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*This announcement, for which the directors of ITE (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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.*



## **ITE (HOLDINGS) LIMITED**

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

**(Stock Code: 8092)**

### **DISCLOSEABLE TRANSACTION**

#### **Disposal of 5% Equity Interest in Shanghai Yanhua**

The Board is pleased to announce that on 27 June 2006, ITE (China) Limited, a wholly-owned subsidiary of the Company, entered into the Agreement with Mr. Hu Li Ming (“Mr. Hu”) pursuant to which Mr. Hu agreed to acquire 5% equity interest in Shanghai Yanhua from ITE (China) Limited at a cash consideration of RMB3,900,000.

The 5% equity interest in Shanghai Yanhua was treated as available-for-sale financial assets with carrying amount of HK\$2,074,029 in the annual report of the Company for the year ended 31 March 2006.

The Consideration was arrived at after arm’s length negotiation and was with reference to the net assets approximately RMB38 million of Shanghai Yanhua as at 31 December 2005.

Mr. Hu is an Independent Third Party.

The Directors consider that the terms and conditions of the Disposal are fair and reasonable and are in the best interest of the Group and the Shareholders taken as a whole.

The Disposal constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules.

A circular containing further details of the Disposal will be dispatched to the Shareholders as soon as practicable and in accordance with the GEM Listing Rules.

## **Agreement dated 27 June 2006**

### **Parties**

Vendor: ITE (China) Limited, a wholly-owned subsidiary of the Company

Purchaser: Mr. Hu Li Ming

The Directors confirmed that the Purchaser is an Independent Third Party. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries as at the date of this announcement, the Purchaser is an Independent Third Party.

### **Assets sold**

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire 5% equity interest in Shanghai Yanhua at a cash consideration of RMB3,900,000 (equivalent to approximately HK\$3,800,000). The Group will not have any interest in Shanghai Yanhua after the Disposal.

### **Consideration**

The Consideration was arrived at after arm's length negotiation and determined on normal commercial terms and with reference to the net assets value and is considered by the directors of the Company to be fair and reasonable and in the best interests of the Company.

The turnover of Shanghai Yanhua for the years ended 31 December 2004 and 31 December 2005 are approximately RMB90 million and RMB118 million (equivalent to approximately HK\$87 million and HK\$115 million) respectively. The net profits before taxation and extraordinary items of Shanghai Yanhua for the years ended 31 December 2004 and 31 December 2005 are approximately RMB16 million and RMB20 million (equivalent to approximately HK\$15.5 million and HK\$19.4 million) respectively. The net profits after taxation and extraordinary items of Shanghai Yanhua for the years ended 31 December 2004 and 31 December 2005 are approximately RMB13 million and RMB17 million (equivalent to approximately HK\$12.6 million and HK\$16.5 million) respectively.

At 31 December 2005, the net assets of Shanghai Yanhua was approximately RMB38 million (equivalent to approximately HK\$36.9 million). Based on the 5% share of the net assets of approximately RMB1.9 million (equivalent to approximately HK\$1.8 million), the Disposal was at a premium of approximately RMB2 million (equivalent to approximately HK\$1.9 million).

The total assets and the net assets of Shanghai Yanhua as at 31 December 2005 amounted to approximately RMB88 million (equivalent to approximately HK\$85 million) and RMB38 million (equivalent to approximately HK\$36.9 million) respectively.

For the period from 1 January 2006 up till 31 March 2006, the net profits before taxation and extraordinary items of Shanghai Yanhua amounted to approximately RMB0.9 million (equivalent to approximately HK\$0.87 million).

## **Completion**

Completion is conditional on and subject to the full settlement of the cash consideration of RMB3,900,000.

ITE (China) Limited acquired the said 5% equity interest of Shanghai Yanhua at RMB3,000,000 in August 2002. The 5% equity interest of Shanghai Yanhua was treated as available-for-sale financial assets with carrying value of HK\$2,074,029 in the annual report of the Company for the year ended 31 March 2006. The gain on the Disposal will be the difference between the Consideration and the carrying amount of 5% equity interest of Shanghai Yanhua and will be recognized in the income statement. Therefore, the Group expects to gain approximately HK\$1.8 million on the Disposal. The Directors consider that the Disposal has no material effect on the assets and liabilities of the Company. The proceeds received by the Group may be applied as general working capital depending on its working capital requirement from time to time.

## **INFORMATION OF THE GROUP AND SHANGHAI YANHUA AND MR. HU**

ITE (China) Limited is a wholly-owned subsidiary of the Company. The principal activities of the Group are the provision of smartcard systems, radio frequency identification, biometrics solutions and information technology services.

The principal activities of Shanghai Yanhua covers implementation of home intelligent system of real estates, design, install and maintenance of public security system, building automation system and computer and network system integration.

Mr. Hu Li Ming is an Independent Third Party.

## **REASON FOR DISPOSAL**

The Directors consider that through the disposal of 5% equity interest in Shanghai Yanhua will allow the Group to focus on the provision of smartcard systems, radio frequency identification, biometrics solutions and information technology services and to provide further financial resources to the Group for general working capital.

## **GENERAL**

The Disposal constitutes a discloseable transaction under Chapter 19 of GEM Listing Rules.

A circular containing further details of the Disposal will be dispatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

“Agreement”	the sales and purchase agreement dated 27 June 2006 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	ITE (Holdings) Limited, a company incorporated in the Cayman Island with limited liability, whose shares are listed on the Growth Enterprise Market of the Stock Exchange
“Consideration”	consideration of the Disposal in the sum of RMB3,900,000
“Directors”	the director(s) of the Company
“Disposal”	the sale of 5% equity interest in Shanghai Yanhua

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Independent Third Party”	a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“PRC”	the People’s Republic of China
“Purchaser”	Mr. Hu Li Ming
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Yanhau”	Shanghai Yanhau Smartech Company Limited 上海廷華智能科技有限公司, a company incorporated in the PRC with limited liability
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Vendor”	ITE (China) Limited, a company incorporated in PRC with limited liability and is a wholly-owned subsidiary of the Company

*Unless otherwise stated, amounts in RMB have been translated into HK\$ at an exchange rate of HK\$1.00 to RMB1.03 for illustration purpose only*

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

Hong Kong, 14 July 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](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).*