



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2013

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 2013, together with the comparative audited figures for the previous year.

Consolidated Statement of Comprehensive Income

	Notes	2013 HK\$'000	2012 HK\$'000
Turnover	3, 4	28,365	25,904
Cost of services rendered		(17,875)	(17,973)
Cost of sales		(279)	(511)
Gross profit		10,211	7,420
Other gains and losses		155	16
Administrative expenses		(9,273)	(9,186)
Profit/(loss) from operations		1,093	(1,750)
Finance costs	5(a)	(32)	(83)
Profit/(loss) before taxation	5	1,061	(1,833)
Income tax	6	-	(8)
Profit/(loss) attributable to owners of the Company		1,061	(1,841)
Other comprehensive expense			
Exchange differences on translating foreign operations		(8)	(106)
Total comprehensive income/(expense) for the year		1,053	(1,947)
Earnings/(loss) per share	8		
Basic and diluted (HK cents)		0.11	(0.20)

Consolidated Statement of Financial Position

	Note	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Fixed assets		375	43
Current assets			
Inventories		1,228	1,529
Trade and other receivables	9	6,293	6,523
Financial assets at fair value through profit or loss		751	768
Pledged bank deposits		2,212	2,207
Cash and bank balances		5,485	2,306
		15,969	13,333
Current liabilities			
Trade and other payables	10	5,578	3,629
Provisions		632	669
Income tax payable		20	17
		6,230	4,315
Net current assets		9,739	9,018
Net assets		10,114	9,061
Capital and reserves			
Share capital		9,306	9,306
Reserves		808	(245)
Total equity		10,114	9,061

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 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 and 1 April 2012	9,306	24,999	10,749	286	(36,279)	9,061
Total comprehensive income for the year	-	-	-	(8)	1,061	1,053
Balance at 31 March 2013	9,306	24,999	10,749	278	(35,218)	10,114

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

	2013 HK\$'000	2012 HK\$'000
Provision of smartcard systems, radio frequency identification (“RFID”) and information technology (“IT”) services		
- Service revenue	11,960	11,941
- Income from maintenance services	9,376	8,705
- Sales of service related products	579	933
	21,915	21,579
Consultancy income	6,450	4,325
	28,365	25,904

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	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
TURNOVER						
Revenue from external customers	21,915	21,579	6,450	4,325	28,365	25,904
RESULTS						
Segment profit	3,336	410	192	101	3,528	511
Unallocated corporate revenue					155	16
Unallocated corporate expenses					(2,590)	(2,277)
Profit/(loss) from operations					1,093	(1,750)
Finance costs					(32)	(83)
Profit/(loss) before taxation					1,061	(1,833)
Income tax					-	(8)
Profit/(loss) for the year					1,061	(1,841)
ASSETS						
Segment assets	7,000	7,473	727	434	7,727	7,907
Unallocated assets					8,617	5,469
Total assets					16,344	13,376
LIABILITIES						
Segment liabilities	5,193	3,365	672	459	5,865	3,824
Unallocated liabilities					365	491
Total liabilities					6,230	4,315
OTHER INFORMATION						
Capital expenditure	439	13	-	-	439	13
Depreciation	107	54	-	2	107	56
Provisions	693	804	61	54	754	858
Reversal of unused provisions	(685)	(445)	(106)	(53)	(791)	(498)
Write-off of inventories	72	164	-	-	72	164

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

Segment profit represented profit earned by 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 and income tax payable.

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	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong	25,376	21,008	373	39
Macao	2,989	4,873	1	2
PRC	-	-	1	2
Other locations	-	23	-	-
	28,365	25,904	375	43

b. Information about major customers

For the year ended 31 March 2013, there was two (2012: one) customer who accounted for over 10% of total revenue of the Group with revenue of HK\$7,881,109 (2012: HK\$6,954,854) related to the smartcard systems, RFID and IT services segment and consultancy services segment (2012: smartcard systems, RFID and IT services segment).

5. Profit/(loss) before taxation

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

	2013 HK\$'000	2012 HK\$'000
(a) Finance costs:		
Interest on bank loans and overdrafts	32	83
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	16,225	14,475
Retirement scheme contributions	641	596
	16,866	15,071
(c) Other items:		
Auditor's remuneration	330	320
Cost of inventories	3,205	4,219
Depreciation	107	56
Development costs	385	480
Provisions	754	858
Operating lease charges: minimum lease payments		
- hire of properties	1,598	1,742
- hire of office equipment	46	42
Reversal of unused provisions	(791)	(498)
Write-off of inventories	72	164

6. Income tax

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

	2013 HK\$'000	2012 HK\$'000
Hong Kong profits tax		
- Provision for the year	-	8

The provision for Hong Kong profits tax is calculated at 16.5% (2012: 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 or Macao during the year (2012: HK\$Nil).

- (b) At 31 March 2013, the Group has not recognised deferred tax assets in respect of unused tax losses of approximately HK\$43,457,000 (2012: HK\$45,119,000) and deductible temporary differences of approximately HK\$413,000 (2012: HK\$774,000) due to the uncertainty of the related tax benefits being realised through future taxable profits. The unused tax losses of approximately HK\$3,854,000 (2012: HK\$4,971,000) 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 (2012: HK\$Nil). The Directors do not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: HK\$Nil).

8. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company of approximately HK\$1,061,000 (2012: loss of HK\$1,841,000) and the weighted average of 930,952,000 (2012: 933,796,863) ordinary shares in issue during the year, calculated as follows:

	2013	2012
Issued ordinary shares at 1 April	930,952,000	935,728,000
Effect of repurchase of shares	-	(1,931,137)
Weighted average number of ordinary shares at 31 March	930,952,000	933,796,863

As the Company does not have any potential dilutive ordinary shares during the year ended 31 March 2013 (2012: Nil), basic and diluted earnings/(loss) per share are the same.

9. Trade and other receivables

	2013	2012
	HK\$'000	HK\$'000
Trade receivables	3,796	1,825
Other receivables	488	679
Gross amount due from customers for service contract work	806	2,413
Retention money receivables	442	455
Deposits and prepayments	761	1,151
	6,293	6,523

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

	2013	2012
	HK\$'000	HK\$'000
Current	1,606	146
Less than 1 month past due	1,547	1,235
1 month to 3 months past due	328	205
More than 3 months but less than 1 year past due	315	239
Amounts past due	2,190	1,679
	3,796	1,825

Trade receivables are due within 45 days (2012: 45 days) from the date of billing.

10. Trade and other payables

	2013	2012
	HK\$'000	HK\$'000
Trade payables	496	427
Accrued charges and other payables	2,758	2,038
Gross amount due to customers for service contract work	376	129
Deferred maintenance income	1,948	1,035
	5,578	3,629

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

	2013	2012
	HK\$'000	HK\$'000
Less than 1 month	315	230
1 month to 3 months	95	84
More than 3 months but less than 1 year	-	-
More than 1 year	86	113
	496	427

MANAGEMENT DISCUSSION AND ANALYSIS

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

Business Review

During the Year, ITE Smartcard Solutions Limited (“ITES”) was awarded with a number of contracts by clients from market sectors served by the Group for years. The orders covered the supply of hardware and software and the provision of professional services to expand their smartcard platforms, many of them have been in service for more than ten years. ITES also provided enhancement and upgrade services to the systems to meet with the latest requirements and needs of our clients and the information technology world. The solutions and professional services of ITES were highly appreciated by our clients. ITES completed the design and delivery of two Octopus Card based automatic fare collection systems for the swimming pools of the Leisure and Cultural Services Department and an electricity charging system for the Hong Kong Electric Company Limited. We also completed the delivery of an advance book sorting system for the Hong Kong Public Library. We were selected by the largest property management company in Hong Kong to provide an application development services for their all-new property client management system building on the Octopus Card technology. The project will be completed in mid of 2013.

Besides the two Type Approvals from the Octopus Cards Limited for electric vehicle (“EV”) fast charging payment and automatic fare collection systems for swimming pools, ITES was awarded with a contract to develop new access control software which will make our solution ready for the next generation Octopus Card. All Octopus Card access control platform delivered by ITES will be fully supported by the new software. The completion of software development is expected to be in late 2013.

For the fourth 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 14,000 pieces of student smartcards were produced and delivered. Also for the fourth consecutive year, our Macau operation arm, ITE (Macau) Limited, was selected by the Macau Grand Prix for the supply of access control and parking management system together with on-site professional services for the event held in last November.

During the Year, we initiated the certification process of our EV fast charging station EFS-10, which was jointly developed with the Hong Kong Automotive Parts and Accessory Systems R&D Centre. The certification process is expected to be completed in late 2013. While the R&D project for 2X50KW charging station has been undergoing, we submitted a new R&D proposal for the approval of Innovation and Technology Commission. The project objective is to develop an integrated EV fast charging solution compliance with the Combo Charging Standard (“CCS”). CCS is the newly unified and published EV charging standard for North America and Europe automakers. The key technology will be on the charging control algorithms over power line communication protocols between off-board conductive charger and battery management system. Being very positive towards the opportunities related to electric vehicle, ITE shall continue to invest into the technologies and related solutions.

During the Year, our R&D arm, RF Tech Limited (“RFT”) is pleased to receive two industry awards: "Embedded Computer Vision and RFID Enabled Book Enrolment Mechanism" and "HOMAC® RD-200AB ISO 15693 Handheld Antenna Reader" won the Certificate of Merits in the 2012 Hong Kong RFID Awards. "HOMAC® RD-200AB ISO 15693 Handheld Antenna Reader" also won 2012 Hong Kong Awards for Industries : Machinery and Machine Tools Design Certificate Merit.

Colleagues and friends of ITE continued to support social caring activities. We participated in the Suicide Prevention Services (“SPS”) Charity Walk 2013 and achieved our fund-raising target. All donations will be used in SPS services to serving people of all ages in Hong Kong who are suicidal, in despair or emotionally distressed by befriending them, and offering services to help them to regain control of their emotions and find the will to carry on. We also welcome eleven new interns joining the Group. They come from The Hong Kong Polytechnic University and The Chinese University of Hong Kong with different engineering disciplines ranging from computing, electronic, industrial, information, mechanical and system engineering. ITE has been supporting Internship Program for University Undergraduates since 2006. We assist them to gain solid experience and knowledge in their fields through actual work responsibilities. Up to 2012, more than 60 interns have completed their on-the-job training programs with ITE.

Future Prospect

Since our establishment, we have been focusing on our core business and technologies, we continue to devote our efforts and resources for the long term growth of the Group building on our *Innovation, Technology and Excellency*; three words which best explain the name of ITE.

All members of the Company performed professionally under the corporate vision, mission and core values. Every year, new intellectual assets are created and accumulated and the range of professional services is 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. The Group has managed to recover profitability, the Directors shall continue to focus on improving efficiency and effectiveness so that profitability will be maintained for the next fiscal year.

Financial Performance

For the year ended 31 March 2013, the Group recorded a total turnover of approximately HK\$28 million, representing an increase of 10% over last year. Profit for the year attributable to owners of the Company for the year ended 31 March 2013 was approximately HK\$1.1 million as compared to that of loss attributable to owners of the Company approximately HK\$1.8 million for last year.

Segmental Information

During the year, the Group recorded an increment in turnover for about 10% when compared with last year. Besides, the Group’s gross profit margin has improved from 29% in last year to 36% 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\$12,538,782 (2012: HK\$12,873,845) which was slightly decreased by 3%. However, the income from maintenance services was increased by 8% to HK\$9,375,500 (2012: HK\$8,704,725).

For consultancy service segment, the turnover increased by 49% to HK\$6,450,295 (2012: HK\$4,324,891). The profit margin had dropped from 11% to 9%.

With our continual tighter cost control during the severe financial situation, the Group’s administrative expenses had increased by only 1%.

With our continual working capital improvement, the finance costs decreased by 62% to HK\$31,711 (2012: HK\$83,019) 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 2013, the Group did not have any outstanding borrowings. As at 31 March 2013, the current ratio of the Group was 2.56 (2012: 3.09) while the liquidity ratio was 2.37 (2012: 2.74).

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 2013, the Group had 71 (2012: 68) full-time employees, of which 66 are based in Hong Kong and the rest are in the PRC and Macao. Staff costs, including directors' remuneration, was approximately HK\$17 million (2012: HK\$15 million) for the year ended 31 March 2013. 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 2013, time deposits of HK\$2,212,053 (2012: HK\$2,206,643) 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 2013.

Gearing Ratio

At 31 March 2013 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 (2012: 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 2013, the Company has issued corporate guarantee to a bank in respect of banking facilities granted to a wholly owned subsidiary.

SHARE OPTION SCHEMES

The company previously adopted a 2002 share option scheme (the "2002 Scheme") on 8 August 2002, The company later adopted another 2011 share option scheme (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.

(a) 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 2011, 31 March 2012 and 1 April 2012	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2013				
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>(9,900,000)</u>	<u>-</u>				

(b) 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 2013, no share options were granted, exercised or lapsed.

At 31 March 2013, the number of share options outstanding and exercisable under the 2002 Scheme and the 2011 Scheme were none.

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 subsidiary has purchased, sold or redeemed any of the company's shares during the year.

COMPETING INTERESTS

As at 31 March 2013, 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 (the "Audit Committee") with written terms of reference. Following the retirement of Mr. Tang Siu, Henry as a member of the Audit Committee on 8 August 2012, the Audit Committee comprises only two independent non-executive directors, Dr. Lee Peng Fei, Allen and Mr. Kam Hau Choi, Anthony. Dr. Lee Peng Fei, Allen was appointed as chairman of the Audit Committee. The number of independent non-executive directors fell below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules until the Company appointed Mr. Wong Wang Fat, Andrew to fill the vacancy on 1 October 2012.

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 2013 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

CORPORATE GOVERNANCE

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

The Company has applied the principles and complied with all the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") throughout the year ended 31 March 2013, 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 2013. 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 2013.

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, 19 June 2013

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. Kam Hau Choi, Anthony and Mr. Wong Wang Fat, Andrew 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.