



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

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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 six months ended 30 September 2005 was approximately HK\$32,696,000 representing an increase of approximately 24% over the turnover of approximately HK\$26,263,000 for the same period in 2004.

Profit attributable to shareholders for the six months ended 30 September 2005 amounted to approximately HK\$505,000 compared to loss attributable to shareholders of approximately HK\$2,868,000 for the same period in 2004.

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I hereby present the interim unaudited consolidated results for ITE and its subsidiaries (together, the "Group") for the six months ended 30 September 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 system solutions and 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 our clients. Leveraging on our extensive industry experience, ITE is developing smartcard and RFID solutions for clients from many industries and expanding our 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, 9 November 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

The Directors are pleased to announce the launch of the Automated Passenger Clearance System (“APCS”) of the Public Security Forces Services Bureau, Macau SAR Government on 5 October 2005. After months of design, development and implementation effort, the APCS has been put to use at the Barrier Gate Checkpoint. Two pilot APCS channels are opened for operation at 8 hours a day, one for inbound and one for outbound. Since the launch, the Macau general public has been showing great interest in the system. Thousands of residents have personally experienced the convenient and secured clearance application associated with their Macau smart ID cards. With the encouraging usage and transaction results, it is expected that more channels will be opened for use and the service hours extended.

The launch followed the first public demonstration of the APCS during the largest annual IT event in Macau, "IT Week 2005", which was held in the Macau Tower Exhibition Hall on 17 September 2005. Mr. Edmund Ho Hau Wah, the Chief Executive of Macau SAR, was the first honorable guest to use the APCS channel in the exhibition.

ITE together with about 60 organizations from government, campus and commercial sectors participated in the event. During the exhibition, we had demonstrated the latest RFID, smartcard and biometric products, solutions and services together with our successful project case studies.

While the APCS is in use, the professional team of ITE Smartcard Solutions Limited (“ITES”) is working to deliver another two mission critical smartcard and RFID projects, the Computerized Registration Management System (“CRMS”) of the Construction Workers Registration Authority (“CWRA”) and the Automated Vehicle Clearance System (“AVCS”) of the Macau SAR Customs. The acceptances of systems are expected before end of the year.

Within other market sectors, the Group has been awarded with new contracts from a number of existing and new clients generating stable sales and recurring business.

Another subsidiary of the Group, Quesco Systems Limited ("QSL"), is pleased to announce the contract award of the tender of "The Provision of Information Technology Contract Staff Services issued by the Government of the HKSAR" (“T21”). QSL has extensive experience of successfully executing large scale and targeted recruitment campaigns for contract IT professionals and has a long and proven track record of superior staffing and recruitment service provision since 1990. Awarded the Hong Kong SAR Government T13 Contract for the supply of IT Contract Staff Services in 1991 and through to the current T21 Contract, we have successfully supplied and continue to supply IT Contract Staff to work in various government departments, public and private organizations in Hong Kong and overseas countries.

Research and Development

The Group has continued to invest in R&D through its product arm RF Tech Limited (“RFT”) and developed new products and application systems based on various smartcard and RFID technologies.

New R&D strategy has been defined and set up. Along with the internal R&D team and resources, RFT shall establish more university and research institute collaboration programs and outsourcing mechanism. Focus shall be made on the R&D management, knowledge and experience management (“KEM”). The Board addresses and pushes forward the KEM initiative to innovate, presume, protect and deploy intellectual property rights so as to achieve the ultimate goal of shareholders’ interest maximization.

Corporate Governance and Social Responsibility

During the Period, ITE has launched and executed a series of policy and mechanism to strengthen our corporate governance.

We possess a core set of values that drive the way in which we work. We aim to be client-focused, technology-driven, team-orientated, and to develop and sustain long-term working partnerships with our clients to enable them to benefit from our business and technical expertise. We strive to maintain professionalism and integrity at all times. We also bear the responsibility to make Hong Kong a better place for all by caring the community, protecting the environment and enhancing sustainable development.

Future Prospect

Following the first quarter’s profitable result, the second quarter result is again positive together with turnover increased over the same period in last year. The Directors expect the Company to remain profitable in the forthcoming quarter and the whole fiscal year. With the success of new business strategies and recovery of local economy, the challenge ahead will be the efficiency and effectiveness of the Group to capture and capitalize the opportunities. It remains the responsibility of the Directors, senior executives and managers of the Company.

Financial Performance

For the Period, the Company recorded a total revenue of approximately HK\$33 million, representing an increase of 24% over the same period in 2004. Profit attributable to the shareholders for the six months ended 30 September 2005 was approximately HK\$0.5 million as compared to a loss of approximately HK\$2.9 million for the corresponding period in 2004.

Segmental information

For the six months ended 30 September 2005, the Group recorded an increase in turnover for about 24% when compared with the same period in last year. The increase was wholly from our core business of provision of smartcard systems, RFID and information technology services. During the Period, the turnover of this segment was approximately HK\$14.6 million which was 120% over that of same period in last year. With the significant increase in turnover, the segment results had been improved significantly to a loss of approximately HK\$159,000.

For consultancy service segment, the revenue was quite stable with only slightly decrease in turnover of 7%. However, with the tight cost control, the segment result had been slightly improved.

With the tighter cost control, the other staff costs had slightly decreased for 4% to approximately HK\$2,874,000 for the Period (six months ended 30 September 2004: approximately HK\$2,999,000) while the other operating expenses had decreased for more than 39% to approximately HK\$1,889,000 for the Period (six months ended 30 September 2004: approximately HK\$3,112,000). The significant decrease in other operating expenses was mainly due to significant drop in project bidding cost. With material bidding cost associated with sizeable projects, the Group was very cautious in those sizeable projects bidding.

During the Period, the increase of finance costs to approximately HK\$514,000 (six months ended 30 September 2004: approximately HK\$378,000) was mainly due to the increase in interest rate.

Trade receivables and trade payables balances as at 30 September 2005 increased to approximately HK\$5,928,000 and HK\$2,354,000 respectively (31 March 2005: approximately HK\$4,621,000 and HK\$844,000 respectively) which was in line with the increase in turnover during the Period.

Liquidity and financial resources

The Group generally financed its operations with its internally generated cash flows and bank borrowings. At 30 September 2005, the Group had outstanding borrowings of HK\$12,063,942, comprising short-term loans of HK\$5,394,747 and bank overdraft of HK\$6,669,195. At 30 September 2005, the current ratio of the Group was 1.19 (31 March 2005: 1.23) while the liquidity ratio was 1.12 (31 March 2005: 1.13).

Taking into consideration the adoption of stringent cost control, maintain the thin and effective overhead structure, the banking facilities granted 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.

Capital structure of the Group

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.

Significant investments

The Group had no significant investments during the Period.

Material acquisitions or disposals of subsidiaries and affiliated companies

During the Period, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

Employment information

At 30 September 2005, the Group had 173 full-time employees (30 September 2004: 170 full-time employees), of which 156 are based in Hong Kong and the rest are in the PRC. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus systems, which are reviewed annually. Staff cost, including directors' emoluments, was approximately HK\$22 million for the six months ended 30 September 2005 (six months ended 30 September 2004: approximately HK\$24 million). Besides, the Company has also introduced share option schemes to recognise the contributions of the employees to the growth of the Group. The schemes have been or will be amended from time to time to take into account changes in market conditions and the GEM Listing Rules.

Charges on Group assets

At 30 September 2005, time deposits of HK\$16,676,657 (31 March 2005: HK\$13,594,808) were pledged to banks to secure certain banking facilities of the Group.

Future plans for material investments

The Group did not have any plans for material investment and acquisition of material capital assets as at 30 September 2005.

Gearing ratio

At 30 September 2005, 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 (31 March 2005: nil).

Exposure to fluctuations in exchange rates and any related hedges

Most of the Group's monetary assets and liabilities were denominated in Hong Kong dollars and Renminbi. As the exchange rate of Renminbi is fairly stable during the Period, the exchange rate risks of the Group were considered to be minimal. At 30 September 2005, no related hedges were made by the Group.

Contingent liabilities

At 30 September 2005, the Company has undertaken to guarantee certain banking facilities granted to two wholly-owned subsidiaries to the extent of HK\$18.85 million (31 March 2005: HK\$15.6 million).

At 30 September 2005, the Group did not have any significant contingent liabilities (31 March 2005: Nil).

INTERIM RESULTS

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Notes	Three Months ended 30 September		Six Months ended 30 September	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	17,440	14,297	32,696	26,263
Cost of services rendered		(14,182)	(10,999)	(26,394)	(21,253)
Cost of goods sold		(456)	(433)	(574)	(631)
		2,802	2,865	5,728	4,379
Other revenue		204	7	228	67
Other net gain/(loss)		106	(3)	106	9
Other staff costs		(1,439)	(1,496)	(2,874)	(2,999)
Depreciation and amortisation		(121)	(416)	(280)	(834)
Other operating expenses		(964)	(1,234)	(1,889)	(3,112)
Profit/(Loss) from operations		588	(277)	1,019	(2,490)
Finance costs - interest on bank loans and overdrafts		(333)	(194)	(514)	(378)
Profit/(Loss) from ordinary activities before taxation	3	255	(471)	505	(2,868)
Taxation	4	-	-	-	-
Profit/(Loss) attributable to shareholders		255	(471)	505	(2,868)
Dividends	5	-	-	-	-
Profit/(Loss) per share	6				
Basic		0.03 cent	(0.05 cent)	0.06 cent	(0.32 cent)
Diluted		-	-	-	-

CONSOLIDATED BALANCE SHEET

	Notes	As at 30 September 2005 HK\$'000 (Unaudited)	As at 31 March 2005 HK\$'000 (Audited)
Non-current assets			
Fixed assets	7	527	662
Investment securities		2,195	2,250
		2,722	2,912
Current assets			
Trading securities		23	22
Inventories		2,072	2,060
Trade and other receivables	8	13,143	7,406
Deposits and prepayments		822	674
Pledged bank balances		16,677	13,595
Bank and cash balances		111	347
		32,848	24,104
Current liabilities			
Creditors and accrued charges	9	15,462	10,241
Short term borrowings	10	12,064	8,880
Secured bank loan		-	416
		27,526	19,537
Net current assets		5,322	4,567
Net assets		8,044	7,479
Capital and reserves			
Share capital	11	9,075	9,075
Reserves		(1,031)	(1,596)
Shareholders' funds		8,044	7,479

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six Months ended 30 September	
	2005	2004
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	240	(2,450)
Net cash used in investing activities	(161)	(64)
Net cash used in financing activities	(3,504)	(831)
Net decrease in cash and cash equivalents	(3,425)	(3,345)
Cash and cash equivalents at 1 April	(3,133)	(663)
Cash and cash equivalents at 30 September	(6,558)	(4,008)
Analysis of balances of cash and cash equivalents:		
Bank and cash balances	111	413
Bank overdrafts	(6,669)	(4,421)
Cash and cash equivalents at 30 September	(6,558)	(4,008)

UNAUDITED 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	HK\$'000
Balance at 1 April 2004	9,075	22,816	10,749	-	(19,552)	23,088
Loss for the period	-	-	-	-	(2,868)	(2,868)
Balance at 30 September 2004	9,075	22,816	10,749	-	(22,420)	20,220
Balance at 1 April 2005	9,075	22,816	10,749	-	(35,161)	7,479
Movement during the Period	-	-	-	60	-	60
Profit for the Period	-	-	-	-	505	505
Balance at 30 September 2005	9,075	22,816	10,749	60	(34,656)	8,044

Notes:

1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

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 is not applicable to the Group’s outstanding options.

2. Turnover and segment information

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

Segment information is presented in respect of the Group’s business and geographical segments. Business segments information is chosen as the primary reporting format because this is more relevant to the Group’s internal financial reporting.

(a) Business segments

The Group comprises the following main business segments:

Smartcard systems, RFID and information technology services	:	The provision of smartcard systems, RFID and information technology services
Consultancy fee income	:	The provision of information technology consultancy services
Electrical and mechanical installation work	:	The provision of electrical and mechanical installation work

	Smartcard systems, RFID and information technology services		Consultancy services		Electrical and mechanical installation		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
TURNOVER								
Sales to external customers	14,636	6,613	18,060	19,564	-	86	32,696	26,263
RESULTS								
Segment results	(159)	(1,248)	2,366	2,016	(37)	(51)	2,170	717
Unallocated corporate revenue							228	67
Unallocated corporate expenses							(1,379)	(3,274)
Profit/(Loss) from operations							1,019	(2,490)
Finance costs							(514)	(378)
Profit/(Loss) attributable to shareholders							505	(2,868)
OTHER INFORMATION								
Depreciation and amortisation	216	258	64	84	-	-		
Impairment loss	121	117	-	-	-	-		
Non-cash expenses other than depreciation, amortisation and impairment loss	-	-	-	-	-	-		

(b) Geographical segments

The Group participates in two principal environments, Hong Kong and the People's Republic of China (the "PRC") excluding Hong Kong.

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers.

	2005 HK\$'000	2004 HK\$'000
Hong Kong	23,546	25,475
The PRC excluding Hong Kong	9,084	788
Others	66	-
	32,696	26,263

3. Profit/(Loss) from ordinary activities before taxation

Profit/(Loss) from ordinary activities before taxation is arrived at after charging:

	Three Months ended		Six Months ended	
	30 September		30 September	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of goodwill	-	238	-	476
Cost of inventories	4,621	696	8,033	718
Depreciation	121	179	280	359
Impairment loss on investment securities	60	58	121	117
Operating lease charges: minimum lease payments for hire of properties	257	305	514	611
Staff costs including directors' emoluments and retirement benefit scheme contributions	11,020	12,213	21,832	24,193

4. 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 (six months ended 30 September 2004: Nil).

5. Dividends

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2005 (six months ended 30 September 2004: Nil).

6. 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\$505,000 (six months ended 30 September 2004: loss of approximately HK\$2,868,000) and the weighted average of 907,536,000 ordinary shares (six months ended 30 September 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 six months ended 30 September 2004.

7. Fixed assets

During the six months ended 30 September 2005, the Group acquired fixed assets comprising computers and other equipment and computer software of HK\$147,511.

8. Trade and other receivables

	At 30 September 2005 HK\$'000 (Unaudited)	At 31 March 2005 HK\$'000 (Audited)
Trade receivables	5,928	4,621
Other receivables	530	501
Gross amount due from customers for service contract work	6,448	1,980
Retention money receivables	237	304
	13,143	7,406

The Group has a policy of allowing its trade customers with credit period normally between 30 to 60 days or terms in accordance with contracts. The ageing analysis, based on invoice date, is as follows:

	At 30 September 2005 HK\$'000 (Unaudited)	At 31 March 2005 HK\$'000 (Audited)
Within 1 month	5,096	2,552
1 month to 3 months	306	1,116
More than 3 months but less than 12 months	92	744
More than 1 year but less than 2 years	434	209
	5,928	4,621

9. Creditors and accrued charges

	At 30 September 2005 HK\$'000 (Unaudited)	At 31 March 2005 HK\$'000 (Audited)
Trade payables	2,354	844
Accrued charges and other payables	11,490	6,486
Gross amount due to customers for service contract work	780	1,856
Deferred maintenance income	615	727
Retention money payables	223	328
	15,462	10,241

Included in creditors and accrued charges are trade payables with the following ageing analysis:

	At 30 September 2005 HK\$'000 (Unaudited)	At 31 March 2005 HK\$'000 (Audited)
Within 1 month	1,738	270
1 month to 3 months	377	206
More than 3 months but less than 12 months	146	207
More than 1 year but less than 2 years	93	5
More than 2 years	-	156
	2,354	844

10. Short term borrowings

	At 30 September 2005 HK\$'000 (Unaudited)	At 31 March 2005 HK\$'000 (Audited)
Secured bank loans	5,395	5,400
Bank overdraft	6,669	3,480
	12,064	8,880

11. Share capital

	Number of shares	Amount HK\$
Authorised:		
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000,000
Issued and fully paid:		
At 1 April 2005 and 30 September 2005	907,536,000	9,075,360

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 September 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>Total</u>	<u>Percentage of issued share capital</u>
	<u>Personal interests</u>	<u>Corporate interests</u>	<u>Family interests</u>	<u>Other interests</u>			
Mr. Lau Hon Kwong, Vincent	-	456,250,348 (L) (Note 2)	-	-	456,250,348 (L)	50.27%	
Mr. George Roger Manho	83,142,254 (L)	-	-	-	83,142,254 (L)	9.16%	
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 September 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 September 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	83,142,254 (L)	4,000,000 (L)	87,142,254 (L)	9.60%
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 September 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 September 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 September 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)	83,142,254	9.16%
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 September 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 Period are as follows:

Name or category of participant	Number of share options				Outstanding at 30 September 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 Period are as follows:

Name or category of participant	Number of share options				Outstanding at 30 September 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 September 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 September 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.

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 September 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 September 2005.

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving high standards of Corporate Governance and follows the Code of Best Practices as set out in Appendix 15 of the GEM Listing Rules (the "Code").

The Company has not any deviations from the code provisions as set out in the Code, except the followings:

1. 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 management considered that there is no imminent need to change the arrangement. 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.

2. Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code Provision A.4.2 stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

At present, the non-executive directors do not have a specific term of appointment, but are subject to rotation in accordance with the Articles of Association of the Company (that at each annual general meeting, one-third of the directors for the time being or, if their number is not a multiple of three, the number nearest to but not greater than one-third, shall retire from office) provided that notwithstanding anything herein, the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. At such, with the exception of the Chairman, all directors are subject to retirement by rotation. The management considered that there is no imminent need to amend the Articles of Association of the Company.

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.

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 appointed Mr. Tang Siu, Henry as an independent non-executive director and a member of the audit committee to fill the vacancy on 5 September 2005.

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 advice and comments thereon to the Board. The audit committee will meet at least four times a year to review with management the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The Group's quarterly report for the six months ended 30 September 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.

The terms of reference of the audit committee was revised during the Period to bring it in line with the code provisions as set out in the Code. The principal terms include, 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.

REMUNERATION COMMITTEE

The Company's remuneration committee was established during the Period with written terms of reference to determine policy for the remuneration of directors and senior management of the Company, assessing their performance and approving the terms of their service contracts. The remuneration committee comprises at least three members, the majority of whom shall be independent non-executive directors of the Company. The current members of the remuneration committee are Dr. Lee Peng Fei, Allen, Mr. Kam Hau Choi, Anthony and Mr. Lau Hon Kwong, Vincent.

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

Hong Kong, 9 November 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, Mr. Kam Hau Choi, Anthony and Mr. Tang Siu, Henry 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.