



# **ITE (HOLDINGS) LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8092)**

## **QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2005**

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

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*This announcement, for which the directors (the “Directors”) of ITE (Holdings) Limited (“ITE” or 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.*

## **HIGHLIGHTS**

Turnover of the Group for the three months ended 30 June 2005 was approximately HK\$15,256,000, representing an increase of approximately 27% over the turnover of approximately HK\$11,966,000 for the same period in 2004.

Profit attributable to shareholders for the three months ended 30 June 2005 amounted to approximately HK\$250,000 compared to loss attributable to shareholders of approximately HK\$2,397,000 for the same period in 2004.

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2005 (three months ended 30 June 2004: Nil).

## **CHAIRMAN'S STATEMENT**

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I hereby present the quarterly unaudited consolidated results for ITE and its subsidiaries (together, the "Group") for the three months ended 30 June 2005 (the "Period").

The mission of the Group is to become the leading smartcard and radio frequency identification ("RFID") solution provider and system integrator in the Asia Pacific region. ITE has been pioneering smartcard solutions and system integration and has been performing outstandingly in Hong Kong. With profound expertise, strong research and development ("R&D") capability, proven track record and excellent reputation in the industry, the Group has established a leading profile in the smartcard industry in Hong Kong and has taken a proactive approach to introduce innovative and customised smartcard and RFID applications to its clients. Leveraging on its extensive industry experience, ITE is developing smartcard and RFID solutions for clients from many industries and expanding its business activities to the People's Republic of China (the "PRC") and other countries in the Asia Pacific region.

### **Appreciation**

I would like to take this opportunity to express my deepest thanks to my directors, management and staff for their dedication and hard work, and shareholders, financiers and business partners for their continued support.

By order of the Board  
**ITE (Holdings) Limited**  
**Lau Hon Kwong, Vincent**  
*Chairman*

Hong Kong, 1 August 2005

## **BUSINESS REVIEW**

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

### **Sales and Marketing**

While the professional team of ITE Smartcard Solutions Limited (“ITES”) are busy with the development and delivery of the Automated Vehicle Clearance System (“AVCS”) and the Automated Passenger Clearance System (“APCS”) for the Macau SAR Government, extensive marketing effort has been devoted in the marketing of these solutions and services to overseas countries and the PRC. ITES aims to focus on the new applications of long range vehicle tagging and passage management to various potential customers. It is expected that the demand of such will increase and represent a new driving force.

During the Period, ITES joined with the Instituto De Formacao Turistica in a seminar and presented to the Macau market our RFID solutions and services related to tourism and hotel industry. The effect is encouraging with many new enquiries and clients being followed up. ITES and our China subsidiary, 上海阿艾依智控系統有限公司 (ITE (China) Limited, “ITEC”) have continued to receive new contracts from the campus and real estates sectors serving existing and new customers. The marketing team of ITEC continued to promote market of e-purse parking system in Shanghai with a number of tenders submitted.

Our subsidiary, Quesco Systems Limited (“QSL”), has expanded the staffing and recruitment services to overseas clients, it is expected that the first batch of IT contractor staffs will be referred to our client in the Middle East in the next quarter. Besides, for the first time QSL has seconded a non-IT executive to an overseas client in the United Kingdom. Together with the growing need of IT staffs in the local market, it is expected that the performance of QSL will continue to improve. The tender result of the new T21 contract for the Provision of Information Technology Contract Staff Services issued by the Government of the HKSAR will be released in the next quarter, QSL is optimistic towards the winning of the contract.

### **Research and Development**

Our product arm RF Tech Limited (“RFT”) has continued to design and develop a number of new products and solutions in supporting the needs and requirements coming from the automated vehicle, passage, e-purse, Electronic Product Code (“EPC”) and card management systems. The outlook design patent of APCS core structure has successfully been filed to the State Patent Office in Beijing on 29 June 2005 under Application No. 200530039557.8. RFT has continued to form commercial and technology alliances with new partners, and business cooperation in the form of ODM and OEM are being explored.

## **Caring the Community**

During the Period, the Group has continued to participate in serving the community with our staff actively involved in social services including the support of blood donation and provision for the workplace attachment training organized by the Labour Department under the Youth Pre-employment Training Programme and the Business Internship Practice Scheme of the City University of Hong Kong.

## **Future Prospect**

The Directors are pleased to present a profitable quarterly result. The Group has managed to resume profitability as a result of right strategies formulated and devoted effort implemented. We believe that with the continual improvement of macro economic environment, the Group will be benefit from the demand of smartcard and information technology products and services. The outlook and profitability of the financial year of 2006 will be encouraging.

# QUARTERLY RESULTS

## UNAUDITED CONSOLIDATED INCOME STATEMENT

		Three Months ended	
		30 June	
	Notes	2005	2004
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Turnover</b>	2	<b>15,256</b>	11,966
Cost of services rendered		(12,212)	(10,254)
Cost of goods sold		(118)	(198)
		<b>2,926</b>	1,514
Other revenue		24	60
Other net gain		-	12
Other staff costs		(1,435)	(1,503)
Depreciation and amortisation		(159)	(418)
Other operating expenses		(925)	(1,878)
<b>Profit/(Loss) from operations</b>		<b>431</b>	(2,213)
Finance costs		(181)	(184)
<b>Profit/(Loss) from ordinary activities before taxation</b>		<b>250</b>	(2,397)
Taxation	3	-	-
<b>Profit/(Loss) attributable to shareholders</b>		<b>250</b>	(2,397)
<b>Dividend</b>	4	-	-
<b>Earnings/(Loss) per share</b>	5		
Basic		<b>0.03 cent</b>	(0.26 cent)
Diluted		-	-

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves			Total
		Share premium	Merger reserve	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2004	9,075	22,816	10,749	(19,552)	23,088
Loss for the period	-	-	-	(2,397)	(2,397)
Balance at 30 June 2004	9,075	22,816	10,749	(21,949)	20,691
Balance at 1 April 2005	9,075	22,816	10,749	(35,161)	7,479
Profit for the Period	-	-	-	250	250
Balance at 30 June 2005	9,075	22,816	10,749	(34,911)	7,729

### Notes:

#### 1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited consolidated results also comply with the applicable disclosure provisions of the GEM Listing Rules. The measurement basis used in the preparation of the unaudited consolidated results is historical cost as modified by the revaluation of trading securities.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005.

The accounting policies adopted in the preparation of the unaudited consolidated results are consistent with those used in the consolidated financial statements of the Group for the year ended 31 March 2005 except for the changes in accounting policies upon adoption of the new HKFRS as described below.

The adoption of HKFRS 2 has resulted in a change in accounting policy for share options. In prior years, when the Group granted options at nominal consideration to employees to acquire shares in the Company, no employee benefit cost or obligation was recognized at the date of grant. When such options were exercised, shareholders' equity was increased by the amount of the proceeds received.

HKFRS 2 requires recognition at fair value of all goods and services received, including employee services, where payment is made in the form of shares or options as well as cash-settled share-based payments.

The Directors consider that the share options granted to certain employees of the Group represent share-based payments. However as no options have been granted since 7 November 2002, the provision of HKFRS 2 are not applicable to the Group's outstanding options.

## **2. Turnover**

Turnover represents service revenue arising from smartcard and RFID systems and information technology services and related service contracts, information technology consultancy services, electrical and mechanical engineering work and related service contracts, and sales of smartcard related products.

## **3. Taxation**

No provision for Hong Kong profits tax and overseas profits tax has been made as the Group had accumulated tax losses brought forward from prior years to offset the estimated assessable profits arising during the Period (three months ended 30 June 2004: Nil).

## **4. Dividends**

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2005 (three months ended 30 June 2004: Nil).

## **5. Earnings/(Loss) per share**

### **(a) Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders of approximately HK\$250,000 (three months ended 30 June 2004: loss of approximately HK\$2,397,000) and the weighted average of 907,536,000 ordinary shares (three months ended 30 June 2004: 907,536,000 shares) in issue during the respective periods.

### **(b) Diluted earnings/(loss) per share**

No diluted earnings/(loss) per share is presented as there were no dilutive potential ordinary shares in existence during the Period and for the three months ended 30 June 2004.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS**

As at 30 June 2005, the interests and short positions of each of director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(I) Interests in shares of the Company

<u>Name of director</u>	Number of ordinary shares					<u>Percentage of issued share capital</u>
	<u>Personal interests</u>	<u>Corporate interests</u>	<u>Family interests</u>	<u>Other interests</u>	<u>Total</u>	
Mr. Lau Hon Kwong, Vincent	-	456,250,348 (L) (Note 2)	-	-	456,250,348 (L)	50.27%
Mr. George Roger Manho	118,142,254 (L)	-	-	-	118,142,254 (L)	13.02%
Mr. Cheng Kwok Hung	-	456,250,348 (L) (Note 2)	-	-	456,250,348 (L)	50.27%
Mr. Tsao Kwang Yung, Peter	100,000 (L)	-	-	-	100,000 (L)	0.01%

Note:

1. The Letter "L" denotes a long position in the shares.
2. These shares are beneficially owned by Rax-Comm (BVI) Limited ("Rax-Comm"), a company incorporated in the British Virgin Islands. Mr. Lau Hon Kwong, Vincent and Mr. Cheng Kwok Hung held 46.21% and 36.11% of the entire issued share capital of Rax-Comm, respectively.



(II) Interests in equity derivatives (as defined in the SFO) in, or in respect of, underlying shares

As at 30 June 2005, the directors had the following personal interests in options to subscribe for shares of the Company granted at HK\$1 under a share option scheme of the Company. Each option gives the holder the right to subscribe for one share.

<u>Name of director</u>	<u>Number of options outstanding at 30 June 2005</u>	<u>Date granted</u>	<u>Period during which options exercisable</u>	<u>Number of shares acquired on exercise of options during the Period</u>	<u>Price per share to be paid on exercise of options</u>
Mr. Lau Hon Kwong, Vincent	6,109,440 (L)	12 February 2001	21 August 2001 to 11 February 2011	-	HK\$0.095
Mr. George Roger Manho	4,000,000 (L)	12 February 2001	21 August 2001 to 11 February 2011	-	HK\$0.095
Mr. Cheng Kwok Hung	4,000,000 (L)	12 February 2001	21 August 2001 to 11 February 2011	-	HK\$0.095
Mr. Liu Hoi Wah	19,112,640 (L)	12 February 2001	21 August 2001 to 11 February 2011	-	HK\$0.095
Dr. Lee Peng Fei, Allen	1,760,000 (L)	12 February 2001	21 August 2001 to 11 February 2011	-	HK\$0.095

Note: The Letter “L” denotes a long position in the shares.

(III) Aggregate interest in the shares and underlying shares of the Company

<u>Name of director</u>	<u>Aggregate number in ordinary shares</u>	<u>Aggregate number in underlying shares</u>	<u>Total</u>	<u>Percentage to the issued share capital of the Company</u>
Mr. Lau Hon Kwong, Vincent	456,250,348 (L)	6,109,440 (L)	462,359,788 (L)	50.95%
Mr. George Roger Manho	118,142,254 (L)	4,000,000 (L)	122,142,254 (L)	13.46%
Mr. Cheng Kwok Hung	456,250,348 (L)	4,000,000 (L)	460,250,348 (L)	50.71%
Mr. Liu Hoi Wah	-	19,112,640 (L)	19,112,640 (L)	2.11%
Dr. Lee Peng Fei, Allen	-	1,760,000 (L)	1,760,000 (L)	0.19%
Mr. Tsao Kwang Yung, Peter	100,000 (L)	-	100,000 (L)	0.01%

Note: The Letter “L” denotes a long position in the shares.

Save as disclosed above, as at 30 June 2005, none of the directors, chief executive of the Company or their associates had any interests in the shares or debentures of, or short positions in the shares of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 of the GEM Listing Rules, were required to be notified to the Company and the Stock Exchange.

## DIRECTORS AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporations", as at 30 June 2005, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

## SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 June 2005, the Company had been notified of the following interests, being 5% or more of the issued share capital of the Company:

	<u>Ordinary shares held</u>	<u>Percentage of total issued shares</u>
Rax-Comm (BVI) Limited (Note 1)	456,250,348	50.27%
Mr. George Roger Manho (Note 2)	118,142,254	13.02%
Mr. Man Kai Shun	55,301,000	6.09%

Note:

1. These shares have been disclosed as the corporate interests of the relevant directors in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporations".
2. These shares have been disclosed as the personal interests of the director in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporations".

Save as disclosed above, as at 30 June 2005, there was no person who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

## SHARE OPTION SCHEME

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

### (a) Pre-IPO Scheme and Post-IPO Scheme

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

Name or category of participant	Number of share options				Outstanding at 30 June 2005	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 2005	Granted during the Period	Exercised during the Period	Lapsed during the Period					
<i>Pre-IPO Scheme</i>									
Lau Hon Kwong, Vincent /Director	6,109,440	-	-	-	6,109,440	12 February 2001	21 August 2001 to 11 February 2011	\$0.095	N/A
George Roger Manho /Director	4,000,000	-	-	-	4,000,000	12 February 2001	21 August 2001 to 11 February 2011	\$0.095	N/A
Cheng Kwok Hung /Director	4,000,000	-	-	-	4,000,000	12 February 2001	21 August 2001 to 11 February 2011	\$0.095	N/A
Liu Hoi Wah /Director	19,112,640	-	-	-	19,112,640	12 February 2001	21 August 2001 to 11 February 2011	\$0.095	N/A
Lee Peng Fei, Allen /Director	1,760,000	-	-	-	1,760,000	12 February 2001	21 August 2001 to 11 February 2011	\$0.095	N/A
Employees	35,157,920	-	-	-	35,157,920	12 February 2001	21 August 2001 to 11 February 2011	\$0.095	N/A
	<u>70,140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,140,000</u>				
<i>Post-IPO Scheme</i>									
Employees	2,000,000	-	-	-	2,000,000	28 December 2001	1 July 2004 to 31 December 2011	\$0.195	\$0.195
	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>				

(b) 2002 Scheme

The Company operates the 2002 Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2002 Scheme include the 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 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

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

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

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

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

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

Name or category of participant	Number of share options				Outstanding at 30 June 2005	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 2005	Granted during the Period	Exercised during the Period	Lapsed during the Period					
Employees	3,500,000	-	-	-	3,500,000	9 August 2002	9 August 2003 to 8 August 2012	\$0.175	\$0.175
An Employee	6,400,000	-	-	-	6,400,000	9 August 2002	9 February 2003 to 8 August 2012	\$0.175	\$0.175
	<u>9,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,900,000</u>				

At 30 June 2005, the number of shares issuable under the Pre-IPO Scheme, the Post-IPO scheme and the 2002 Scheme was 70,140,000, 2,000,000 and 9,900,000, respectively.

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

## **PURCHASE, SALE AND REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Period.

## **COMPETING INTERESTS**

As at 30 June 2005, the directors were not aware of any business or interest of each director, management shareholder and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such persons have or may have with the Group.

## **AUDIT COMMITTEE**

As required by Rules 5.28 to 5.33 of the GEM Listing Rules, the Company has established an audit committee which comprises three independent non-executive directors, Dr. Lee Peng Fei, Allen, Mr. Tsao Kwang Yung, Peter and Mr. Kam Hau Choi, Anthony, and an executive director, Mr. Liu Hoi Wah. Dr. Lee Peng Fei, Allen was appointed the Chairman of the audit committee. Following the death of Mr. Tsao Kwang Yung, Peter on 5 June 2005, the Company has only two independent non-executive directors and two audit committee members which fall below the minimum number of three independent non-executive directors and three audit committee members as required under Rules 5.05 and 5.28 of the GEM Listing Rules respectively. In this regard, the Company will find a suitable candidate to fill the vacancy as soon as practicable.

The audit committee meets with the Group's senior management and external auditors to review the effectiveness of the internal control systems and the annual report of the Group. The Group's quarterly report for the three months ended 30 June 2005 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.

## **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 period ended 30 June 2005. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings throughout the period ended 30 June 2005.

## **CORPORATE GOVERNANCE CODE COMPLIANCE**

The Company is in the process of reviewing its corporate governance practice and will report in its half-year financial announcement on the compliance of the Code on Corporate Governance Practices.

The Company has received from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of its independent non-executive directors are independent.

By order of the Board  
**ITE (Holdings) Limited**  
**Lau Hon Kwong, Vincent**  
*Chairman*

Hong Kong, 1 August 2005

*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 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](http://www.hkgem.com) for at least 7 days from its date of publication and on the website of the Company at [www.hkite.com](http://www.hkite.com).*