



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2005

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

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.

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims 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 (“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 nine months ended 31 December 2005 was approximately HK\$48,195,000 representing an increase of approximately 23% over the turnover of approximately HK\$39,040,000 for the same period in 2004.

Profit attributable to shareholders for the nine months ended 31 December 2005 amounted to approximately HK\$817,000 compared to loss attributable to shareholders of approximately HK\$3,612,000 for the same period in 2004.

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2005 (nine months ended 31 December 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 nine months ended 31 December 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, 8 February 2006

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.

Marketing and Sales

The Directors are pleased to announce that both the Automated Passenger Clearance System (“APCS”) and the Automated Vehicle Clearance System (“AVCS”) were delivered to and accepted by our clients, the Public Security Forces Services Bureau and the Customs of the Macau SAR Government respectively.

The completion and acceptances of these two systems, which are mission critical in nature, affirm the sophisticated design and solution, the high levels of quality service and professionalism provided by our subsidiary, ITE Smartcard Solutions Limited (“ITES”). Upon the delivery, ITES continues to explore new business opportunity associated with these applications, extensive discussion with partners and clients has been initiated with a few quotation and tender bids submitted. We believe that the APCS will be the lead driving force of ITE’s overseas growth.

Within other market sectors, ITES 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, Qesco Systems Limited (“QSL”) is pleased to announce that the Computerized Registration Management System (“CRMS”) was successfully launched on 29 December 2005 after a few months’ design, development and implementation. The Aberdeen headquarter and four district branches of the Construction Workers Registration Authority are now in full operation. More than 100,000 pieces of contactless smartcards will be personalized and issued in 2006. Under the Construction Workers Registration Ordinance, a construction worker should produce his/her registration card when entering a construction site. Information contained in the card will normally be verified by a card reading system before one is allowed to carry out construction work on a construction site. This card management system and platform is one of the largest government identification smartcard systems launched recently. After the launch, QSL continues to develop and implement the Phase 2 and Phase 3 of the project, and provide further enhancement services.

QSL’s business line of IT Contract Staff Services grows stable with more number of staffs provided to clients and improvement of margin. During the Period, we have tendered for new supply services to an existing client, the result of tender will be announced in the next quarter.

Research and Development

ITE devotes in inventing new products and solutions for life automation. We are glad to publish that the Smart Key Management System (“SKMS”). Patent was granted by the State Intellectual Property Office of the People’s Republic of China on 28 December 2005 under Grant No. ZL 02 1 36385.4 (International Classification No. E05B 19/00).

ITE's Smart Key Management System makes use of the latest radio frequency identification technology (RFID) and ISO 15693 standard to offer a reliable, accurate, secure, speedy and efficient management of physical keys. The SKMS provides a user friendly and cost-effective management platform to governments, public administration as well as private organizations to tackle the tedious and labor-intensive management requirements of physical keys.

To further strengthen our activity in invention and intellectual property rights (“IPR”) protection, the Group is planning to establish an IPR Center in Shanghai in the next fiscal year.

Corporate Governance and Social Responsibility

The Hong Kong Council of Social Service has awarded the Caring Company Logo 2005/06 to ITES and QSL again. We believe in the importance to build a better community in which we work and live and to shoulder the social responsibility. Team spirit is also gained through taking part in voluntary activities. Having participating in social caring activities for many years, ITES and QSL have been receiving the honors since 2002 and 2004 respectively.

Future Prospect

After months of consolidation and passing through a recovery period, the Group is facing new business potentials and challenges generated from our years’ devoted and committed effort. We believe that our strength, experience and capability are not only winning projects and clients in our core geographical market, but also attracting partners and clients from overseas marketplace. 2006 will be the milestone year of ITE to go internationally.

Financial Performance

For the Period, the Company recorded total revenue of approximately HK\$48 million, representing an increase of 23% over the same period in 2004. Profit attributable to the shareholders for the nine months ended 31 December 2005 was approximately HK\$0.8 million as compared to a loss of approximately HK\$3.6 million for the corresponding period in 2004.

The Group has managed to maintain profitable for three consecutive quarters. While being confident with the performance outlook and profitability of 2006, we will continue to improve the management efficiency and effectiveness to make us more competitive within the business environment.

QUARTERLY RESULTS

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Notes	Three Months ended 31 December		Nine Months ended 31 December	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	15,499	12,777	48,195	39,040
Cost of services rendered		(11,959)	(10,248)	(38,353)	(31,501)
Cost of goods sold		(378)	(407)	(952)	(1,038)
		3,162	2,122	8,890	6,501
Other revenue		86	623	314	690
Other net gain/(loss)		(2)	(2)	104	7
Other staff costs		(1,467)	(1,501)	(4,341)	(4,500)
Depreciation and amortisation		(107)	(404)	(387)	(1,238)
Other operating expenses		(1,053)	(1,388)	(2,942)	(4,500)
Profit/(Loss) from operations		619	(550)	1,638	(3,040)
Finance costs - interest on bank loans and overdrafts		(307)	(194)	(821)	(572)
Profit/(Loss) from ordinary activities before taxation		312	(744)	817	(3,612)
Taxation	3	-	-	-	-
Profit/(Loss) attributable to shareholders		312	(744)	817	(3,612)
Dividends	4	-	-	-	-
Earnings/(Loss) per share	5				
Basic		0.03 cent	(0.08 cent)	0.09 cent	(0.40 cent)
Diluted		-	-	-	-

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	
Balance at 1 April 2004	9,075	22,816	10,749	-	(19,552)	23,088
Loss for the period	-	-	-	-	(3,612)	(3,612)
Balance at 31 December 2004	9,075	22,816	10,749	-	(23,164)	19,476
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	-	-	-	-	817	817
Balance at 31 December 2005	9,075	22,816	10,749	60	(34,344)	8,356

Notes:

1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards 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.

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 (nine months ended 31 December 2004: Nil).

4. Dividends

The directors do not recommend the payment of interim dividend for the nine months ended 31 December 2005 (nine months ended 31 December 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\$817,000 (nine months ended 31 December 2004: loss of approximately HK\$3,612,000) and the weighted average of 907,536,000 ordinary shares (nine months ended 31 December 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 nine months ended 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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	47,701,000	5.26%

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 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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 nine months ended 31 December 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. Tang Siu, Henry, Mr. Kam Hau Choi, Anthony and Mr. Lau Hon Kwong, Vincent.

NOMINATION COMMITTEE

The Company's nomination committee was established during the Period with written terms of reference to ensure fair and transparent procedures for the appointment of directors to the Board. The nomination committee comprises at least three members, the majority of whom shall be independent non-executive directors of the Company. The current members of the nomination committee are Dr. Lee Peng Fei, Allen, Mr. Tang Siu, Henry, 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, 8 February 2006

The Board as of the date of this announcement comprises Mr. Lau Hon Kwong, Vincent, Mr. George Roger Manho, Mr. Cheng Kwok Hung and Mr. Liu Hoi Wah as executive directors, Dr. Lee Peng Fei, Allen, Mr. Tang Siu, Henry and Mr. Kam Hau Choi, Anthony as independent non-executive directors.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from its date of publication and on the website of the Company at www.hkite.com.