



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009

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

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of this announcement.

This announcement, for which the directors (the “Directors”) of ITE (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (“ITE” or the “Group”) for the year ended 31 March 2009, together with the comparative audited figures for the previous year.

Consolidated Income Statement

	Note	2009 HK\$'000	2008 HK\$'000
Turnover	3 & 4	77,488	77,493
Cost of services rendered		(60,766)	(61,145)
Cost of sales		(1,909)	(2,160)
Gross profit		14,813	14,188
Other income		338	809
Administrative expenses		(12,851)	(12,592)
Profit from operations		2,300	2,405
Finance costs		(800)	(1,201)
Profit before taxation	5	1,500	1,204
Income tax	6(a)	(185)	(118)
Profit for the year attributable to shareholders of the Company		1,315	1,086
Earnings per share	8		
Basic		0.15 cents	0.12 cents
Diluted		N/A	0.12 cents

Consolidated Balance Sheet

	Note	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Fixed assets		372	660
Available-for-sale financial assets		-	1,653
		372	2,313
Current assets			
Inventories		1,700	1,699
Trade and other receivables	9	9,335	11,905
Income tax recoverable		-	96
Pledged bank deposits		14,488	16,773
Cash and cash equivalents		1,314	917
		26,837	31,390
Current liabilities			
Trade and other payables	10	10,748	10,706
Provisions		1,935	1,599
Short-term borrowings		2,685	10,756
Income tax payable		92	-
		15,460	23,061
Net current assets		11,377	8,329
Net assets		11,749	10,642
Capital and reserves			
Share capital		9,056	9,075
Reserves		2,693	1,567
Total equity		11,749	10,642

Consolidated Statement of Changes in Equity

	Reserves						Total
	Share	Share	Merger	Exchange	Investment	Accumulated	
	capital	premium	reserve	reserve	revaluation	losses	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 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 and 1 April 2008	9,075	22,816	10,749	432	94	(32,524)	10,642
Reserve realised on disposal of available-for-sale financial assets	-	-	-	-	(94)	-	(94)
Net expense recognised directly in equity	-	-	-	-	(94)	-	(94)
Profit for the year	-	-	-	-	-	1,315	1,315
Total recognised income and expense for the year	-	-	-	-	(94)	1,315	1,221
Repurchase of shares	(19)	(95)	-	-	-	-	(114)
Balance at 31 March 2009	9,056	22,721	10,749	432	-	(31,209)	11,749

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, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

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

2. Adoption of new and revised HKFRSs

The Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2008. 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

	2009 HK\$’000	2008 HK\$’000
Provision of smartcard systems, radio frequency identification (“RFID”) and information technology (“IT”) services		
- Service revenue	9,520	19,672
- Income from maintenance services	7,686	4,330
- Sales of service related products	3,040	3,397
	20,246	27,399
Consultancy income	57,242	50,094
	77,488	77,493

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	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
TURNOVER						
Revenue from external customers	20,246	27,399	57,242	50,094	77,488	77,493
RESULTS						
Segment results	(3,526)	(2,654)	7,166	5,911	3,640	3,257
Unallocated corporate revenue					279	600
Unallocated corporate expenses					(1,619)	(1,452)
Profit from operations					2,300	2,405
Finance costs					(800)	(1,201)
Profit before taxation					1,500	1,204
Income tax					(185)	(118)
Profit for the year					1,315	1,086
ASSETS						
Segment assets	5,803	10,047	5,439	4,074	11,242	14,121
Unallocated assets					15,967	19,582
Total assets					27,209	33,703
LIABILITIES						
Segment liabilities	3,971	4,835	7,949	6,754	11,920	11,589
Unallocated liabilities					3,540	11,472
Total liabilities					15,460	23,061
OTHER INFORMATION						
Capital expenditure	114	148	-	12	114	160
Depreciation	393	279	6	15	399	294
Write-down of inventories	228	258	-	-	228	258

(b) Geographical segments

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

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	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue from										
external customers	70,285	62,165	6,412	12,412	369	415	422	2,501	77,488	77,493
Segment assets	25,975	28,349	854	2,907	380	1,126	-	1,321	27,209	33,703
Capital expenditure	112	108	2	22	-	30	-	-	114	160

5. Profit before taxation

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

	2009 HK\$'000	2008 HK\$'000
Cost of inventories	5,311	11,599
Depreciation	399	294
Gain on disposal of financial assets at fair value through profit or loss	-	(26)
Gain on disposal of available-for-sale financial assets	(21)	-
Loss on disposal of fixed assets	2	1
Write-down of inventories	228	258

6. Income tax

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

	2009 HK\$'000	2008 HK\$'000
Hong Kong profits tax		
- Provision for the year	210	116
- Over-provision in respect of prior years	(25)	-
	<u>185</u>	<u>116</u>
Overseas taxation		
- Under-provision in respect of prior years	-	2
	<u>185</u>	<u>118</u>

The provision for Hong Kong profits tax is calculated at 16.5% (2008: 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 and Macao have been made in the financial statements as the Group does not have any assessable profits for taxation purpose in the PRC and Macao during the year (2008: HK\$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\$7,222,000 (2008: HK\$8,099,000) as at 31 March 2009.

7. Dividend

No interim dividend was paid during the year (2008: HK\$Nil). The Directors do not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: 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\$1,315,000 (2008: HK\$1,086,000) and the weighted average of 906,675,507 (2008: 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 for the year ended 31 March 2009.

The calculation of diluted earnings per share for the year ended 31 March 2008 was 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, 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

	2009	2008
	HK\$'000	HK\$'000
Trade receivables	6,904	5,569
Other receivables	457	550
Gross amount due from customers for service contract work	532	4,598
Retention money receivables	68	178
Deposits and prepayments	1,374	1,010
	9,335	11,905

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

	2009	2008
	HK\$'000	HK\$'000
Current	500	271
Less than 1 month past due	4,991	3,468
1 month to 3 months past due	1,382	1,228
More than 3 months but less than 1 year past due	31	602
Amounts past due	6,404	5,298
	6,904	5,569

Trade receivables are due within 45 days (2008: 60 days) from the date of billing.

10. Trade and other payables

	2009	2008
	HK\$'000	HK\$'000
Trade payables	594	1,796
Accrued charges and other payables	8,495	7,723
Gross amount due to customers for service contract work	431	253
Deferred maintenance income	1,056	920
Retention money payables	14	14
Deposits received	158	-
	10,748	10,706

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

	2009	2008
	HK\$'000	HK\$'000
Less than 1 month	223	624
1 month to 3 months	304	883
More than 3 months but less than 1 year	9	230
More than 1 year	58	59
	594	1,796

MANAGEMENT DISCUSSION AND ANALYSIS

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

Business Review

Marketing and Operation

During the year, our solution and professional services arm, ITE Smartcard Solutions Limited (“ITES”), was awarded with a number of new contracts in Hong Kong and Macao, including the MacaoPass Card driven access control system for the luxury residential development ‘The Praia’, the e-Purse smartmeter system for the new hostel development of Macao Polytechnic Institute, a car park system of hotel and residential complex in Macao, the new system enhancement works for the Automated Vehicle Clearance System of Macao Customs, the visitor and staff smartcard system for the Macao Prison. In the year, ITES successfully completed a number of multi-applications smartcard solutions for many existing and new clients coming from the campus and public sectors.

Our subsidiary, Qesco Systems Limited (“QSL”), achieved excellent results with double-digit increase in the overall turnover and gross profit over the previous year. QSL was awarded with the Staff Service Contract by the Hong Kong Trade Development Council and IT Professional Services Contract by the Airport Authority Hong Kong. We also submitted a bid for the Tender for the Provision of IT Contract Staff Services to the Government of Hong Kong issued by the Office of the Government Chief Information Officer. The result will be announced in the next quarter.

Innovation and Intellectual

During the year, the Group continued to build up our intellectual assets through the innovation and intellectual property protection of new products and solutions. A number of research and development (“R&D”) tasks in hardware and software were completed and initiated. Our product arm, RF Tech Limited, has been strengthened with technological capability in the areas of embedded computer vision and Ultra High Frequency RFID technologies. Along with our in-house R&D results, we started the first technology transfer program with the Hong Kong Polytechnic University to develop a RFID enabled optical document scanner which will be used to identify and verify travel documents like passport and identity card. Training sessions were also arranged with the Industrial Centre of Hong Kong Polytechnic University to upgrade the skill and knowledge of our staffs.

Social Responsibility

As a member of the caring community, the Group commits to contribute to our society through the participation of various social activities aiming to push forward the core values of our Group. During the year, we assisted in a number of fund raising campaigns for the local charity organisations, many staffs of the Group joined the sport events which promote healthiness and team spirit. We continued to create job and training opportunities for the youth through various work study and placement schemes collaborated with the local universities and the Labor Department. Since 2001, our continual supports have brought tremendous mutual benefits to the youth, the universities and the Group. Despite that we foresee continual economic downturn in the coming fiscal year, we shall continue to bear same social responsibility and maintain the supports.

Future Prospect

The global financial turmoil happened is going to cause recession in the local economy. We do not expect very fast recovery in the coming quarters. Many of our clients may hold their IT investments and delay their projects, keen competition in price will cut the profit margin, business growth is uncertain. In response to it, we will establish very tight control measures with our cost structure while providing adequate resources for our on-going product development.

Financial Performance

For the year ended 31 March 2009, the Group recorded a total turnover of approximately HK\$77 million, which is almost the same with last year. Profit for the year attributable to shareholders of the Company for the year ended 31 March 2009 was approximately HK\$1.31 million as compared to approximately HK\$1.09 million for last year.

Segmental Information

During the year, the Group recorded the turnover almost the same with last year. The Group’s gross profit margin has increased from 18% in last year to 19% in current year.

Because of tough economic situation, many of our clients hold their IT investments and delay their projects. This resulted in significant decrease in its service revenue generated from core business, i.e. the provision of the smartcard systems, RFID and IT services, by 52% to approximately HK\$9.5 million (2008: HK\$19.7 million). However, with the accumulated projects completed in previous years, the income from maintenance services increased sharply by 78% to approximately HK\$7.7 million (2008: HK\$4.3 million).

For consultancy service segment, the turnover increased significantly by 14% when compared with last year. Despite of the significant increase in turnover, the profit margin had dropped from 16% to 15%.

With our tighter cost control during the severe financial situation, the Group's administrative expenses had increased slightly by 2%.

With our continual working capital improvement, the finance costs decreased by 33% to approximately HK\$0.8 million (2008: HK\$1.2 million) for the year.

Liquidity, Financial Resources and Treasury Policies

The Group generally financed its operations with its internally generated cash flows and bank borrowings. As at 31 March 2009, the Group had outstanding short-term borrowings of approximately HK\$2,685,000, comprising secured bank loans of approximately HK\$2,399,000 and bank overdrafts of approximately HK\$286,000. There was no seasonality in the Group's bank borrowing requirements, and all the monies borrowed bear interest at floating rate. As at 31 March 2009, the current ratio of the Group was 1.74 (2008: 1.36) while the liquidity ratio was 1.63 (2008: 1.29)

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

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

Significant Investments

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

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

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

Employment Information

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

The Group enjoys good relations with staff and has not experienced any disruption of operations due to major labour disputes. In addition to the remuneration as mentioned above, the Group also provides fringe benefits which comply with the relevant laws and regulations of the PRC and Hong Kong including contributions to social security scheme of the PRC and contribution to the Mandatory Provident Fund Scheme of Hong Kong. Besides, the Group also provides on-going training programmes for its employees to keep them abreast of the latest market trends and new technologies.

As at 31 March 2009, the Group had 214 (2008: 228) full-time employees, of which 205 are based in Hong Kong and the rest are in the PRC and Macao. Staff costs, including directors' remuneration, was approximately HK\$63 million (2008: HK\$57 million) for the year ended 31 March 2009. 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 2009, time deposits of approximately HK\$14,488,000 (2008: HK\$16,773,000) and available-for-sale financial assets of HK\$Nil (2008: HK\$1,653,000) 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 2009.

Gearing Ratio

At 31 March 2009, 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 (2008: 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 2009, the Company has issued corporate guarantees to banks in respect of banking facilities granted to certain wholly owned subsidiaries.

SHARE OPTION SCHEMES

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

(a) Pre-IPO Scheme

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

Name or category of participant	Number of share options				Outstanding at 31 March 2009	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 2008	Granted during the year	Exercised during the year	Lapsed during the year					
Lau Hon Kwong, Vincent /Director	6,109,440	-	-	-	6,109,440	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
George Roger Manho /Director	4,000,000	-	-	-	4,000,000	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
Cheng Kwok Hung /Director	4,000,000	-	-	-	4,000,000	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
Liu Hoi Wah /Director	19,112,640	-	-	-	19,112,640	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
Lee Peng Fei, Allen /Director	1,760,000	-	-	-	1,760,000	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
Employees	35,157,920	-	-	-	35,157,920	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
	<u>70,140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,140,000</u>				

(b) 2002 Scheme

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

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

Share options granted to Directors, chief executive or substantial shareholders of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the 2002 Scheme, if earlier.

The exercise price of the share option is determinable by the Directors, but may not be less than the higher of (i) the closing price of the Company's shares on the date of the offer of the share options; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the share.

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

Name or category of participant	Number of share options				Outstanding at 31 March 2009	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 2008	Granted during the year	Exercised during the year	Lapsed during the year					
Employees	3,500,000	-	-	-	3,500,000	9 August 2002	9 August 2003 to 8 August 2012	HK\$0.175	HK\$0.175
An employee	6,400,000	-	-	-	6,400,000	9 August 2002	9 February 2003 to 8 August 2012	HK\$0.175	HK\$0.175
	<u>9,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,900,000</u>				

At 31 March 2009, the number of shares outstanding and issuable under the Pre-IPO Scheme and the 2002 Scheme were 70,140,000 and 9,900,000, respectively.

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

PURCHASE, SALE AND REDEMPTION OF SHARES

During the year, the Company purchased 1,968,000 ordinary shares of HK\$0.01 each in the capital of the Company at prices ranging from HK\$0.035 to HK\$0.075 per share on the Stock Exchange.

Month/year	Number of shares repurchased	Aggregate prices paid HK\$	Price paid per share	
			Highest HK\$	Lowest HK\$
September 2008	1,552,000	98,288	0.075	0.045
February 2009	100,000	3,729	0.035	0.035
March 2009	316,000	11,728	0.035	0.035
	<u>1,968,000</u>	<u>113,745</u>		

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

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

COMPETING INTERESTS

As at 31 March 2009, the Directors were not aware of any business or interest of each Director, managing shareholder and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such persons have or may have with the Group.

AUDIT COMMITTEE

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

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

The Group's financial statements for the year ended 31 March 2009 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 2009, 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 2009. 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 2009.

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, 24 June 2009

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.