



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

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

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. 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 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 the content 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 six months ended 30 September 2008 was approximately HK\$37,529,000 representing an increase of approximately 6% over the turnover of approximately HK\$35,402,000 for the same period in 2007.

Profit attributable to shareholders of the Company for the six months ended 30 September 2008 amounted to approximately HK\$712,000 compared to that of approximately HK\$760,000 for the same period in 2007.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2008 (six months ended 30 September 2007: Nil).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I hereby present the unaudited interim consolidated results for ITE and its subsidiaries (together, the "Group") for the six months ended 30 September 2008 (the "Period").

Mission

The mission of the Group is to become the leading provider of smartcard, radio frequency identification ("RFID"), biometrics product and solution and system integrator in the world. ITE has been pioneering and has achieved outstanding performance in the areas of smartcard system solutions and integration services in the Hong Kong Special Administrative Region ("Hong Kong" or "HKSAR"), the Macao Special Administrative Region ("Macao") and the People's Republic of China ("PRC"). With profound expertise, strong research and development ("R&D") capability, proven track record and excellent reputation, the Group has established a leading profile in our own industry and has adopted a proactive approach to introduce innovative and customised smartcard, RFID and biometrics applications to our clients. Leveraging on our extensive industry experience and intellectual assets, ITE will continue to develop innovative products and multi-applications solutions for clients coming from different industries and to expand our businesses to more 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, 7 November 2008

BUSINESS REVIEW

The global financial tsunami just happened will have a very negative impact on Hong Kong. Situation is getting worse when the banks are tightening the credit facility and lending to enterprises, small and medium enterprises, like us, will be much affected. The Directors and management of the Group have reacted very fast to protect the Group from the damages while structuring new measures to reduce costs and improve efficiency.

During the Period, the management of the Group has continued to utilise our professional and committed workforce and financial resources to achieve maximum return for our shareholders.

Our solution and services company, ITE Smartcard Solutions Limited (“ITES”) completed a number of projects in Hong Kong, Macao and overseas, including a smartmeter system for the Hong Kong University of Science and Technology, the smartcard access control system of the Tai Po Hospital, the Octopus card parking system of a new commercial complex in One Island East, the airport Automated Passenger Management System of a Middle East country.

Our product arm, RF Tech Limited (“RFT”) has been granted a new patent, RFID Enabled Police Guard Tour System, by the State Intellectual Property Office of the PRC. A technology transfer arrangement was also completed with the Hong Kong Polytechnic University on an identification security product design and development. The award of patent and technology transfer shall strengthen the intellectual property rights portfolio of our Group, and allows us to develop more innovative technology product solutions.

Future Prospect

While presenting the profitable interim result of the fiscal year 2009, the Directors expect that there will be significant drop in the local economy and the information technology industry in the coming quarters, the Group shall prudently operate and build businesses on top of our existing high quality client base and portfolio of intellectual assets.

Financial Performance

For the Period, the Group recorded total revenue of approximately HK\$38 million, representing an increase of 6% over the same period in 2007. Profit attributable to the shareholders of the Company for the six months ended 30 September 2008 was approximately HK\$0.71 million as compared to that of approximately HK\$0.76 million for the corresponding period in 2007.

Segmental information

For the six months ended 30 September 2008, the Group recorded an increase in turnover for about 6% when compared with the same period in last year. The Group’s gross profit margin was also increased from 19% in last year to 20% in current year.

During the Period, the service and sales revenue generated from the provision of smartcard systems, RFID and information technology (“IT”) services decreased for 36% to approximately HK\$6,428,000 (six months ended 30 September 2007: HK\$9,990,000). However, within the same segment, the maintenance income increased significantly for 49% to approximately HK\$3,245,000 (six months ended 30 September 2007: HK\$2,181,000).

For consultancy service segment, the turnover increased significantly for about 20% when compared with last year. With the significant increase in turnover, the profit margin had slightly dropped from 16% to 15%.

The Group’s administrative expenses had increased for approximately 14%. The increase was mainly due to the written off of approximately HK\$680,000 on tendering cost of few sizeable bids during the Period.

The finance costs decreased by 36% to approximately HK\$412,000 (six months ended 30 September 2007: HK\$642,000) during the Period as a result of improvement in cash flow and decrease in interest rates.

Liquidity, financial resources and treasury policies

The Group generally financed its operations with its internally generated cash flows and bank borrowings. As at 30 September 2008, the Group had outstanding borrowings of approximately HK\$11,603,000, comprising secured bank loans of approximately HK\$6,392,000 and bank overdrafts of approximately HK\$5,211,000. As at 30 September 2008, the current ratio of the Group was 1.38 (31 March 2008: 1.36) while the liquidity ratio was 1.29 (31 March 2008: 1.29)

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.

Taking into consideration the banking facilities granted, stringent cost control 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.

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 acquisitions and disposals of subsidiaries and affiliated companies.

Employment information

The Group recognises that its staff is one of the Group’s most important assets. Aiming at providing competitive salary packages, the Group adjusts employees’ salary level in close association with the performance, qualifications and experience of individual staff as well as labour market conditions. In addition to the regular remuneration, discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Group’s business performance.

The Group enjoys good relations with staff and has not experienced any disruption of operations due to major labour disputes. In addition to the remuneration as mentioned above, the Group also provides fringe benefits which comply with the relevant laws and regulations of the PRC and Hong Kong including contributions to society security scheme of the PRC and contribution to the Mandatory Provident Fund Scheme of Hong Kong. Besides, the Group also provides on-going training programmes for its employees to keep them abreast of the latest market trends and new technologies.

As at 30 September 2008, the Group had 218 (30 September 2007: 229) full-time employees, of which 206 are based in Hong Kong and the rest are in the PRC. Staff costs, including directors' emoluments, was approximately HK\$31 million (six months ended 30 September 2007: HK\$27 million) for the six months ended 30 September 2008. During the Period, the Company has not granted any share option to any of its Directors and employees.

Charges on Group assets

As at 30 September 2008, time deposits of approximately HK\$16,878,000 (31 March 2008: HK\$16,773,000) and available-for-sale financial assets of approximately HK\$1,653,000 (31 March 2008: HK\$1,653,000) 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 2008.

Gearing ratio

At 30 September 2008, 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 2008: nil).

Exposure to fluctuations in exchange rates and any related hedges

The Group's assets, liabilities, revenues and expenses are mainly denominated in HK\$, United States dollars ("US\$"), Macao Patacas ("MOP") and Renminbi ("RMB"). The exchange rates between HK\$, US\$, MOP and RMB have been very steady for the past few years. During the year, the Group generally used the receipts from customers and bank loans to pay its suppliers and meet its capital requirements. They are denominated in the local currency of the place in which the subsidiaries operate. The Group does not currently engage in hedging to manage possible exchange rate risk as the Group considers the cost associated with such hedging arrangements would exceed the benefits. However, management will continue to monitor the possible exposure to exchange rate risk and will take such measures as it deems prudent.

Contingent liabilities

At 30 September 2008, the Company has issued corporate guarantees to banks in respect of banking facilities granted to certain wholly owned subsidiaries.

INTERIM RESULTS

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Note	Three Months Ended 30 September		Six Months Ended 30 September	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Turnover	3	18,432	18,400	37,529	35,402
Cost of services rendered		(14,435)	(14,205)	(29,493)	(27,304)
Cost of goods sold		(342)	(810)	(665)	(1,361)
Gross profit		3,655	3,385	7,371	6,737
Other income		63	182	145	299
Administrative expenses		(2,947)	(2,834)	(6,372)	(5,582)
Profit from operations	4	771	733	1,144	1,454
Finance costs		(196)	(347)	(412)	(642)
Profit before taxation		575	386	732	812
Taxation	5	-	(32)	(20)	(52)
Profit attributable to shareholders of the Company		575	354	712	760
Earnings per share	7				
Basic		0.06 cent	0.04 cent	0.08 cent	0.08 cent
Diluted		-	0.04 cent	-	0.08 cent

CONSOLIDATED BALANCE SHEET

	Note	As at 30 September 2008 HK\$'000 (Unaudited)	As at 31 March 2008 HK\$'000 (Audited)
Non-current assets			
Fixed assets	8	524	660
Available-for-sale financial assets		1,653	1,653
		2,177	2,313
Current assets			
Inventories		2,168	1,699
Trade and other receivables	9	12,398	10,895
Deposits and prepayments		1,096	1,010
Income tax recoverable		144	96
Pledged bank deposits		16,878	16,773
Cash and cash equivalents		375	917
		33,059	31,390
Current liabilities			
Trade and other payables	10	12,377	12,305
Short-term borrowings	11	11,603	10,756
		23,980	23,061
Net current assets		9,079	8,329
Net assets		11,256	10,642
Capital and reserves			
Share capital		9,060	9,075
Reserves		2,196	1,567
Total equity		11,256	10,642

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six Months Ended	
	30 September	
	2008	2007
	HK\$'000	HK\$'000
Net cash used in operating activities	(2,266)	(1,965)
Net cash generated from investing activities	80	171
Net cash generated from/(used in) financing activities	733	(1,267)
Net decrease in cash and cash equivalent	(1,453)	(3,061)
Cash and cash equivalents at 1 April	(3,383)	(879)
Effect on foreign exchange rate changes	-	(85)
Cash and cash equivalents at 30 September	(4,836)	(4,025)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reserves							Total
	Share capital	Share premium	Merger reserve	Exchange reserve	Investment revaluation reserve	Accumulated losses	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 April 2007	9,075	22,816	10,749	187	(72)	(33,610)	9,145	
Exchange difference arising on translation of foreign operation	-	-	-	(85)	-	-	(85)	
Profit for the period	-	-	-	-	-	760	760	
Balance at 30 September 2007	9,075	22,816	10,749	102	(72)	(32,850)	9,820	
Balance at 1 April 2008	9,075	22,816	10,749	432	94	(32,524)	10,642	
Repurchase of shares	(15)	(83)	-	-	-	-	(98)	
Profit for the Period	-	-	-	-	-	712	712	
Balance at 30 September 2008	9,060	22,733	10,749	432	94	(31,812)	11,256	

Notes:

1. Basis of preparation

The unaudited interim consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard 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.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial instruments classified as available-for-sale are stated at their fair value.

The principal accounting policies used in the preparation of the unaudited interim consolidated financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2008.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. Turnover and segment information

	Six Months Ended	
	30 September	
	2008	2007
	HK\$’000	HK\$’000
Provision of smartcard systems, radio frequency identification (“RFID”) and IT services		
- Service revenue	5,256	7,782
- Income from maintenance services	3,245	2,181
- Sales of service related products	1,172	2,208
	9,673	12,171
Consultancy income	27,856	23,231
	<u>37,529</u>	<u>35,402</u>

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 IT services : The provision of smartcard systems, RFID and IT services
- Consultancy fee income : The provision of IT consultancy services

	Smartcard systems, RFID and IT services		Consultancy services		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
TURNOVER						
Revenue from external customers	9,673	12,171	27,856	23,231	37,529	35,402
RESULTS						
Segment results	(1,714)	(969)	3,485	2,784	1,771	1,815
Unallocated corporate revenue					145	299
Unallocated corporate expenses					(772)	(660)
Profit from operations					1,144	1,454
Finance costs					(412)	(642)
Profit before taxation					732	812
Income tax					(20)	(52)
Profit for the Period					712	760

(b) Geographical segments

The Group participates principally in Hong Kong, the PRC and Macao.

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

	Six Months Ended	
	30 September	
	2008	2007
	HK\$'000	HK\$'000
Hong Kong	34,571	30,348
Macao	2,424	4,001
The PRC	112	152
Other Locations	422	901
Consolidated	37,529	35,402

4. Profit from operations

Profit from operations is arrived at after charging:

	Three Months Ended		Six Months Ended	
	30 September		30 September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of inventories	564	2,150	1,675	1,985
Depreciation	98	75	197	148
Development costs	380	231	719	391
Exchange loss	3	35	7	39
Loss on disposal of fixed assets	2	-	2	-
Operating lease charges:				
minimum lease payments				
- hire of properties	497	451	989	903
- hire of office equipment	7	-	13	-
Staff costs including directors' emoluments and retirement benefit scheme contributions	15,525	13,962	30,651	26,734

5. Taxation

The provision for Hong Kong profits tax for 2008 is calculated at 17.5% (2007: 17.5%) of the estimated assessable profits for the Period. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

No provision for income tax of the PRC has been made in the financial statements as the Group does not have any assessable profits for taxation purpose in the PRC during the Period (2007: Nil).

6. Dividends

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2008 (six months ended 30 September 2007: \$Nil).

7. Earnings per share

The calculation of the basic and diluted earnings per share is based on:

	Three Months Ended		Six Months Ended	
	30 September		30 September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company	575	354	712	760
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	907,300	907,536	907,417	907,536
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	-	24,842	-	24,873
Weighted average number of ordinary shares for the purpose of diluted earnings per share	907,300	932,378	907,417	932,409

8. Fixed assets

During the six months ended 30 September 2008, the Group acquired fixed assets comprising furniture and fixtures, computers and other equipment and computer software of approximately HK\$64,000 (six months ended 30 September 2007: approximately HK\$105,000).

9. Trade and other receivables

	At 30 September 2008 HK\$'000 (Unaudited)	At 31 March 2008 HK\$'000 (Audited)
Trade receivables	10,768	5,569
Other receivables	609	550
Gross amount due from customers for service contract work	809	4,598
Retention money receivables	212	178
	12,398	10,895

An ageing analysis of trade receivables as at the balance sheet date is as follows:

	At 30 September 2008 HK\$'000 (Unaudited)	At 31 March 2008 HK\$'000 (Audited)
Current	1,027	271
Less than 1 month past due	6,671	3,468
1 month to 3 months past due	2,922	1,228
More than 3 months but less than 1 year past due	148	602
Amounts past due	9,741	5,298
	10,768	5,569

Trade receivables are due within 30 days to 60 days from the date of billing.

10. Trade and Other Payables

	At 30 September 2008 HK\$'000 (Unaudited)	At 31 March 2008 HK\$'000 (Audited)
Trade and bills payables	799	1,796
Accrued charges and other payables	9,442	9,322
Other borrowings	1,000	-
Gross amount due to customers for service contract work	221	253
Deferred maintenance income	901	920
Retention money payables	14	14
	12,377	12,305

An aged analysis of the trade and bills payables, based on the invoice date, is as follows:

	At 30 September 2008 HK\$'000 (Unaudited)	At 31 March 2008 HK\$'000 (Audited)
Within 1 month	464	624
1 month to 3 months	289	883
More than 3 months but less than 12 months	1	230
More than 1 year but less than 2 years	-	45
More than 2 years	45	14
	799	1,796

11. Short term borrowings

	At 30 September 2008 HK\$'000 (Unaudited)	At 31 March 2008 HK\$'000 (Audited)
Secured bank loans	6,392	6,456
Secured bank overdrafts	5,211	4,300
	11,603	10,756

12. 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 2007, 31 March 2008 and 1 April 2008	907,536,000	9,075,360
Repurchase of shares	(1,552,000)	(15,520)
At 30 September 2008	905,984,000	9,059,840

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2008, 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>Total</u>	Percentage of issued share capital
	<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)	50.36%
Mr. George Roger Manho	83,142,254 (L)	-	-	-	83,142,254 (L)	9.18%
Mr. Cheng Kwok Hung	-	456,250,348 (L) (Note 2)	-	-	456,250,348 (L)	50.36%

Notes:

- 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 2008, 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 2008</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)	51.03%
Mr. George Roger Manho	83,142,254 (L)	4,000,000 (L)	87,142,254 (L)	9.62%
Mr. Cheng Kwok Hung	456,250,348 (L)	4,000,000 (L)	460,250,348 (L)	50.80%
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 September 2008, 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", as at 30 September 2008, 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 SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 September 2008, 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	50.36%
Mr. George Roger Manho (Note 2)	83,142,254	9.18%

Notes:

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".
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".

SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme (the "Pre-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 was simultaneously terminated. Upon termination of the Pre-IPO Scheme, no further options may be offered thereunder. However, in respect of the outstanding options, the provisions of the Pre-IPO Scheme shall remain in force. The outstanding options granted under the Pre-IPO Scheme shall continue to be subject to the provisions of the Pre-IPO Scheme 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

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

Name or category of participant	Number of share options				Outstanding at 30 September 2008	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 2008	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	HK\$0.095	N/A
George Roger Manho /Director	4,000,000	-	-	-	4,000,000	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
Cheng Kwok Hung /Director	4,000,000	-	-	-	4,000,000	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
Liu Hoi Wah /Director	19,112,640	-	-	-	19,112,640	12 February 2001	21 August 2001 to 11 February 2011	HK\$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	HK\$0.095	N/A
Employees	35,157,920	-	-	-	35,157,920	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
	<u>70,140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,140,000</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 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 2008	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 2008	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	HK\$0.175	HK\$0.175
An Employee	6,400,000	-	-	-	6,400,000	9 August 2002	9 February 2003 to 8 August 2012	HK\$0.175	HK\$0.175
	<u>9,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,900,000</u>				

At 30 September 2008, the number of shares outstanding and issuable under the Pre-IPO Scheme and the 2002 Scheme were 70,140,000 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 OF THE COMPANY

During the Period, the Company repurchased a total of 1,552,000 shares of HK\$0.01 each in the share capital of the Company on the Stock Exchange pursuant to the general mandates granted by the shareholders at the annual general meeting of the Company held on 8 August 2008, details of which were as follows:

Date of repurchase	No. of shares repurchased	Price per share repurchased		Total consideration (before expenses)
		Highest HK\$	Lowest HK\$	HK\$
9 September 2008	272,000	0.075	-	20,400
10 September 2008	100,000	0.075	-	7,500
11 September 2008	100,000	0.070	-	7,000
12 September 2008	100,000	0.070	-	7,000
17 September 2008	100,000	0.052	-	5,200
18 September 2008	188,000	0.045	-	8,460
19 September 2008	92,000	0.048	-	4,416
22 September 2008	200,000	0.059	-	11,800
23 September 2008	200,000	0.059	-	11,800
24 September 2008	200,000	0.059	-	11,800
	<u>1,552,000</u>			<u>95,376</u>

All shares repurchased were cancelled subsequently and accordingly the Company's issued share capital was reduced by the nominal value of these shares. The repurchases were effected for the benefit of the shareholders as a whole by enhancing the net assets and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the Period.

COMPETING INTERESTS

As at 30 September 2008, 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. 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 advice and comments thereon to the Board. The Group's interim report for the six months ended 30 September 2008 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.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the Period, save for the deviations discussed below.

Under the 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 Board considers that, with the present board structure and scope of business of the Group, there is no imminent need to separate the roles into two individuals as Mr. Lau is perfectly capable of distinguishing the priority of these roles in which he has been acting. 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.

Under the code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Under the 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.

Under the present articles of association of the Company, Mr. Lau Hon Kwong Vincent, being chairman and chief executive officer of the Company, is not subject to retirement by rotation. This is not in compliance with the Code requirement that every director must retire by rotation once every three years.

Besides, 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.

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 September 2008.

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

Hong Kong, 7 November 2008

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.