been awarded a number of new contracts for different applications, including one from the Electrical and Mechanical Services Department for the design and delivery of access control system for the Psychiatric Wards at Tai Po Hospital, one for the design and supply of smartmeter system for the Hong Kong University of Science and Technology.

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 a double-digit increase above those of the fiscal year 2007.

Innovation and Intellectual

During the year, the Group has continued to create intellectual capital and invest into the intellectual asset development and property rights protection. Focusing on innovation and technology, a number of research & development (“R&D”) programs and new management practices and methodologies were initiated. RF Tech Limited has been aggressively participating in university collaboration of R&D and technology transfer. Since 2005, we have entered into collaboration with four local universities, namely, the University of Hong Kong, the Chinese University of Hong Kong, the Hong Kong University of Science and Technology and the Hong Kong Polytechnic University. The technological areas cover those of electronics, material sciences, computer sciences and industrial product design.

We were also granted the first United States Design Patent, Patent No: US D561,052S, which gives us the title to the patent right to exclude others from making, using, offering for sale, or selling our APMS design throughout the United States of America, or importing the design into the United States of America for the term of fourteen years from the date of grant of patent on 5 February 2008.

Social Responsibility

The Group has continued to gain recognition as a socially responsible enterprise, we are pleased to receive for the sixth consecutive year the Caring Company 2007/8 Awards from the Hong Kong Council of Social Service for our good corporate citizenship, which the Group shall continue to practice actively.

Adding to the existing training schemes of Youth Pre-employment Training Programme of the Labour Department, the Work Study Programme of the Chinese University of Hong Kong and the Industrial Placement Programme of the Hong Kong Polytechnic University, the City University of Hong Kong Industrial Attachment Scheme and Co-operative Education Scheme will be supported by ITE in 2008.

Future Prospect

Backed by our set of core values and strength, the Group firmly strives for a more level playing environment within the local market. Despite the increase in operating costs and inflation, we have managed to maintain profitability in this fiscal year while laying foundation to meet the future challenges. As our efficiency and effectiveness have geared up quickly, the Directors are looking forward to another profitable year in the fiscal year 2009.

Financial Performance

For the year ended 31 March 2008, the Group recorded a total turnover of approximately HK\$77 million, representing an increase of 16% over last year. Profit for the year attributable to the shareholders of the Company for the year ended 31 March 2008 was approximately HK\$1.09 million as compared to approximately HK\$0.96 million for last year.

Segmental Information

During the year, the Group recorded an increase in turnover for about 16% when compared with last year. The Group's gross profit margin was also increased from 17% in last year to 18% 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 IT services. The service revenue generated from this segment then increased for 21% to approximately HK\$19.7 million (2007: HK\$16.2 million). Besides, within the same segment, the maintenance income decreased slightly for 1% to approximately HK\$4.3 million (2007: HK\$4.4 million).

For consultancy service segment, the turnover increased significantly for about 16% when compared with last year. With the significant increase in turnover, the profit margin remained at 16%.

The Group's administrative expenses had increased for approximately 7%. The increase was mainly due to the reasonable increase in administrative staff cost and operating expenses.

The finance costs decreased by 17% to approximately HK\$1.2 million (2007: HK\$1.4 million) for the year as a result of decreases in interest rates.

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 2008, the Group had outstanding borrowings of approximately HK\$10,756,000, comprising secured bank loans of approximately HK\$6,456,000 and bank overdrafts of approximately HK\$4,300,000. As at 31 March 2008, the current ratio of the Group was 1.36 (2007: 1.29) while the liquidity ratio was 1.29 (2007: 1.21)

The Group continues to adopt a conservative approach towards its treasury policy. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial condition of its customers. Besides, the Group's liquidity and financing arrangements are also reviewed regularly.

Taking into consideration the banking facilities granted, stringent cost control and the existing financial resources available to the Group, it is believed that the Group should have adequate financial resources to meet its operation, development requirements and investments in the future.

Significant Investments

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

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

During the year under review, the Group had no acquisitions and disposals of subsidiaries and affiliated companies.

Employment Information

The Group recognises that its staff is one of the Group's most important assets. Aiming at providing competitive salary packages, the Group adjusts employees' salary level in close association with the performance, qualifications and experience of individual staff as well as labour market conditions. In addition to the regular remuneration, discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Group's business performance.

The Group enjoys good relations with staff and has not experienced any disruption of operations due to major labour disputes. In addition to the remuneration as mentioned above, the Group also provides fringe benefits which comply with the relevant laws and regulations of the PRC and Hong Kong including contributions to 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 2008, the Group had 228 (2007: 215) full-time employees, of which 210 are based in Hong Kong and the rest are in the PRC. Staff costs, including directors' emoluments, was approximately HK\$57 million (2007: HK\$50 million) for the year ended 31 March 2008. 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 2008, time deposits of approximately HK\$16,773,000 (2007: HK\$15,807,000) and available-for-sale financial assets of approximately HK\$1,653,000 (2007: HK\$1,488,000) 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 2008.

Gearing Ratio

At 31 March 2008, 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 (2007: nil).

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's assets, liabilities, revenues and expenses are mainly denominated in HK\$, United States dollars ("US\$"), Macao Patacas ("MOP") and Renminbi ("RMB"). The exchange rates between HK\$, US\$, MOP and RMB have been very steady for the past few years. During the year, the Group generally used the receipts from customers and bank loans to pay its suppliers and meet its capital requirements. They are denominated in the local currency of the place in which the subsidiaries operate. The Group does not currently engage in hedging to manage possible exchange rate risk as the Group considers the cost associated with such hedging arrangements would exceed the benefits. However, management will continue to monitor the possible exposure to exchange rate risk and will take such measures as it deems prudent.

Contingent Liability

At 31 March 2008, the Company has issued corporate guarantees to banks in respect of banking facilities granted to certain wholly owned subsidiaries.

SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Scheme") on 12 February 2001. In addition, the Company adopted a 2002 share option scheme (the "2002 Scheme") on 8 August 2002, and the Pre-IPO Scheme was simultaneously terminated. Upon termination of the Pre-IPO Scheme, no further options may be offered thereunder. However, in respect of the outstanding options, the provisions of the Pre-IPO Scheme shall remain in force. The outstanding options granted under the Pre-IPO Scheme shall continue to be subject to the provisions of the Pre-IPO Scheme, 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

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

Name or category of participant	Number of share options				Outstanding at 31 March 2008	Date granted	Period during which options exercisable	Price per share to be paid on exercise of options	Market value per share at date of grant of options
	Outstanding at 1 April 2007	Granted during the year	Exercised during the year	Lapsed during the year					
Lau Hon Kwong, Vincent /Director	6,109,440	-	-	-	6,109,440	12 February 2001	21 August 2001 to 11 February 2011	\$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
	<u>70,140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,140,000</u>				

(b) 2002 Scheme

The Company operates the 2002 Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2002 Scheme include the Directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, advisers and consultants, etc. The 2002 Scheme became effective on 8 August 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue. The maximum number of shares issuable under share options to each eligible participant in the 2002 Scheme and any other share option schemes of the Company within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share 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:

Name or category of participant	Number of share options				Outstanding at 31 March 2008	Date granted	Period during which options exercisable	Price per share to be paid on exercise of options	Market value per share at date of grant of options
	Outstanding at 1 April 2007	Granted during the year	Exercised during the year	Lapsed during the year					
Employees	3,500,000	-	-	-	3,500,000	9 August 2002	9 August 2003 to 8 August 2012	\$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
	<u>9,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,900,000</u>				

At 31 March 2008, the number of shares outstanding and issuable under the Pre-IPO Scheme and the 2002 Scheme were 70,140,000 and 9,900,000, respectively.

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

PURCHASE, SALE AND REDEMPTION OF SHARES

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 2008, 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. Dr. Lee Peng Fei, Allen was appointed as chairman of the audit committee.

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

The Group's financial statements for the year ended 31 March 2008 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 2008, 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 2008. 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 2008.

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, 25 June 2008

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.