



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

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.

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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 2012, together with the comparative audited figures for the previous year.

Consolidated Statement of Comprehensive Income

	Notes	2012 HK\$'000	2011 HK\$'000
Turnover	3, 4	25,904	23,418
Cost of services rendered		(17,973)	(15,971)
Cost of sales		(511)	(955)
Gross profit		7,420	6,492
Other gains and losses		16	109
Administrative expenses		(9,186)	(9,934)
Loss from operations		(1,750)	(3,333)
Finance costs	5(a)	(83)	(87)
Loss before taxation	5	(1,833)	(3,420)
Income tax	6	(8)	(12)
Loss attributable to owners of the Company		(1,841)	(3,432)
Other comprehensive expense			
Exchange differences on translating foreign operations		(106)	(40)
Total comprehensive expense for the year		(1,947)	(3,472)
Loss per share	8		
Basic and diluted (HK cents)		(0.20)	(0.38)

Consolidated Statement of Financial Position

	Note	2012 HK\$'000	2011 HK\$'000
Non-current assets			
Fixed assets		43	85
Current assets			
Inventories		1,529	1,551
Trade and other receivables	9	6,523	6,894
Financial assets at fair value through profit or loss		768	944
Income tax recoverable		-	9
Pledged bank deposits		2,207	5,816
Cash and bank balances		2,306	2,460
		13,333	17,674
Current liabilities			
Trade and other payables	10	3,629	4,246
Short-term borrowings		-	1,821
Provisions		669	309
Income tax payable		17	-
		4,315	6,376
Net current assets		9,018	11,298
Net assets		9,061	11,383
Capital and reserves			
Share capital		9,306	9,357
Reserves		(245)	2,026
Total equity		9,061	11,383

Consolidated Statement of Changes in Equity

	Reserves					Total
	Share capital	Share premium	Merger reserve	Exchange reserve	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2010	9,033	22,570	10,749	432	(31,006)	11,778
Total comprehensive expense						
for the year	-	-	-	(40)	(3,432)	(3,472)
Repurchase of shares	(3)	(24)	-	-	-	(27)
Issue of shares upon exercise						
of share options	327	2,777	-	-	-	3,104
Balance at 31 March 2011						
and 1 April 2011	9,357	25,323	10,749	392	(34,438)	11,383
Total comprehensive expense						
for the year	-	-	-	(106)	(1,841)	(1,947)
Repurchase of shares	(51)	(324)	-	-	-	(375)
Balance at 31 March 2012	9,306	24,999	10,749	286	(36,279)	9,061

Notes:

1. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards 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. The consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

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

2. 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 consolidated financial statements of the Group.

3. Turnover

	2012 HK\$'000	2011 HK\$'000
Provision of smartcard systems, radio frequency identification (“RFID”) and information technology (“IT”) services		
- Service revenue	11,941	9,093
- Income from maintenance services	8,705	8,852
- Sales of service related products	933	1,444
	21,579	19,389
Consultancy income	4,325	4,029
	25,904	23,418

4. Segment reporting

The Group’s operating and reportable segments are (i) smartcard systems, RFID and IT services; and (ii) consultancy services. Information regarding these segments is reported below.

	Smartcard systems, RFID and IT services		Consultancy services		Consolidated	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
TURNOVER						
Revenue from external customers	21,579	19,389	4,325	4,029	25,904	23,418
RESULTS						
Segment profit/(loss)	410	(1,601)	101	(33)	511	(1,634)
Unallocated corporate revenue					16	109
Unallocated corporate expenses					(2,277)	(1,808)
Loss from operations					(1,750)	(3,333)
Finance costs					(83)	(87)
Loss before taxation					(1,833)	(3,420)
Income tax					(8)	(12)
Loss for the year					(1,841)	(3,432)
ASSETS						
Segment assets	7,473	7,480	434	856	7,907	8,336
Unallocated assets					5,469	9,423
Total assets					13,376	17,759
LIABILITIES						
Segment liabilities	3,365	3,609	459	413	3,824	4,022
Unallocated liabilities					491	2,354
Total liabilities					4,315	6,376
OTHER INFORMATION						
Capital expenditure	13	17	-	-	13	17
Depreciation	54	102	2	5	56	107
Loss on disposal of fixed assets	-	1	-	-	-	1
Provisions	804	404	54	51	858	455
Reversal of unused provisions	(445)	(383)	(53)	(55)	(498)	(438)
Write-off of inventories	164	166	-	-	164	166

For the purpose of monitoring segment performances and allocating resources between segments:

Segment profit/(loss) represented profit earned by/(loss from) each segment without allocation of certain central administration costs, other income, finance costs, exchange difference and income tax expense.

All assets are allocated to reportable segments other than prepaid central administration costs, income tax recoverable, pledged bank deposits and cash and bank balances.

All liabilities are allocated to reportable segments other than accrued central administration costs, income tax payable and short-term borrowings.

a. Geographical information

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

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

	Revenue from external customers		Non-current assets	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong	21,008	17,062	39	75
Macao	4,873	6,300	2	5
PRC	-	56	2	5
Other locations	23	-	-	-
	25,904	23,418	43	85

b. Information about major customers

For the year ended 31 March 2012, there was one (2011: Nil) customer who accounted for over 10% of total revenue of the Group with revenue of HK\$6,954,854 (2011: HK\$Nil) related to the smartcard systems, RFID and IT services segment.

5. Loss before taxation

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

	2012 HK\$'000	2011 HK\$'000
(a) Finance costs:		
Interest on bank loans and overdrafts	83	87
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	14,475	14,754
Retirement scheme contributions	596	626
	15,071	15,380
(c) Other items:		
Auditor's remuneration	320	340
Cost of inventories	4,219	5,508
Depreciation	56	107
Development costs	480	739
Exchange loss	-	5
Provisions	858	455
Loss on disposal of fixed assets	-	1
Operating lease charges: minimum lease payments		
- hire of properties	1,742	1,808
- hire of office equipment	42	43
Reversal of unused provisions	(498)	(438)
Write-off of inventories	164	166

6. Income tax

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

	2012 HK\$'000	2011 HK\$'000
Hong Kong profits tax		
- Provision for the year	8	12

The provision for Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) 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 consolidated financial statements as the Group did not have any assessable profits for taxation purpose in the PRC and Macao during the year (2011: HK\$Nil).

- (b) At 31 March 2012, the Group has not recognised deferred tax assets in respect of unused tax losses of approximately HK\$45,187,000 (2011: HK\$43,158,000) and deductible temporary differences of approximately HK\$774,000 (2011: HK\$707,000) due to the uncertainty of the related tax benefits being realised through future taxable profits. The unused tax losses of approximately HK\$4,971,000 (2011: HK\$4,296,000) can be carried forward for offset against the taxable profits of subsequent years for five years following the loss year. Other unused tax losses may be carried forward indefinitely.

7. Dividend

No interim dividend was paid during the year (2011: HK\$Nil). The Directors do not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: HK\$Nil).

8. Loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$1,841,000 (2011: HK\$3,432,000) and the weighted average of 933,796,863 (2011: 912,904,000) ordinary shares in issue during the year, calculated as follows:

	2012	2011
Issued ordinary shares at 1 April	935,728,000	903,316,000
Effect of repurchase of shares	(1,931,137)	(15,386)
Effect of issue of shares upon exercise of share options	-	9,603,386
Weighted average number of ordinary shares at 31 March	933,796,863	912,904,000

As the Company does not have any potential dilutive ordinary shares during the year ended 31 March 2012 (2011: Nil), basic and diluted loss per share are the same.

9. Trade and other receivables

	2012	2011
	HK\$'000	HK\$'000
Trade receivables	1,825	2,117
Other receivables	679	463
Gross amount due from customers for		
service contract work	2,413	2,740
Retention money receivables	455	187
Deposits and prepayments	1,151	1,387
	6,523	6,894

An ageing analysis of trade receivables as at the end of the reporting period is as follows:

	2012	2011
	HK\$'000	HK\$'000
Current	146	279
Less than 1 month past due	1,235	1,114
1 month to 3 months past due	205	664
More than 3 months but less than 1 year past due	239	52
More than 1 year past due	-	8
Amounts past due	1,679	1,838
	1,825	2,117

Trade receivables are due within 45 days (2011: 45 days) from the date of billing.

10. Trade and other payables

	2012	2011
	HK\$'000	HK\$'000
Trade payables	427	590
Accrued charges and other payables	2,038	2,070
Gross amount due to customers for service contract work	129	482
Deferred maintenance income	1,035	1,104
	3,629	4,246

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

	2012	2011
	HK\$'000	HK\$'000
Less than 1 month	230	236
1 month to 3 months	84	185
More than 3 months but less than 1 year	-	142
More than 1 year	113	27
	427	590

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

On 24 May, 2012, the Financial Secretary, Mr. John C W Tsang, officiated at a launch ceremony for the government electric vehicle (“EV”) charging stations at Star Ferry Government Car Park. Our solution and professional services arm, ITE Smartcard Solutions Limited (“ITES”), was selected to supply the Octopus Card payment solution for one of the local utility companies, The Hongkong Electric Company Limited, in support of the fast charging requirements of EVs. For this project, ITES provided the Octopus Card payment clearing system together with the front-end application kiosks, system integration services was also provided for the high capacity charging stations in use.

As an environmentally friendly means of transport for the future, EVs have become more popular in recent years. To promote the use, it is essential to put in place a comprehensive public EV charging network which must include advanced fast charging stations and smartcard applications. Despite that the availability and adoption of EVs are slow, ITES is very optimistic towards the business opportunity to be generated by this sustainable technology and application.

During the Year, ITES won and delivered a number of new smartcard projects for the provisions of smartmeter, e-payment, attendance, access control and passage management systems. Enhancement and maintenance service orders and purchases of smartcard products have remained fairly stable.

The Castle Peak Hospital of the New Territories West Cluster has been installed with a new access control and video door phone system provided by ITES. The Hospital has become the eighth public hospitals in Hong Kong using our intelligent security systems.

ITES is also pleased to announce the successful completion of the Hybrid RFID Enabled Library Automated System for our Macau client, Institute for Tourism Studies. Incorporating both the ISO-15693 and ISO-28560 standards, the system is integrated with EM-EAS technology to form a hybrid solution. The scope of supply and services include RFID labels for books and multimedia discs, book enrolment and conversion services, custom-manufactured staff and self-service check-out stations, together with our latest RFID handheld reader. ITES also completed the supply and delivery of an Automatic Fare Collection System for Tin Shui Wai Ping Shan Swimming Pool of the Leisure and Cultural Services Department. The system provided includes Octopus Card and coin accepted turnstile units, automatic money changers and our intellAFC management software.

For the third consecutive year, ITES provided the production and personalization services of the student smartcards for various institutes of the Hong Kong Vocational Training Council . More than 10,000 pieces of student smartcards were produced and delivered. Also for the third consecutive year, ITE (Macau) Limited was selected by the 58th Macao Grand Prix for the supply of event smartcards, access control and parking management system together with on-site professional services for the event held in last November.

Our product arm, RF Tech Limited (“RFT”), has developed many new products including an advanced handheld RFID reader which works with Android device through Bluetooth connectivity, the product was unique and powerful for library book management application.

An important patent filing was made by ITE (China) Limited ("ITEC") to the International Bureau of Patent Cooperation Treaty on 23 December 2010. The International Bureau has published the International Application under Release No. WO2011/078127 on 30 June 2011. ITES pioneers the concept and application of book enrolment through the invention, research and development of our innovation, "Embedded Computer Vision and RFID Enabled Book Enrolment Mechanism". This innovation makes possible the images capture, recognition, analysis and encoding of important characteristics of a book be instantly done through a single-step process. Through this sophisticated book enrolment process, more killer applications in the area of RFID enabled library automation can be developed.

We are also pleased to announce that a new invention patent, 'Embedded Computer Vision Escalator Passenger Monitor', was granted by the State Intellectual Property Office on 26 March, 2012, Grant No. 200810039034.6. This new Intellectual Property has strengthened ITE's IP portfolio which consists of copyrights, registered design, trademarks and invention.

The cooperation between ITES and the Automotive Parts and Accessory Systems R&D Centre ("APAS") for the development of electric vehicle fast charging station is giving promising result with the official launch of product in June 2011. Another research and development collaboration project with APAS, "Dual Power 100Kw Fast Charging Station for Electric Vehicle", was also approved by the Innovation Technology Commission during the Year. This R&D project is targeted for completion in mid 2014.

Future Prospect

Since our establishment, we have been focusing on our core business and technologies, we continue to devote our efforts and resources to the long term growth of the Company building on our *Innovation, Technology and Excellency*; three words which best explain the name of ITE. All members of the Company perform professionally under our vision, mission and set of core values. New intellectual assets are built and accumulated and the range of professional services are expanded to meet the fast growing needs of the changing market. We have firmly maintained our position as the pure rider to provide multi-applications solutions to our clients. Despite that the Group experienced a loss in the financial result for the fiscal year 2012, the Directors strongly believe that the Company will return to profitability in the fiscal year 2013.

Financial Performance

For the year ended 31 March 2012 the Group recorded a total turnover of approximately HK\$26 million, representing an increase of 11% over last year. Loss for the year attributable to owners of the Company for the year ended 31 March 2012 was approximately HK\$1.8 million as compared to approximately HK\$3.4 million for last year.

Segmental Information

During the year, the Group recorded an increase in turnover for about 11% when compared with last year. Besides, the Group's gross profit margin has improved from 28% in last year to 29% in current year.

The service revenue generated from core business, i.e. the provision of the smartcard systems, RFID and information technology ("IT") services and related sales, was HK\$12,873,845 (2011: HK\$10,537,140) which was increased by 22%. However, the income from maintenance services was slightly decreased by 2% to HK\$8,704,724 (2011: HK\$8,851,774).

For consultancy service segment, the turnover increased by 7% to HK\$4,324,891 (2011: HK\$4,028,766). The profit margin had improved from 9% to 11%.

With our continual tighter cost control during the severe financial situation, the Group's administrative expenses had decreased by 8%.

With our continual working capital improvement, the finance costs decreased by 4% to HK\$83,019 (2011: HK\$86,547) 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 2012, the Group did not have any outstanding borrowings. As at 31 March 2012, the current ratio of the Group was 3.09 (2011: 2.77) while the liquidity ratio was 2.74 (2011: 2.53).

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 2012, the Group had 68 (2011: 80) full-time employees, of which 63 are based in Hong Kong and the rest are in the PRC and Macao. Staff costs, including directors' remuneration, was approximately HK\$15 million (2011: HK\$15 million) for the year ended 31 March 2012. 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 2012, time deposits of HK\$2,206,643 (2011: HK\$5,816,140) was 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 2012.

Gearing Ratio

At 31 March 2012 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 (2011: 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 2012, 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. The company adopted a 2002 share option scheme (the “2002 Scheme”) on 8 August 2002, and the Pre-IPO Scheme was simultaneously terminated. In addition, the company adopted a 2011 share option scheme (the “2011 Scheme”) on 8 August 2011, and the 2002 Scheme was simultaneously terminated.

Upon termination of the Pre-IPO Scheme and the 2002 Scheme, no further options may be offered thereunder. However, in respect of the outstanding options, the provisions of the Pre-IPO Scheme and the 2002 Scheme will remain in force. The outstanding options granted under the Pre-IPO Scheme and the 2002 Scheme continue to be subject to the provisions of the Pre-IPO Scheme and the 2002 Scheme and Chapter 23 of the GEM Listing Rules, and the adoption of the 2011 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 follows:

Name or category of participant	Number of share options				Outstanding at 31 March 2011, 1 April 2011 and 31 March 2012	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 2010	Granted during the year	Exercised during the year	Lapsed during the year					
Lau Hon Kwong, Vincent /Director	6,109,440	-	(6,108,000)	(1,440)	-	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	-	(20,800,000)	(14,357,920)	-	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
	<u>70,140,000</u>	<u>-</u>	<u>(32,668,000)</u>	<u>(37,472,000)</u>	<u>-</u>				

In respect of the share options exercised during the year ended 31 March 2011, the weighted average share price at the dates of exercise is HK\$0.12.

(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 company's directors, including independent non-executive directors, other employees of the group, suppliers of goods or services to the group, customers of the group, advisers and consultants, etc. The 2002 Scheme became effective on 8 August 2002.

The company adopted the 2011 Scheme on 8 August 2011, and the 2002 Scheme was simultaneously terminated. Upon termination of the 2002 Scheme, no further options may be offered thereunder. However, in respect of the outstanding options, the provisions of the 2002 Scheme will remain in force. The outstanding options granted under the 2002 Scheme continue to be subject to the provisions of the 2002 Scheme and Chapter 23 of the GEM Listing Rules, and the adoption of the 2011 Scheme will not in any event affect the terms in respect of such outstanding options.

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

The offer of a grant of share options may be accepted within 21 days from the date of the offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The 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.

As mentioned above, the 2002 Scheme was terminated on 8 August 2011 and no further options may be offered thereunder. Details of the outstanding share options of the Scheme during the year are as follows:

Name or category of participant	Number of share options					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 2010, 31 March 2011 and 1 April 2011	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2012				
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>				

(c) 2011 Scheme

The company operates the 2011 Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the group's operations. Eligible participants of the 2011 Scheme include the company's directors, including independent non-executive directors, other employees of the group, suppliers of goods or services to the group, customers of the group, advisers and consultants, etc. The 2011 Scheme became effective on 8 August 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Scheme and any other share option 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 2011 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 executives or substantial shareholders of the company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the company, or to any of their associates, in excess of 0.1% of the shares of the company in issue at any time or with an aggregate value (based on the price of the company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The 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 2011 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.

Up to 31 March 2012, no share options were granted, exercised or lapsed during the year.

At 31 March 2012, the number of share options outstanding and issuable under the Pre-IPO Scheme, the 2002 Scheme and the 2011 Scheme were none, 9,900,000 and none, 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 and up to the date of this report, the company purchased 5,136,000 ordinary shares of HK\$0.01 each in the capital of the company at prices ranging from HK\$0.060 to HK\$0.080 per share on the Stock Exchange.

Month/year	Number of shares repurchased	Aggregate	Price paid per share	
		prices	Highest	Lowest
		paid HK\$	HK\$	HK\$
August 2011	1,444,000	114,426	0.080	0.076
November 2011	1,788,000	134,490	0.072	0.062
December 2011	892,000	63,570	0.075	0.065
January 2012	204,000	13,451	0.065	0.064
February 2012	808,000	49,133	0.060	0.060
	<u>5,136,000</u>	<u>375,070</u>		

4,328,000 of repurchased shares were cancelled in January 2012 and 808,000 repurchased shares were pending to be cancelled up to the reporting date accordingly. The issued share capital of the company was reduced by the nominal value of these shares. The premium paid on the repurchase of the shares was charged to 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 above-mentioned period.

COMPETING INTERESTS

As at 31 March 2012, 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 2012 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness. The Board ensures that effective self-regulatory practices exist to protect the interests of the shareholders of the Company.

The Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) throughout the year ended 31 March 2012, 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. However, the non-executive Directors do not have a specific term of appointment, but are subject to rotation in accordance with the articles of association of the Company.

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 2012. 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 2012.

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, 20 June 2012

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.