



ITE (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8092)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

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 Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

Turnover of the Group for the six months ended 30 September 2010 was approximately HK\$10,335,000 representing a decrease of approximately 75% over the turnover of approximately HK\$40,832,000 for the same period in 2009.

Loss attributable to shareholders of the Company for the six months ended 30 September 2010 amounted to approximately HK\$2,584,000 compared to that of approximately HK\$416,000 for the same period in 2009.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2010 (six months ended 30 September 2009: Nil).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I hereby present the unaudited interim consolidated results of ITE and its subsidiaries (together, the "Group") for the six months ended 30 September 2010 (the "Period").

Mission

The mission of the Group is to become the leading smartcard, radio frequency identification ("RFID"), biometrics product, solution and services 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, 8 November 2010

BUSINESS REVIEW

The Management of the Group has continued to utilize our professional and committed workforce and financial resources to achieve maximum return to our shareholders.

During the Period, our solution and professional services arm, ITE Smartcard Solutions Limited (“ITES”), for the second consecutive year, has completed the delivery of more than 20,000 personalized student smartcards for the Institutes and Colleges of the Vocational Training Council. ITES was awarded a contract to instal an Octopus Card based access control system for the Mei Foo Estate Phase II, and a contract to upgrade the hostel magnetic stripe door locks of the Hong Kong Baptist University to a contactless smartcard system. Our Macao operation arm, ITE (Macao) Limited was awarded a project by a law enforcement department to design, develop and deliver an active-RFID enabled track and trace solution. The solution will be implemented within a highly secured environment and several algorithms will be developed together with the related software and hardware.

The Group has continued to build up and protect our intellectual assets through innovation, research and development. Our R&D company, RF Tech Limited (“RFT”) was pleased to announce that upon the completion and delivery of MacauPass payment solution, RFT has expanded collaboration with the world leading document management solution provider, Canon Hong Kong Limited, to design and develop an Octopus Card payment solution for their photocopying product line. The development and type approval are expected to be completed before end of this year.

Celebrating the 10th anniversary of the launch of our award-winning product, HOMAC smartmeter, ITES and RFT worked together to upgrade and develop new smartmeter products to meet the needs and requirements of our clients for the next decade. Over 12,000 pieces of our "Hong Kong Industry Award" winning smartmeters have been installed and in use in Hong Kong and Macao campuses for more than 10 years. As the pioneering inventor of this application product, ITES is now offering new product lines which support both online and offline operations. The new product lines can also support different kinds of payment mean, including but not limited to, Octopus card, MacauPass card and the proprietary e-Purse card.

Besides our continual effort in business and technological development, ITE has been playing an active role in social responsibility and caring. This year, we have provided seven internship opportunities to university students coming from the Hong Kong Polytechnic University, the Chinese University of Hong Kong and the Vienna University of Technology.

Financial Performance

For the Period, the Group had recorded a total revenue of approximately HK\$10 million, representing a decrease of 75% over the same period in 2009. Loss attributable to the shareholders of the Company for the six months ended 30 September 2010 was approximately HK\$2.58 million as compared to that of approximately HK\$0.42 million for the corresponding period in 2009.

Segmental information

For the six months ended 30 September 2010, the Group had recorded a decrease in turnover of about 75% when compared with the same period last year. The Group's gross profit margin had increased from 16% in last year to 25% in the current year.

During the Period, the service revenue generated from the provision of smartcard systems, RFID and information technology ("IT") services had dropped by 33% to approximately HK\$3,512,000 (six months ended 30 September 2009: approximately HK\$5,210,000). Under the same segment, the maintenance income had also slightly dropped by 2% to approximately HK\$4,390,000 (six months ended 30 September 2009: HK\$4,472,000).

For consultancy service segment, the turnover decreased significantly by 94% when compared with last year. With reference to the Company's profit warning announcement on 25 August 2009, the substantial decline in turnover was mainly due to the ending of a major consultancy service contract on 31 October 2009.

With the continual stringent cost control, the Group's administrative expenses had decreased by approximately 22% when compared with the same period last year.

The finance costs had decreased significantly by 77% to approximately HK\$44,000 (six months ended 30 September 2009: HK\$196,000) during the Period as a result of improvement in cash flow and cheaper finance obtained.

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 2010, the Group had outstanding borrowings of approximately HK\$3,166,000, comprising secured bank loans of approximately HK\$2,603,000 and bank overdrafts of approximately HK\$563,000. There was no seasonality in the Group's bank borrowing requirements, and all monies borrowed bear interest at floating rate. As at 30 September 2010, the current ratio of the Group was 2.31 (31 March 2010: 1.82) while the liquidity ratio was 2.09 (31 March 2010: 1.71)

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 and investment requirements 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 2010, the Group had employed 80 (30 September 2009: 183) full-time employees. Among them, 70 are based in Hong Kong and the rest are based in the PRC and Macao. Staff costs, including directors' emoluments, were approximately HK\$7 million (six months ended 30 September 2009: HK\$34 million) for the six months ended 30 September 2010. 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 2010, time deposits of approximately HK\$6,931,000 (31 March 2010: HK\$17,624,000) 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 2010.

Gearing ratio

At 30 September 2010, 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 2010: nil).

Exposure to fluctuations in exchange rates and 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 2010, the Company has issued corporate guarantees to banks in respect of banking facilities granted to certain wholly owned subsidiaries.

INTERIM RESULTS

Unaudited Consolidated Statement of Comprehensive Income

	Note	Three Months Ended		Six Months Ended	
		30 September		30 September	
		2010	2009	2010	2009
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3	6,272	20,378	10,335	40,832
Cost of services rendered		(4,261)	(17,742)	(7,399)	(33,911)
Cost of sales		(111)	(109)	(315)	(521)
Gross profit		1,900	2,527	2,621	6,400
Other income		20	7	21	32
Administrative expenses		(2,611)	(3,175)	(5,182)	(6,652)
Loss from operations		(691)	(641)	(2,540)	(220)
Finance costs		(12)	(95)	(44)	(196)
Loss before taxation	4	(703)	(736)	(2,584)	(416)
Income tax	5	-	-	-	-
Loss attributable to					
shareholders of the company		(703)	(736)	(2,584)	(416)
Other comprehensive income		-	-	-	-
Total comprehensive loss		(703)	(736)	(2,584)	(416)
Loss per share	7				
Basic (HK cents)		(0.08)	(0.08)	(0.28)	(0.05)
Diluted (HK cents)		(0.08)	N/A	(0.28)	N/A

CONSOLIDATED BALANCE SHEET

	Note	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)
Non-current assets			
Fixed assets		123	176
Current assets			
Financial assets at fair value through profit or loss		83	-
Inventories		1,642	1,600
Trade and other receivables	8	5,874	4,930
Income tax recoverable		118	73
Pledged bank deposits		6,931	17,624
Cash and bank balances		2,137	1,532
		16,785	25,759
Current liabilities			
Trade and other payables	9	3,832	4,113
Provisions		263	291
Short-term borrowings	10	3,166	9,753
		7,261	14,157
Net current assets		9,524	11,602
Net assets		9,647	11,778
Capital and reserves			
Share capital	11	9,081	9,033
Reserves		566	2,745
Total equity		9,647	11,778

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six Months Ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Net cash used in operating activities	(3,883)	(1,242)
Net cash (used in)/generated from investing activities	(72)	14
Net cash generated from/(used in) financing activities	10,748	(2,617)
Net increase/(decrease) in cash and cash equivalent	6,793	(3,845)
Cash and cash equivalent at 1 April	(5,220)	1,028
Cash and cash equivalent at 30 September	1,573	(2,817)

Unaudited Consolidated Statement of Changes in Equity

	Reserves					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Exchange reserve HK\$'000	Accumulated Losses HK\$'000	
Balance at 1 April 2009	9,056	22,721	10,749	432	(31,209)	11,749
Total comprehensive loss						
for the period	-	-	-	-	(416)	(416)
Repurchase of shares	(15)	(80)	-	-	-	(95)
Balance at 30 September 2009	9,041	22,641	10,749	432	(31,625)	11,238
Balance at 1 April 2010	9,033	22,570	10,749	432	(31,006)	11,778
Total comprehensive loss						
for the Period	-	-	-	-	(2,584)	(2,584)
Shares issued under						
share option scheme	48	405	-	-	-	453
Balance at 30 September 2010	9,081	22,975	10,749	432	(33,590)	9,647

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.

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 2010.

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	
	2010	2009
	HK\$’000	HK\$’000
Provision of smartcard systems, radio frequency identification and information technology services		
- Service revenue	3,512	5,210
- Income from maintenance services	4,390	4,472
- Sales of service related products	511	968
	8,413	10,650
Consultancy income	1,922	30,182
	10,335	40,832

The group has adopted HKFRS 8 with effect from 1 April 2009, HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14, Segment reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The group's operating and reportable segments under HKFRS 8 are (i) smartcard systems, RFID and IT services; and (ii) consultancy services. Information regarding these segments is reported below.

	Smartcard systems, RFID and IT services		Consultancy services		Consolidated	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
TURNOVER						
Revenue from external customers	8,413	10,650	1,922	30,182	10,335	40,832
RESULTS						
Segment (loss)/profit	(1,346)	(540)	(326)	1,280	(1,672)	740
Unallocated corporate revenue					21	33
Unallocated corporate expenses					(889)	(993)
Loss from operations					(2,540)	(220)
Finance costs					(44)	(196)
Loss before taxation					(2,584)	(416)
Income tax					-	-
Loss for the period					(2,584)	(416)
ASSETS						
Segment assets	7,086	7,091	487	6,834	7,573	13,925
Unallocated assets					9,335	19,080
Total assets					16,908	33,005
LIABILITIES						
Segment liabilities	3,252	4,723	435	9,092	3,687	13,815
Unallocated liabilities					3,574	7,952
Total liabilities					7,261	21,767
OTHER INFORMATION						
Capital expenditure	9	12	-	2	9	14
Depreciation	58	160	3	2	61	162
Write-down of inventories	-	-	-	-	-	-

For the purpose of monitoring segment performances and allocating resources between segments:

- Segment profit/(loss) represented profit earned by/(loss from) each segment without allocation of central administration costs, other income, finance costs and income tax expense.
- All assets are allocated to reportable segments other than prepaid central administration costs, income tax recoverable, pledged bank deposits and cash and cash equivalents.
- All liabilities are allocated to reportable segments other than accrued central administration costs, income tax payable and short-term borrowings.

Geographical information

The group's operations are principally located in Hong Kong, Macao and the PRC.

The group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong	7,743	36,054	107	152
Macao	2,554	4,613	7	10
PRC	38	145	9	14
Other locations	-	20	-	-
	10,335	40,832	123	176

4. Loss before taxation

Loss before taxation is arrived at after charging:

	Three Months Ended		Six Months Ended	
	30 September		30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(a) Finance costs:				
Interest on bank loans and overdrafts	12	95	44	196
(b) Staff costs (including directors' remuneration):				
Salaries, wages and other benefits	3,739	16,864	6,701	32,859
Retirement scheme contributions	149	533	278	1,062
	3,888	17,397	6,979	33,921
(c) Other items:				
Cost of inventories	1,515	1,683	2,254	3,395
Depreciation	30	63	61	162
Development costs	198	326	409	683
Exchange loss	6	-	10	-
Loss on disposal of fixed assets	1	-	1	-
Operating lease charges:				
minimum lease payments				
- hire of properties	458	462	932	940
- hire of office equipment	11	8	22	16

5. Income tax

The provision for Hong Kong profits tax for 2010 is calculated at 16.5% (2009: 16.5%) 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 (2009: Nil).

6. Dividends

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2010 (six months ended 30 September 2009: \$Nil).

7. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders of the Company of approximately HK\$2,584,000 (six months ended 30 September 2009: approximately HK\$416,000) and the weighted average of 907,652,175 (six months ended 30 September 2009: 905,530,251) ordinary shares in issue during the respective periods.

(b) Diluted loss per share

The calculation of diluted earnings per share for the Period was based on the loss attributable to shareholders of the company of approximately HK\$2,584,000 and the weighted average number of ordinary shares of 934,927,267 shares, calculated as follows:

	2010
Weighted average number of ordinary shares for the purpose of basic earnings per share at 30 September	907,652,175
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>27,275,092</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share at 30 September	<u>934,927,267</u>

No diluted earnings per share is presented for the period as there were no dilutive potential ordinary shares in existence for the six months ended 30 September 2009.

8. Trade and other receivables

	At 30 September 2010 HK\$'000 (Unaudited)	At 31 March 2010 HK\$'000 (Audited)
Trade receivables	2,916	1,289
Other receivables	484	768
Gross amount due from customers for service contract work	1,466	1,847
Retention money receivables	43	47
Deposits and prepayments	965	979
	<u>5,874</u>	<u>4,930</u>

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

	At	At
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Current	1,133	567
Less than 1 month past due	1,327	614
1 month to 3 months past due	449	95
More than 3 months but less than 1 year past due	7	13
Amounts past due	1,783	722
	2,916	1,289

Trade receivables are due within 60 days (2009: 45 days) from the date of billing.

9. Trade and Other Payables

	At	At
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables	602	1,027
Accrued charges and other payables	1,969	1,758
Gross amount due to customers for service contract work	411	203
Deferred maintenance income	850	1,125
	3,832	4,113

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	At	At
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Less than 1 month	417	424
1 month to 3 months	184	352
More than 3 months but less than 1 year	-	236
More than 1 year	1	15
	602	1,027

10. Short term borrowings

	At 30 September 2010 HK\$'000 (Unaudited)	At 31 March 2010 HK\$'000 (Audited)
Secured bank loans	2,603	3,000
Secured bank overdrafts	563	6,753
	3,166	9,753

11. Share capital

	Number of shares	HK\$
Authorised:		
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000,000
Ordinary share, issued and fully paid:		
At 1 April 2009	905,568,000	9,055,680
Repurchase of shares	(1,524,000)	(15,240)
At 30 September 2009	904,044,000	9,040,440
At 1 April 2010	903,316,000	9,033,160
Shares issued under share option scheme	4,760,000	47,600
At 30 September 2010	908,076,000	9,080,760

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

As at 30 September 2010, 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					Percentage of issued shares
	<u>Personal interests</u>	<u>Corporate interests</u>	<u>Family interests</u>	<u>Other interests</u>	<u>Total</u>	
Mr. Lau Hon Kwong, Vincent	-	271,102,348 (L) (Note 2)	-	-	271,102,348 (L)	29.85%
Mr. George Roger Manho	63,142,254 (L)	-	-	-	63,142,254 (L)	6.95%
Mr. Cheng Kwok Hung	129,628,000 (L)	-	-	-	129,628,000 (L)	14.28%
Mr. Lee Peng Fei Allen	1,760,000 (L)	-	-	-	1,760,000 (L)	0.19%

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 held 67.94% 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 2010, 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>	Number of options outstanding at 30 September 2010	<u>Date granted</u>	<u>Period during which options exercisable</u>	Number of shares acquired on exercise of options during the Period	Price per share to be paid on exercise of options
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	-	12 February 2001	21 August 2001 to 11 February 2011	1,760,000 (L)	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 of total issued shares</u>
Mr. Lau Hon Kwong, Vincent	271,102,348 (L)	6,109,440 (L)	277,211,788 (L)	30.53%
Mr. George Roger Manho	63,142,254 (L)	4,000,000 (L)	67,142,254 (L)	7.39%
Mr. Cheng Kwok Hung	129,628,000 (L)	4,000,000 (L)	133,628,000 (L)	14.72%
Mr. Liu Hoi Wah	-	19,112,640 (L)	19,112,640 (L)	2.10%
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 2010, 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 2010, 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.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2010, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and so far as is known to any Director or chief executive of the Company:

Name of shareholder	<u>Number of ordinary shares held</u>	<u>Percentage of total issued shares</u>
Rax-Comm (BVI) Limited (Note 1)	271,102,348	29.85%
Lau Hoi Chuen (Note 2)	56,522,388	6.22%

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 Lau Hoi Chuen is the elder brother of Lau Hon Kwong, Vincent.

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.

SHARE OPTION SCHEMES

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 2010	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 2010	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	-	3,000,000	-	32,157,920	12 February 2001	21 August 2001 to 11 February 2011	HK\$0.095	N/A
	<u>70,140,000</u>	<u>-</u>	<u>4,760,000</u>	<u>-</u>	<u>65,380,000</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 2010	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 2010	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 2010, the number of shares outstanding and issuable under the Pre-IPO Scheme and the 2002 Scheme were 65,380,000 and 9,900,000 respectively.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Period.

COMPETING INTERESTS

As at 30 September 2010, the Directors were not aware of any business or interest of each Director, managing 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 advices and comments thereon to the Board. The Group's interim report for the six months ended 30 September 2010 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.

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. 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 2010.

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

Hong Kong, 8 November 2010

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.