



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2006

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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 three months ended 30 June 2006 was approximately HK\$15,153,000, which was nearly the same as the same period in 2005.

Profit attributable to shareholders for the three months ended 30 June 2006 amounted to approximately HK\$238,000 compared to approximately HK\$250,000 for the same period in 2005.

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2006 (three months ended 30 June 2005: Nil).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I hereby present the unaudited quarterly consolidated results for ITE and its subsidiaries (together, the "Group") for the three months ended 30 June 2006 (the "Period").

Mission

The mission of the Group is to become the leading smartcard, radio frequency identification ("RFID") and biometrics solution provider and system integrator in the world. ITE has been pioneering smartcard system solutions and integration and has been performing outstandingly in Hong Kong Special Administration Region ("Hong Kong" or "HKSAR"), the Macau Special Administration Region ("Macau") and the People's Republic of China ("PRC"). 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 industry and has taken a proactive approach to introduce innovative and customized smartcard, RFID and biometrics applications to our clients. Leveraging on our extensive industry experience, ITE is developing sophisticated products and multi-applications solutions for clients from many industries and expanding our business activities to overseas countries.

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, 11 August 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 Operation

The Group continued to devoted effort and time to develop and expand our solutions, services and products line for targeted clients. Sales in the campus and real estates sectors have remained stable, while public sector has been boosted with more government departments as clients and users of smartcard.

During the Period, we had won two new contracts for smartmeter project, we will design, supply and implement for the Hong Kong University of Science and Technology and the Macau University of Science and Technology e-payment solutions based on their campus Java and Mifare smartcards respectively. Up to 1,000 pieces of smartmeters will be developed and installed and the projects should be completed in the next quarter. The Macau University of Science and Technology, which was established five years ago and has more than 5,000 full time students, is the latest campus market client of ITE. With her joining in our client list, ITE is providing products, solutions and services to all tertiary institutions in Hong Kong and Macau. Since the launch of our pioneering smartmeter product and solution in 1999, we have been upgrading and expanding the functions, features and technologies of this unique product. We expect the product life cycle can continue to grow and more contracts and opportunities can be derived from her.

Upon the successful completion of the Macau automated passenger clearance system (“APCS”), a Letter of Intent was signed and received by ITE Smartcard Solutions Limited (“ITES”) to initiate an e-Gate system for a country in the Middle East. The project tendering was made in 2004. It is expected that a subcontract will be signed in the next quarter.

In Hong Kong, there are over 80,000 pieces of Construction Worker Registration smartcards issued to construction workers after nearly seven month’s card issuance process by the Computer Registration Management System of the Construction Worker Registration Authority. This Phase 1 system started to operate in last December while the Phase 2 of site attendance module and labor return module are being developed to facilitate construction companies to validate and make use of the cards in the future. Pilot run by different construction sites are being conducted and targeted to complete in August 2006.

To achieve better efficiency and effectiveness, we continued to refine the structure and functions of project department, services & maintenance department and technical department in a way to streamline the operation of delivery services. All project deliveries must ensure consistent application of company standards, reporting, scheduling, better resources allocation and efficient project decision-making. We target to achieve long term benefits by adopting a more disciplined approach to our project management with greater visibility over project dependencies and delivery timetables. This can also improve our ability to proactively manage customer requirements through the delivery of our projects.

Over the past months we have been more selective in the projects and contracts, which we have pursued, to ensure that we focus only on those aligned with our core application segments and where we have the capacity to bond and fund the contracts. We have placed particular focus on gross margin and cash flow and we have not been prepared to make sacrifices to secure orders. As a result, those orders we have secured are margin, cash flow and bonding wise tenable.

During the Period, our subsidiary, Quesco Systems Limited (“QSL”), continued to provide our contract staff services for various clients in Hong Kong, the amount of staffs supplied and in services in this quarter has increased by 20% over the same period in 2005.

Research and Development and Intellectual Assets

After the successful launch of our second generation Automated Passenger Management System (APMS), which won the 2005 Hong Kong Awards for Industry, our subsidiary, RF Tech Limited (“RFT”), has developed the third generation core structure, a new Gate Micro Controller (“GMC”) with event driven firmware and PC driver with exceptions handling for ease of customization by other developers. The new design provides flexible interface and developer-friendly callback functions to fulfill the high demand of reliability, speed, and functionality.

Down the series of APMS, we have created the OPT series of optical turnstiles which are compatible to the general access control system and upgradeable to ITE’s web based solution as well. The flexible combination of core components and special design for disables make the product suitable for all types of passage management applications.

For the upgrade path of our smartmeter product line, we have invented a new data structure format with higher security level for e-purse applications and a hardware network module for on-line applications.

RFT has continued to expand the standard software libraries under our core applications. With these libraries, we can efficiently push forward the knowledge and experience management (KEM) of our development resources, increase our product’s functionality and reliability and shorten the overall development time. By this first quarter, we have built up more than fifty software library modules for our core applications.

Our Intellectual Property Rights Center (“IPRC”) is operating smoothly and has filed two patents, “The Hand-wearable RFID Tag Reader and its Application System” and “Facial Verification Time Attendance Smartcard Device and its Application System”, to the State Intellectual Property Office of the PRC.

Governance and Social Responsibility

On 4 April 2006, the Children's Day, 45 of our staff joined the "Skip-A-Meal" activity organized by the World Vision (Hong Kong).

The aim of the activity is to remind us of the children suffering from or die from hunger in the less developed countries and we can give our helping hands to them. On that day, 45 of our staff skipped one meal and joined the money donation. The money collected was sent to World Vision to help the children who are still starving in the world.

It is better to give than to receive. ITE always encourages our staff to join activities to help the less advantaged in the country and throughout the world.

Future Prospect

The Directors need to advise that to reflect the latest business and technology development of the Company, our Mission Statement has been revised. ITE aims to build up a global business under a new business and technology mix in which biometrics technology becomes an important content. With the worldwide demand of identification and security solution growing very strong, the opportunity is tremendous. New business strategies and alliances are now being formed in order to capture such. The strategy of the Company remains to build consistent and recurrent revenue streams from the efficient provision of the delivery and maintenance services which typically follow successful project completion and good customer relationship.

We are happy to present the first profitable quarterly result of the fiscal year 2006/07, and target to maintain profitability throughout the whole fiscal year and expect the second quarter to out-perform the first quarter.

QUARTERLY RESULTS

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Notes	Three Months ended	
		2006	2005
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover	2	15,153	15,256
Cost of services rendered		(11,895)	(12,212)
Cost of goods sold		(435)	(118)
		2,823	2,926
Other income		225	24
Administrative expenses		(2,411)	(2,519)
Profit from operations		637	431
Finance costs		(319)	(181)
Profit before taxation		318	250
Taxation	3	(80)	-
Profit attributable to shareholders of the Company		238	250
Dividend	4	-	-
Earnings per share	5		
Basic		0.03 cent	0.03 cent
Diluted		-	-

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reserves						Total
	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Investment revaluation reserve	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
Balance at 1 April 2006	9,075	22,816	10,749	59	(105)	(34,568)	8,026
Profit for the Period	-	-	-	-	-	238	238
Balance at 30 June 2006	9,075	22,816	10,749	59	(105)	(34,330)	8,264

Notes:

1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The unaudited consolidated results have been prepared under the historical cost convention, as modified by the revaluation of certain investments which are carried at their fair values.

The preparation of unaudited consolidated results in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies.

The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 30 June 2006 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2006.

2. Turnover

The amount of each significant category of turnover recognized during the Period is as follows:

	<u>2006</u> HK\$'000	<u>2005</u> HK\$'000
Turnover		
Provision of smartcard systems, RFID and Information technology services		
- Service revenue	3,243	5,471
- Income from maintenance services	847	643
- Sales of service related products	830	229
	4,920	6,343
Consultancy fee income	10,233	8,913
	<u>15,153</u>	<u>15,256</u>

3. Taxation

Hong Kong profits tax is provided at 17.5% (2005: 17.5%) based on the assessable profit for the Period.

No provision for income tax of the PRC has been made as the Group does not have any assessable profits for taxation purpose during the Period in the PRC.

4. Dividend

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2006 (three months ended 30 June 2005: Nil).

5. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of approximately HK\$238,000 (three months ended 30 June 2005: approximately HK\$250,000) and the weighted average of 907,536,000 ordinary shares (three months ended 30 June 2005: 907,536,000 shares) in issue during the respective periods.

(b) Diluted earnings per share

No diluted earnings 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 2005.

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company, its holding company or any of its subsidiaries was a party, in which a director of the Company had a material interest, subsisted at the end of the Period or at any time during the Period.

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 2006, the interests and short positions of each 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 to 5.68 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	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%

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 2006, 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 2006</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%

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

Save as disclosed above, as at 30 June 2006, 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 to 5.68 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 2006, neither the Company, holding 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 2006, 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”.

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 2006	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 2006	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 2006	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 2006	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 2006, 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 2006, 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. Tang Siu, Henry 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.

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 advices and comments thereon to the Board. The Group's quarterly report for the three months ended 30 June 2006 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.

DIRECTORS' SECURITIES TRANSACTIONS

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. 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 2006.

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

Hong Kong, 11 August 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.