
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ITE (Holdings) Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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ITE (HOLDINGS) LIMITED

(incorporated in the Cayman Islands with limited liability)

GENERAL MANDATES TO REPURCHASE SHARES AND ISSUE NEW SHARES

A notice convening an annual general meeting of ITE (Holdings) Limited to be held at Tang Room I, 3/F., Sheraton Hong Kong Hotel, 20 Nathan Road, Kowloon, Hong Kong at 10:30 a.m. on Wednesday, 16 July 2003 is set out in pages 91 to 95 of the 2003 annual report of the ITE (Holdings) Limited which will be despatched to the shareholders of the Company on 19 June 2003. Whether or not you are able to attend the meeting in person, you are requested to complete and return the form of proxy enclosed in the 2003 annual report of ITE (Holdings) Limited in accordance with the instructions printed thereon and deposit the same with Hong Kong Registrars Limited, the branch share registrar of ITE (Holdings) Limited in Hong Kong, at Shop 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.hkite.com.

19 June 2003

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CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at Tang Room I, 3/F., Sheraton Hong Kong Hotel, 20 Nathan Road, Kowloon, Hong Kong on Wednesday, 16 July 2003 at 10:30 a.m., notice of which is set out on pages 91 to 95 of the Annual Report
“Annual Report”	the annual report of the Company for the year ended 31 March 2003
“associates”	has the meaning as defined in the GEM Listing Rules
“Company”	ITE (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	15 June 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information of this circular
“Repurchase Proposal”	The proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the share capital of the Company in issue as at the date of the Repurchase Resolution

DEFINITIONS

“Repurchase Resolution”	The proposed ordinary resolution as referred to in resolution no. 4B of the notice of the Annual General Meeting
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Repurchase Rules”	the relevant rules set out in the GEM Listing Rules to regulate the repurchase by companies with primary listing on the GEM of their own securities on the GEM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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:

1. the information contained in this circular is accurate and complete in all material respects and not misleading;
2. there are no other matters the omission of which would make any statement in this circular misleading; and
3. all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



ITE (HOLDINGS) LIMITED

(incorporated in the Cayman Islands with limited liability)

Directors:

Executive Directors:

Lau Hon Kwong, Vincent (*Chairman*)

George Roger Manho

Cheng Kwok Hung

Liu Hoi Wah

Independent non-executive Directors:

Lee Peng Fei, Allen

Tsao Kwang Yung, Peter

Registered Office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

Head Office and

Principal Place of Business:

Floor 21, Stelux House

698 Prince Edward Road East

San Po Kong

Kowloon

19 June 2003

To the Shareholders of the Company

Dear Sir or Madam,

GENERAL MANDATES TO REPURCHASE SHARES AND ISSUE NEW SHARES

INTRODUCTION

The purpose of this circular is to give you further information regarding the ordinary resolutions to repurchase Shares and to issue new Shares and to seek your approval of the resolutions in relation thereto to be proposed at the Annual General Meeting.

Under the GEM Listing Rules, the Company is required to provide you with information reasonably necessary to enable you to make an informed decision as to whether to vote for or against the resolutions to be proposed at the Annual General Meeting. This circular is prepared for such purpose.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

Pursuant to a resolution of all shareholder(s) of the Company passed on 17 July 2002, a general mandate was given to the Directors to exercise the powers of the Company to repurchase 10% of the Shares of the Company. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting or revoked or varied by ordinary resolution of shareholders in general meeting, whichever occurs first. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Annual General Meeting. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix hereto.

GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 181,507,200 Shares (representing 20% of the share capital of the Company in issue as at the date of the resolution) and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 90,753,600 Shares (representing 10% of the share capital of the Company in issue at the date of the Repurchase Resolution).

THE ANNUAL GENERAL MEETING

A notice of the Annual General Meeting is set out on pages 91 to 95 of the Annual Report 2003. Resolutions 4A to 4C relate to the General Mandates and will be proposed as ordinary resolutions at the Annual General Meeting for your consideration and approval.

A form of proxy for use at the Annual General Meeting is enclosed with the Annual Report. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, at the Company's branch share registrar of the Company in Hong Kong, Hong Kong Registrars Limited, at Shop 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 10:30 a.m. on 14 July 2003. Completion and delivery of the form of proxy will not prevent you from attending and voting at the Annual General Meeting or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the Repurchase Proposal and the general mandate for Directors to issue new Shares are all in the best interests of the Company and its shareholders. Share repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per Share and will only be made when the Directors believe that such a share repurchase will benefit the Company and its shareholders. Accordingly, the Directors recommend that all shareholders should vote in favour of the resolutions set out in the notice of Annual General Meeting as they intend to do themselves in respect of their own holdings, if any.

By Order of the Board
Lau Hon Kwong, Vincent
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the share capital of the Company in issue as at the date of the Repurchase Resolution. For the purpose of this Appendix, the term “shares” shall be as defined in the Takeover Code on the Share Repurchases to mean shares of all classes and securities which carry a right to subscribe or purchase shares.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 907,536,000 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase Shares up to a maximum of 90,753,600 Shares representing not more than 10% of the share capital of the Company in issue at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

The Directors believe that it is in the best interest of the Company and its shareholders for the Directors to have general authority from the shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

3. FUNDING OF REPURCHASE

In repurchasing any Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws and regulations of the Cayman Islands. The Company may not purchase securities on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 March 2003 in the event that the power to repurchase Shares pursuant to the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to Repurchase Proposal to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve months before the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
June	0.200	0.175
July	0.200	0.185
August	0.175	0.170
September	0.170	0.095
October	0.095	0.090
November	0.090	0.055
December	0.065	0.059
2003		
January	0.060	0.041
February	0.055	0.044
March	0.065	0.055
April	0.060	0.050
May	0.050	0.050
June (up to Latest Practicable Date)	0.060	0.055

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, they will exercise the power of the Company to make purchases pursuant to the repurchase mandate in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the shareholders.

No connected persons of the Company (as defined in the GEM Listing Rules) has notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders.

6. TAKEOVERS CODE

Assuming that the substantial shareholders of the Company (the “Substantial Shareholders”) do not dispose of its Shares, if the Repurchase Proposal was exercised in full, the percentage of the Substantial Shareholders before and after such repurchase would be as follows:

Substantial Shareholders	Before repurchase	After repurchase
Rax-Comm (BVI) Limited	54.76%	60.85%
George Roger Manho	16.32%	18.14%

If, as a result of a securities repurchase, a shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the shareholder’s interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with rule 26 of the Takeover Code.

Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Proposal to repurchase shares. However, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 20%.

7. SHARE REPURCHASES MADE BY THE COMPANY

The Company had not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.