



2006-2007

ITE (HOLDINGS) LIMITED

INTERIM REPORT 2006-2007

中 期 報 告

Stock Code: 8092



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This report, 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 report 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 report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

創業板的特色

創業板乃為帶有高投資風險之公司提供上市市場。尤其在創業板上市的公司毋須擁有過往溢利記錄，亦毋須預測未來溢利。此外，在創業板上市的公司可因其新興性質及該等公司經營業務的行業或國家而帶有風險。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板之較高風險及其他特色表示創業板較適合專業及其他經驗豐富的投資者。

由於創業板上市的公司屬新興性質，在創業板買賣的證券可能會較在聯交所主板買賣的證券承受較大的市場波動風險，同時無法保證在創業板買賣的證券會有高流通量的市場。

創業板發佈資料的主要途徑為在聯交所為創業板而設的互聯網網頁上刊登。創業板上市公司一般毋須在憲報指定報章刊登付款文件披露資料。因此，有意投資的人士須留意本身能否接達創業板網頁，以便取得創業板上市發行人的最新公開資料。

聯交所對本報告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不會就本報告全部或任何部份內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

本報告的資料乃遵照香港聯合交易所有限公司《創業板證券上市規則》（「創業板上市規則」）而刊載，旨在提供有關ITE (Holdings) Limited（「ITE」或「本公司」）的資料。本公司各董事（「董事」）願就本報告共同及個別承擔責任，並在作出一切合理查詢後確認，就彼等所知及所信：(i) 本報告所載的資料在各重大方面均屬準確完整，且無誤導成份；(ii) 本報告並無遺漏其他事實，致使本報告所載任何內容產生誤導；及(iii) 本報告所表達的一切意見乃經審慎周詳考慮後始行發表，並以公平合理的基準及假設為依據。

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Turnover of the Group for the six months ended 30 September 2006 was approximately HK\$32,021,000 representing a slightly decrease of approximately 2% over the turnover of approximately HK\$32,696,000 for the same period in 2005.

Profit attributable to shareholders of the Company for the six months ended 30 September 2006 amounted to approximately HK\$2,063,000 compared to that of approximately HK\$505,000 for the same period in 2005.

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

截至二零零六年九月三十日止六個月期間，本集團的營業額約為32,021,000港元，較二零零五年同期之營業額約32,696,000港元輕微減少約2%。

截至二零零六年九月三十日止六個月期間本公司的股東應佔溢利約為2,063,000港元，比對二零零五年同期錄得約為505,000港元。

董事不建議派付截至二零零六年九月三十日止六個月期間的中期股息(截至二零零五年九月三十日止六個月：無)。

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 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 Administrative Region ("Hong Kong" or "HKSAR"), the Macau Special Administrative 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, 10 November 2006

致各股東：

本人謹代表董事會（「董事會」），提呈ITE (Holdings) Limited及其附屬公司（合稱「本集團」）截至二零零六年九月三十日止六個月（「期內」）的未經審核中期綜合業績。

目標

本集團的目標，是要成為全球具領導地位的智能卡、射頻識別和生物特徵科技方案供應商及系統集成商。ITE 一直是香港特別行政區（「香港」）、澳門特別行政區（「澳門」）及中華人民共和國（「中國」）之智能卡系統方案及集成工作的先驅，並一直表現優良。本集團具備專業知識、強大的研究及開發（「研發」）能力及良好的往績，並於業內享負盛名，已在香港業界建立領導地位，積極向客戶推介創新及度身訂造的智能卡、射頻識別及生物特徵技術應用方案。憑藉於行內累積的豐富經驗，ITE致力為來自不同行業的客戶研發專業產品、多功能應用方案及提供相關服務，並擴展業務至海外國家。

致謝

本人謹藉此機會，向董事會成員、管理層及員工所付出的幹勁和努力，以及股東、資本市場的朋友及業務夥伴一直以來的支持，致以深切謝意。

承董事會命
ITE (Holdings) Limited
主席
劉漢光

香港，二零零六年十一月十日

Business Review 業務回顧

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

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

The 5% equity interest in Shanghai Yanhua was treated as available-for-sale financial assets with carrying amount of HK\$2,074,029 in the annual report of the Company for the year ended 31 March 2006. The Directors considered that the terms and conditions of the disposal were fair and reasonable and were in the best interest of the Group and the shareholders of the Company taken as a whole. The proceeds received by the Group will be applied as general working capital depending on our working capital requirement from time to time.

Marketing and Sales

Our subsidiary, RF Tech Limited (“RFT”), is proud to announce that our product is spreading around the worldwide market and being used for international government event.

本集團的管理人員憑藉專業知識、集團賦予的人力及財政資源，為股東創建最佳的回報。

董事會欣然宣佈於期內成功出售上海延華智能科技有限公司(「上海延華」)的5%股權。於二零零六年六月二十七日，本集團的全資附屬公司，上海阿艾依智控系統有限公司(「上海阿艾依」)與胡黎明先生(「胡先生」)訂立協議，胡先生同意以3,900,000元人民幣向上海阿艾依收購上海延華的5%股權。

截至二零零六年三月三十一日為止的年報中，上海延華的5%股權均以2,074,029港元指定為可供出售金融資產。董事認為該協議的條款屬公平及合理，並符合本集團及本公司股東最佳利益。本集團已將獲得的款項撥作為一般營運資金。

銷售及市場推廣

本集團附屬子公司，RF Tech Limited (「RFT」)欣然宣佈產品已邁向國際市場，並獲海外政府項目使用。

The Business Advisory Council of Asia-Pacific Economic Cooperation (APEC) had held its 3rd meeting and Tenth Anniversary Conference (“Conference”) in Cebu, Philippines on 12-15 August 2006. Guests and businessmen from various parts of the world gathered together for the Conference. During the Conference, the Optical Turnstile Pole of RFT was taken an important security role to authenticate guests’ identity before they accessed to the venue.

The project was primed and delivered by our system integration partner in Philippines, which carries and resells RFT’s product lines. Working with the same partner, RFT is negotiating for more product sales for a more important international event in Philippines, namely the ASEAN SUMMIT.

Further to the successful export of product by RFT, our subsidiary, ITE Smartcard Solutions Limited (“ITES”), has provided and put in operation a prototype of Automated Passenger Clearance System for an overseas country to develop her traveller biometrics border control system.

Within the local market, with the completion of card management and passage management systems to Caritas Francis Hsu College (“College”), ITES is also pleased to render Card Personalization Service for this new client. Hundreds of smartcards have been personalized and delivered to the College during the semester starts. Effective and efficient campus management of Caritas will be ensured with personalized campus smartcards.

According to clients’ every special requirement, we are able to offer best solutions and services to fulfill their needs. With this advantage, ITE is winning and aheading our reputation and standing in the campus sector in Hong Kong and Macau.

二零零六年八月十二日至十五日，亞太經濟合作組織（「APEC」）工商諮詢理事會於菲律賓宿霧進行第三次會議及十週年紀念會議（「會議」）。來自世界各地的嘉賓及工商界人士冠蓋雲集。會議期間，會場使用了RFT的智能卡光學閘門作為主要保安設施，為嘉賓進入會場時作身份鑑證用途。

這次項目的策劃及交付由本集團於菲律賓之系統集成及產品營銷夥伴執行。緊接著，RFT與夥伴再接再厲將更多產品向另一國際活動，東南亞國家聯盟（「ASEAN」），高峰會議推介。

隨著RFT的產品成功銷售海外，智控系統有限公司（「智控系統」）亦同時為一個海外國家提供及推出旅客自助過關系統原型，以協助發展該國旅客過境的生物特徵科技管制系統。

在本地市場上，智控系統為明愛徐誠斌學院（「學院」）成功交付智能卡管理系統及通道管理系統後，再為學院提供智能卡個人化的服務。數百張個人化的智能卡已於本學期順利交付。個人化智能卡的應用為校園管理達致更高效益及效率水平。

以客為尊，我們都竭盡所能迎合客戶每項獨特的要求，務求將提供的應用方案及服務達到至臻完美，為成功打下良好基礎。在這強勢下，本公司於香港及澳門校園業務成就超卓，傲視同儕。

Research and Development

To better reflect the core business and technology nature of our product arm, RF Tech Limited, a new mission statement was defined. RFT is an advanced information technology company specializing in the innovative design and delivery of products which build on core technologies of smartcard, radio frequency identification (RFID), biometrics, computer vision and wireless serving the application needs of modern life automation, security and safety.

Innovation and Intellectual

During the Period, ITES has taken an action for protecting our Intellectual Property Rights (IPR). In this action, formal IPR statements and letters were sent to various clients to address the ownership of IPRs and proprietary rights associated with our products, systems and solutions. By increasing our clients' awareness and knowledge of IPRs, the risks of infringement of our and our partners' IPR in any unwitting situations can be reduced.

Certainly, our core value can be assured and reinstated. We trust that through respecting IPRs, we and our clients can always work together to build a more level playing business society for all to work and trade.

Our Intellectual Property Rights Center ("IPRC") is pleased to announce that the registration design of our "Automated Passenger Management System (APMS) with Passenger Height Detection Sensor Mechanism" has successfully been filed to both, the Office for Harmonization in the Internal Market, Office of the European Union and United States Patent and Trademark Office.

研究及開發

為了突顯產品旗艦公司RFT的核心業務及技術，RFT重新訂立新的企業目標。RFT是一間通過以智能卡、射頻識別技術、生物特徵科技、電腦視覺及無線技術以提升現代生活自動化、保安及安全水平的創新設計及產品交付的資訊科技公司。

創新及知識資產

期內，智控系統為了確立對自身知識產權的保護作出了實質的行動，向相關客戶以書面陳述本公司擁有之產品、系統及解決方案的知識產權及使用權限。提升各客戶對知識產權的認知，以減低客戶在不警覺之情況下作出侵權的行為。

我們確信企業價值需不斷鞏固及重申，透過對知識產權的尊重，我們與客戶定必可以攜手創建一個更公平公正、繁榮和諧的商貿社會。

上海設立的知識產權中心（「IPRC」）欣然宣佈「旅客自助過境管理系統（「APMS」）連旅客高度感應裝置」已取得歐洲內部市場協調局（即「歐盟商標局」）與美國專利商標局的外觀註冊登記。

Our APMS is constructed with a sophisticated combination of software, hardware electronics, electrical and mechanical components, which are controlled by advanced controllers and industrial personal computers. The new design incorporates a series of new functions and components including passenger height detection sensors and biometric devices such as iris scanner and facial recognition camera. E-Passport reader is also added and supported in our innovative design. We will keep on advancing our APMS to grow with the world's trend of security and automation in passenger management.

We aim to file our patents in the overseas countries that help in protecting our intellectual property rights worldwide. We believe it is an important and great step to put our products to the global marketplace.

Social Responsibility

We possess a core set of values that drive the way in which we work. We aim to be client-focused, technology-driven, team-orientated, and to develop and sustain long-term working partnerships with our clients to enable them to benefit from our business and technical expertise. We strive to maintain professionalism and integrity at all times. We also bear the responsibility to make Hong Kong a better place for all by caring the community, protecting the environment and enhancing sustainable development.

During the Period, we have made new donation to the Suicide Prevention Services (“SPS”) whose mission is to serve people who are suicidal, despairing or in emotional distress by means of befriending and other services helping them to regain control of their emotions and the will to live on. SPS also aims at raising general awareness towards suicide and identifying ways in which suicides can be effectively addressed.

APMS配有高端設置，包括先進軟件及硬件、電子及機電等設備，通過控制器及電腦控制運作。新一代的設計能支援新功能及組件，包括旅客高度感應裝置及生物特徵識別科技，例如虹膜識別及容貌識別儀器等。電子護照閱讀器是嶄新設計亦同時加入使用。APMS的功能不斷提升與時並進，緊貼全球對旅客管理自動化及高度保安的需求步伐。

為了保護我司在全球的知識產權，我們在海外多個國家申請專利，為產品進軍國際市場踏出重要的一步。

社會責任

本集團由一套核心價值帶動業務發展。目標是以客戶為尊、科技為本、以團隊精神、發展及持續長遠的商務夥伴關係，與客戶共創業務及技術上的互惠互利，達至雙贏。創業至今，我們保持專業精神及堅守誠信態度，肩負企業社會責任，透過關懷社會，保護環境及持續發展來創建更繁盛的香港。

「生命承可貴」，期內我們首次捐助了「生命熱線」。生命熱線的宗旨是致力向有自殺傾向、感到絕望及有情緒困擾的人士提供益友及其他預防自殺服務，使他們情緒得以紓緩，從而積極面對人生。此外，生命熱線希望提高公眾對自殺的認識，並尋求預防自殺的有效方法。

Future Prospect

With the growing needs of IT products and services in Hong Kong and Macau and the worldwide demand of identification and security solution, tremendous business opportunity is ahead. Through efficient and effective management of the Group, we believe that the gross margin and profit shall continue to improve. The Directors also aim to invest resources and build up new products and business lines in supporting our on-going business development.

The Directors are glad to present an encouraging interim results of the fiscal year 2006/07, and we are optimistic to maintain profitability in the next quarter and throughout the whole fiscal year.

Financial Performance

For the Period, the Company recorded a total revenue of approximately HK\$32 million, representing a slightly decrease of 2% over the same period in 2005. Profit attributable to the shareholders of the Company for the six months ended 30 September 2006 was approximately HK\$2 million as compared to that of approximately HK\$0.5 million for the corresponding period in 2005.

展望

隨著香港和澳門對資訊科技產品及服務的需求增加，及全球對身份識別及保安系統採購的加大，為業界帶來無限商機。集團透過控制成本得宜，不斷調整業務策略，持續改善管治使企業邊際利潤及溢利得以改進。董事們為持續發展業務而投入資源，增加新產品及業務方向。

董事們欣然公佈二零零六至零七年度令人鼓舞的中期業績，我們將繼續全力以赴，對下季度及全年的營利增長充滿信心。

財務表現

期內，本集團錄得收入約為32,000,000港元，較去年同期輕微減少2%。截至二零零六年九月三十日止六個月的本公司股東應佔溢利約為2,000,000港元，比對去年同期錄得約為500,000港元。

Segmental information

For the six months ended 30 September 2006, the Group recorded a decrease in turnover for about 2% when compared with the same period in last year. The decrease was mainly due to drop in turnover on our core business of provision of smartcard systems, RFID and information technology services. During the Period, the turnover of this segment was approximately HK\$10.7 million which was dropped for 26% with that of same period in last year. With the decrease in turnover, the segment results of loss increased to approximately HK\$871,000. The decrease of revenue in this segment was almost absorbed by the increase in revenue of consultancy service segment.

For consultancy service segment, the revenue was increased for about 18% when compared with the same period in last year. With the decrease in margin in this segment, the Group had tried to increase its client base so as to maintain its segment profits.

With the tighter cost control, the other staff costs had decreased for 9% to approximately HK\$2,619,000 for the Period (six months ended 30 September 2005: approximately HK\$2,874,000). However, the other operating expenses had increased for more than 53% to approximately HK\$2,894,000 for the Period (six months ended 30 September 2005: approximately HK\$1,889,000). The significant increase in other operating expenses was mainly due to office removal associated expenses and increase in office rental charges. The Group's office tenancy agreement was signed in three years ago and the rate of office rental had been increased significantly during the past three years. Therefore, the Group's office had been moved to a comparatively cheaper location in September 2006 but the new office rental charges is still double with its' previous one.

分部資訊

截至二零零六年九月三十日止六個月期間，本集團錄得營業額較去年同期下降2%。下降原因主要是集團核心業務，包括提供智能卡、射頻識別系統及資訊科技服務等下調。期內，分部業績營業額約為10,700,000港元，較去年同期下降26%。在營業額下調的情況下，分部業績虧損增至約為871,000港元。然而，營業額縮減的部份已由顧問服務業務的增長所抵銷。

顧問服務範疇方面，營業額較去年同期增加18%。在邊際利潤的縮減情況下，集團將致力擴展客戶層面，從而保持穩定收入。

在致力控制營運成本下，期內其他員工成本已經減省9%至約2,619,000港元(截至二零零五年九月三十日止六個月：約2,874,000港元)。然而，其他經營開支即增加53%至約2,894,000港元(截至二零零五年九月三十日止六個月：約1,889,000港元)。構成這顯著的變動主要是來自新辦公室租金的急速上升及搬遷裝置所需的費用。集團舊有的租務協議由於是三年前所簽訂，而這三年間的寫字樓租金以倍數上升。儘管集團於二零零六年九月份已遷往租金較合理的新辦公室，可是新租金亦有兩倍的增幅。

The finance costs increased by 36% to approximately HK\$701,000 (six months ended 30 September 2005: approximately HK\$514,000) as a result of increase in interest rate and borrowings.

Trade receivables and trade payables balances as at 30 September 2006 increased to approximately HK\$9,049,000 and HK\$1,800,000 respectively (31 March 2006: approximately HK\$4,748,000 and HK\$2,297,000 respectively).

Liquidity, financial resources and treasury policies

The Group generally financed its operations with its internally generated cash flows and bank borrowings. At 30 September 2006, the Group had outstanding borrowings of HK\$13,659,403, comprising short-term loans of HK\$6,397,032 and bank overdraft of HK\$7,262,371. At 30 September 2006, the current ratio of the Group was 1.28 (31 March 2006: 1.17) while the liquidity ratio was 1.21 (31 March 2006: 1.09).

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, the Group believes to have adequate financial resources to meet its operation, development requirements and investments in the future.

隨著銀行利率及借貸的增加，財務費用支出於期內增加36%至約701,000港元（截至二零零五年九月三十日止六個月：約514,000港元）。

於二零零六年九月三十日之應收貿易帳款及應付貿易帳款結餘分別增加至約9,049,000港元及1,800,000港元（二零零六年三月三十一日：分別約4,748,000港元及2,297,000港元）。

資金流動性及財政資源

本集團主要以內部產生的現金流量及銀行貸款應付其營運所需。於二零零六年九月三十日，本集團的未償還借款為13,659,403港元，當中包括6,397,032港元的短期銀行貸款及7,262,371港元的銀行透支。本集團於二零零六年九月三十日時之流動比率為1.28（二零零六年三月三十一日：1.17），而流動現金比率則為1.21（二零零六年三月三十一日：1.09）。

本集團繼續採取審慎庫務政策。本集團不斷為其客戶的財政狀況進行信貸評估，致力減低所承擔的信貸風險。此外，本集團亦會定期檢討流動資金及融資安排。

於考慮銀行融資、嚴格成本控制及本集團現有可動用的財務資源後，本集團相信具備充裕的財務資源以應付日後的營運、發展及投資所需。

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 material acquisitions and disposals of subsidiaries and affiliated companies.

Employment information

The Group recognizes 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 experiences 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 ongoing training programmes for its employees to keep them abreast of the latest market trends and new technologies.

重大投資

本集團於期內並沒有任何重大投資。

重大的收購或附屬公司及聯屬公司之出售

本集團於期內並沒有任何重大的收購或附屬公司及聯屬公司之出售。

僱員資料

本集團認為，員工為本集團最重要的資產。本集團的整體目標旨在提供優厚的薪金待遇，僱員薪酬水平將按個別員工的工作表現、學歷、經驗以及勞動市場狀況作出調整。除基本待遇外，本集團亦會評估個別員工的工作表現及參考本集團的業務表現向合資格僱員發放酌情花紅及授出購股權。

本集團一向維持良好融洽的勞資關係，從未經歷任何影響業務運作的重大勞資糾紛。除上述的薪金待遇外，本集團亦按照中國內地及香港有關法例及法規提供其他僱員福利，包括中國內地的社會保障計劃供款及香港強制性公積金計劃供款。除此之外，本集團為其僱員提供持續培訓計劃，協助他們緊貼市場的最新動態及新科技。

As at 30 September 2006, the Group had 204 full-time employees (30 September 2005: 173 full-time employees), of which 188 are based in Hong Kong and the rest are in the PRC and Macau. Staff cost, including directors' emoluments, was approximately HK\$24 million for the six months ended 30 September 2006 (six months ended 30 September 2005: approximately HK\$22 million). 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 2006, time deposits of HK\$15,573,914 (31 March 2006: HK\$15,323,997) and available-for-sale financial assets of HK\$1,453,864 (31 March 2006: HK\$1,453,864) 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 2006.

Gearing ratio

At 30 September 2006, 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 2006: nil).

本集團於二零零六年九月三十日僱有204名全職僱員(二零零五年九月三十日: 173名全職僱員), 其中包括188名為香港僱員, 其餘則為中國及澳門的僱員。截至二零零六年九月三十日止六個月, 包括董事酬金在內的僱員成本約為24,000,000港元(截至二零零五年九月三十日止六個月: 22,000,000港元)。本公司於期內並無向其任何董事及僱員授出任何購股權。

資產押記

於二零零六年九月三十日, 為數15,573,914港元(二零零六年三月三十一日: 15,323,997港元)的定期存款及為數1,453,864港元(二零零六年三月三十一日: 1,453,864港元)可供出售金融資產已抵押予銀行, 作為擔保本集團的若干銀行融資。

日後的重大投資計劃

本集團於二零零六年九月三十日並無任何重大投資及收購重大資本資產的計劃。

資產負債比率

本集團的資產負債比率乃指長期銀行貸款除以股東資金的百分比。於二零零六年九月三十日, 本集團的資產負債比率為零(二零零六年三月三十一日: 零)。

Exposure to fluctuations in exchange rates and any related hedges

The Group's assets, liabilities, revenues and expenses are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. The exchange rate between Hong Kong dollars, United States dollars and Renminbi has been very steady for the past few years. During the Period, the Group generally used the receipts from customers and bank loans to pay its suppliers and meet its capital requirements. There are denominated in 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 that 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 2006, the Company has undertaken to guarantee certain banking facilities granted to two wholly-owned subsidiaries to the extent of HK\$19 million (31 March 2006: HK\$19 million).

At 30 September 2006, the Group did not have any significant contingent liabilities (31 March 2006: Nil).

匯率波動風險及任何相關對沖措施

本集團的資產、負債、收入及開支主要以港元、美元及人民幣為單位。人民幣、美元及港元的匯率在過去數年亦十分穩定。期內，本集團一般所收客戶款項及銀行貸款用以支付供應商及資本開支。該等收支均以附屬公司經營所在地的貨幣進行。由於本集團認為對沖安排的成本高於利益，因此本集團目前並無採取對沖措施控制潛在的匯率風險。然而，管理層會採取審慎態度，不斷監察有關情況並且在需要時採取相應措施。

或然負債

於二零零六年九月三十日，本公司就兩間全資附屬公司的若干銀行融資而提供為數19,000,000港元(二零零六年三月三十一日：19,000,000港元)的擔保。

於二零零六年九月三十日，本集團並無任何重大的或然負債(二零零六年三月三十一日：無)。

Interim Results 中期業績

Unaudited Consolidated Income Statement

未經審核綜合收益表

			Three months ended 30 September 截至九月三十日止三個月		Six months ended 30 September 截至九月三十日止六個月	
			2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
			HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
		Notes 附註				
Turnover	營業額	2	16,868	17,440	32,021	32,696
Cost of services rendered	已提供服務的成本		(13,013)	(14,182)	(24,908)	(26,394)
Cost of goods sold	已售貨物的成本		(292)	(456)	(727)	(574)
Gross profit	毛利		3,563	2,802	6,386	5,728
Other income	其他收益		188	204	410	228
Other net gain/(loss)	其他收益/(虧損)		(1)	106	2	106
Other staff costs	其他員工成本		(1,367)	(1,439)	(2,619)	(2,874)
Depreciation	折舊		(98)	(121)	(184)	(280)
Other operating expenses	其他經營開支		(1,821)	(964)	(2,894)	(1,889)
Profit from operations	經營溢利	3	464	588	1,101	1,019
Finance costs	融資成本		(382)	(333)	(701)	(514)
Gain on disposal of available-for-sale financial assets	出售可供出售 金融資產收益	4	1,773	-	1,773	-
Profit before taxation	除稅前溢利		1,855	255	2,173	505
Taxation	稅項	5	(30)	-	(110)	-
Profit attributable to shareholders of the Company	本公司股東 應佔溢利		1,825	255	2,063	505
Earnings per share	每股盈利	7				
Basic	基本		0.20 cent 仙	0.03 cent 仙	0.23 cent 仙	0.06 cent 仙
Diluted	攤薄		-	-	-	-

Consolidated Balance Sheet

綜合資產負債表

			As at 30 September 2006 於二零零六年 九月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31 March 2006 於二零零六年 三月三十一日 HK\$'000 千港元 (Audited) (經審核)
	Notes 附註			
Non-current assets	非流動資產			
Fixed assets	固定資產	8	688	361
Available-for-sale financial assets	可供出售金融資產		1,454	3,528
			2,142	3,889
Current assets	流動資產			
Financial assets at fair value through profit or loss	按公平價值計入 損益金融資產		9	22
Inventories	存貨		1,827	1,932
Trade and other receivables	應收貿易及其他帳款	9	14,949	9,825
Deposits and prepayments	訂金及待攤費用		1,526	683
Pledged bank balances	抵押銀行存款		15,574	15,324
Bank and cash balances	銀行及現金結餘		2,578	160
			36,463	27,946
Current liabilities	流動負債			
Creditors and accrued charges	應付帳款及應計費用	10	14,786	12,666
Short term borrowings	短期借貸	11	13,659	11,134
Provision for taxation	稅項撥備		71	8
			28,516	23,808
Net current assets	流動資產淨值		7,947	4,138
Net assets	資產淨值		10,089	8,027
Capital and reserves	資本及儲備			
Share capital	股本	12	9,075	9,075
Reserves	儲備		1,014	(1,048)
Shareholders' funds	股東資金		10,089	8,027

Interim Results
中期業績

Unaudited Condensed Consolidated Cash Flow
Statement

未經審核扼要綜合現金流量表

		Six months ended 30 September 截至九月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net cash generated from/(used in) operating activities	經營業務產生/(所用)現金淨值	(4,357)	240
Net cash generated from/(used in) investing activities	投資活動產生/(所用)現金淨值	3,558	(161)
Net cash generated from/(used in) financing activities	融資活動產生/(所用)現金淨值	1,692	(3,504)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)	893	(3,425)
Cash and cash equivalents at 1 April	於四月一日的現金及現金等價物	(5,577)	(3,133)
Cash and cash equivalents at 30 September	於九月三十日的現金及現金等價物	(4,684)	(6,558)
Analysis of balances of cash and cash equivalents:	現金及現金等價物結餘之分析:		
Bank and cash balances	銀行及現金結餘	2,578	111
Bank overdrafts	銀行透支	(7,262)	(6,669)
Cash and cash equivalents at 30 September	於九月三十日的現金及現金等價物	(4,684)	(6,558)

Unaudited Consolidated Statement of Changes in Equity 未經審核綜合權益變動表

		Reserves 儲備					Accumulated losses 累積虧損	Total 合計
		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Merger reserve 合併儲備 HK\$'000 千港元	Foreign currency translation reserve 外幣匯兌 儲備 HK\$'000 千港元	Investment revaluation reserve 投資估值 儲備 HK\$'000 千港元		
Balance at 1 April 2005	於二零零五年四月一日結餘	9,075	22,816	10,749	-	-	(35,161)	7,479
Exchange difference arising on translation of foreign operation	兌換海外業務所產生的匯兌差額	-	-	-	60	-	-	60
Profit for the period	期間溢利	-	-	-	-	-	505	505
Balance at 30 September 2005	於二零零五年九月三十日結餘	9,075	22,816	10,749	60	-	(34,656)	8,044
Balance at 1 April 2006	於二零零六年四月一日結餘	9,075	22,816	10,749	60	(106)	(34,568)	8,026
Profit for the Period	期內溢利	-	-	-	-	-	2,063	2,063
Balance at 30 September 2006	於二零零六年九月三十日結餘	9,075	22,816	10,749	60	(106)	(32,505)	10,089

Interim Results 中期業績

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 and applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

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

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 2006.

2. Turnover and segment information

Turnover represents service revenue arising from smartcard systems, RFID and information technology services and related service contracts, sales of smartcard related products and information technology consultancy services.

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 information technology services	:	The provision of smartcard systems, RFID and information technology services
Consultancy fee income	:	The provision of information technology consultancy services

附註：

1. 編製基準

此未經審核中期綜合財務報表乃根據香港會計師公會頒佈的香港財務報告準則第34號「中期財務報告」，香港《公司條例》及創業板上市規則適用的披露規定編製。

編製未經審核中期綜合財務報表時，除若干投資是按公平價值列帳外，其他乃採用歷史成本作為計算基準。

編製有關未經審核中期綜合財務報告所採用的之主要會計政策與本集團截至二零零六年三月三十一日止年度綜合財務報表所採用者一致。

2. 營業額及分部資料

營業額指來自智能卡系統、射頻識別及資訊科技及相關服務合約、銷售智能卡相關產品以及資訊科技顧問服務。

已就本集團的業務及經營地域呈列分部資料。本集團選擇以業務分部的方式作為主要報告格式，因為其更適用於本集團的內部財務報告。

(a) 按業務劃分

本集團的主要業務分部包括：

智能卡系統、射頻識別及資訊科技服務	:	提供智能卡系統、射頻識別及資訊科技服務
顧問服務收入	:	提供資訊科技顧問服務

		Smartcard systems, RFID and information technology services 智能卡系統、射頻識別 及資訊科技服務		Consultancy services 顧問服務		Consolidated 綜合	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
TURNOVER	營業額						
Sales to external customers	外界客戶的銷售	10,746	14,636	21,275	18,060	32,021	32,696
RESULTS	業績						
Segment results	分部業績	(871)	(159)	2,380	2,366	1,509	2,207
Unallocated corporate revenue	未予分配公司收益					410	228
Unallocated corporate expenses	未予分配公司費用					(818)	(1,416)
Profit from operations	經營溢利					1,101	1,019
Finance costs	融資成本					(701)	(514)
Gain on disposal of available-for-sale financial assets	出售可供出售 金融資產收益					1,773	-
Profit before taxation	除稅前溢利					2,173	505
Taxation	稅項					(110)	-
Profit for the period	期內溢利					2,063	505
ASSETS	資產						
Segment assets	分部資產	24,784	22,264	13,514	12,175	38,298	34,439
Unallocated corporate assets	未予分配公司資產					307	1,130
Consolidated total assets	綜合總資產					38,605	35,569
LIABILITIES	負債						
Segment liabilities	分部負債	14,357	14,292	10,287	9,272	24,644	23,564
Unallocated corporate liabilities	未予分配公司負債					3,872	3,962
Consolidated total liabilities	綜合總負債					28,516	27,526
OTHER INFORMATION	其他資料						
Capital expenditure	資本開支	517	145	-	2	517	147
Depreciation	折舊	144	216	33	64	177	280
Unallocated depreciation	未予分配折舊					7	-
Impairment loss	減值虧損	60	121	-	-	60	121
Unallocated impairment loss	未予減值虧損					-	-
Non-cash expenses other than depreciation, amortisation and impairment loss	非現金開支 (折舊、攤銷及 減值虧損除外)	-	-	162	-	162	-

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(b) Geographical segments

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

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographically location of the assets.

(b) 按經營地域劃分

本集團主要在香港、中國以及澳門經營業務。

在按經營地域呈列資料時，分部收益乃按客戶所在地域劃分。分部資產及資本開支乃按資產所在地域劃分。

		Hong Kong 香港		Macau 澳門		The PRC 中國		Other Locations 其他地方		Consolidated 綜合	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Revenue from external customers	外界客戶的收益	29,212	23,546	2,195	8,761	389	323	225	66	32,021	32,696
Segment assets	分部資產	35,534	32,688	67	98	3,004	2,783	-	-	38,605	35,569
Capital expenditure incurred during the Period	期內產生的資本開支	512	142	-	-	5	5	-	-	517	147

3. Profit from operations

3. 經營溢利

Profit from operations is arrived at after charging:

經營溢利已扣除：

		Three months ended 30 September 截至九月三十日止三個月		Six months ended 30 September 截至九月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Bad debts	壞帳	162	-	162	-
Cost of inventories	存貨成本	2,012	4,621	4,066	8,033
Depreciation	折舊	98	121	184	280
Impairment loss on available-for-sale financial assets	可供出售金融資產 的減值虧損	-	60	60	121
Operating lease rentals of properties	物業租賃開支	455	257	722	514
Staff costs including directors' emoluments and retirement benefit scheme contributions	包括董事酬金及 退休福利計劃供款 的員工成本	11,693	11,020	24,250	21,832

4. Gain on disposal of available-for-sale financial assets

4. 出售可供出售金融資產收益

On 27 June 2006, ITE (China) Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Mr. Hu pursuant to which Mr. Hu agreed to acquire 5% equity interest in Shanghai Yanhua from ITE (China) Limited at a cash consideration of RMB3,900,000. The 5% equity interest of Shanghai Yanhua was treated as available-for-sale financial assets with carrying value of HK\$2,074,029 in the annual report of the Company for the year ended 31 March 2006. The transaction was completed in August 2006 with the gain of approximately HK\$1,773,000. Further details are set out in the Company's circular dated 31 July 2006.

於二零零六年六月二十七日，本公司的全資附屬公司上海阿艾依智控系統有限公司與胡先生訂立協議，胡先生同意以3,900,000人民幣向上海阿艾依收購上海延華的5%股權。截至二零零六年三月三十一日止年報中，上海延華的5%股權均以2,074,029港元指定為可供出售金融資產。此項交易於二零零六年八月份完成，而相關的收益約為1,773,000港元，有關的詳情請參照本公司二零零六年七月三十一日的通函。

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5. Taxation

The amount of taxation in the unaudited consolidated income statement represents Hong Kong profits tax which is provided at 17.5% (six months ended 30 September 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.

6. Dividends

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

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of approximately HK\$2,063,000 (six months ended 30 September 2005: approximately HK\$505,000) and the weighted average of 907,536,000 ordinary shares (six months ended 30 September 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 six months ended 30 September 2005.

8. Fixed assets

During the six months ended 30 September 2006, the Group acquired fixed assets comprising leasehold improvement, furniture and fixtures, computers and other equipment and computer software of HK\$516,941 (six months ended 30 September 2005: HK\$147,511).

5. 稅項

於未經審核綜合收益表的稅項是指按期內的應課稅溢利以17.5% (截至二零零五年九月三十日止六個月：17.5%) 計算的香港利得稅。

本集團於期內無中國應課稅溢利，故財務報表並無中國企業所得稅。

6. 股息

董事不建議派發截至二零零六年九月三十日止六個月的中期股息 (截至二零零五年九月三十日止六個月：零港元)。

7. 每股盈利

(a) 每股基本盈利

每股基本盈利乃按期內本公司股東應佔溢利約2,063,000元 (截至二零零五年九月三十日止六個月：約505,000元) 及期內已發行股份的加權平均股數907,536,000股 (截至二零零五年九月三十日止六個月：907,536,000股) 普通股計算。

(b) 每股攤薄盈利

由於期內及截至二零零五年九月三十日止六個月並無潛在可攤薄普通股，故並無呈列每股攤薄盈利。

8. 固定資產

截至二零零六年九月三十日止六個月，本集團添置包括租賃物業裝修、傢俬及裝置、電腦及其他器材及電腦軟件的固定資產總值為516,941港元 (截至二零零五年九月三十日止六個月：147,511港元)。

9. Trade and other receivables

9. 應收貿易及其他帳款

		At 30 September 2006 於二零零六年九月三十日	At 31 March 2006 於二零零六年三月三十一日
		HK\$'000 千港元 (Unaudited) (未經審核)	HK\$'000 千港元 (Audited) (經審核)
Trade receivables	應收貿易帳款	9,049	4,748
Other receivables	其他帳款	118	415
Gross amount due from customers for service contract work	應收客戶的服務合約 工程款項總額	5,628	4,395
Retention money receivables	應收保留金	154	267
		14,949	9,825

The Group has a policy of allowing its trade customers with credit period normally between 30 to 60 days or terms in accordance with contracts. The ageing analysis, based on invoice date, is as follows:

本集團的政策容許給予其貿易客戶一般介乎30日至60日的信貸期，或根據銷售合同的條款。按發票日期計算其帳齡分析如下：

		At 30 September 2006 於二零零六年九月三十日	At 31 March 2006 於二零零六年三月三十一日
		HK\$'000 千港元 (Unaudited) (未經審核)	HK\$'000 千港元 (Audited) (經審核)
Within 1 month	一個月內	5,947	3,191
1 month to 3 months	一至三個月	2,756	1,023
More than 3 months but less than 12 months	超過三個月但少於十二個月	300	490
More than 1 year but less than 2 years	超過一年但少於兩年	-	37
More than 2 years	超過兩年	46	7
		9,049	4,748

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10. Creditors and accrued charges

10. 應付帳款及應計費用

		At 30 September 2006 於二零零六年九月三十日	At 31 March 2006 於二零零六年三月三十一日
		HK\$'000 千港元 (Unaudited) (未經審核)	HK\$'000 千港元 (Audited) (經審核)
Trade payables	應付貿易帳款	1,800	2,297
Accrued charges and other payables	應計費用及其他應付帳款	8,742	8,034
Other borrowings	其他借貸	1,917	975
Gross amount due to customers for service contract work	應付客戶的服務合約工程款項總額	1,597	611
Deferred maintenance income	遞延保養收入	716	735
Retention money payables	應付保留金	14	14
		14,786	12,666

Included in creditors and accrued charges are trade payables with the following ageing analysis:

應付帳款及應計費用包括的應付貿易帳款按發票日期計算其帳齡分析如下：

		At 30 September 2006 於二零零六年九月三十日	At 31 March 2006 於二零零六年三月三十一日
		HK\$'000 千港元 (Unaudited) (未經審核)	HK\$'000 千港元 (Audited) (經審核)
Within 1 month	一個月內	456	469
1 month to 3 months	一至三個月	698	928
More than 3 months but less than 12 months	超過三個月但少於十二個月	628	832
More than 1 year but less than 2 years	超過一年但少於兩年	-	8
More than 2 years	超過兩年	18	60
		1,800	2,297

11. Short term borrowings

11. 短期借貸

		At 30 September 2006 於二零零六年九月三十日	At 31 March 2006 於二零零六年三月三十一日
		HK\$'000 千港元 (Unaudited) (未經審核)	HK\$'000 千港元 (Audited) (經審核)
Secured bank loans	有抵押銀行貸款	6,397	5,397
Secured bank overdrafts	有抵押銀行透支	7,262	5,737
		13,659	11,134

12. Share capital

12. 股本

		Number of shares 股數	Amount 金額 HK\$ 港元
Authorised: Ordinary shares of HK\$0.01 each	法定股本： 每股面額0.01元的普通股	2,000,000,000	20,000,000
Issued and fully paid: At 1 April 2006 and 30 September 2006	已發行及繳足股本： 於二零零六年四月一日及 二零零六年九月三十日	907,536,000	9,075,360

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporations 董事及行政總裁於本公司或聯營公司的股份、相關股份及債券及淡倉

As at 30 September 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:

於二零零六年九月三十日，本公司各董事及行政總裁根據證券及期貨條例第15.7及第15.8條的規定，本公司或其任何相聯法團（定義見《證券及期貨條例》（「證期條例」）第十五部）的股份、相關股份及債券中擁有的權益或淡倉（包括根據證期條例的該等規定被認為或視作擁有的權益或淡倉），或必須列入根據證期條例第352條予以存置的登記冊內，或根據創業板上市規則第5.46至5.68條所載的規則必須知會本公司及聯交所的權益或淡倉載列如下：

(I) Interests in shares of the Company

(I) 本公司的股份權益

Name of director 董事姓名	Number of ordinary shares 普通股股數					Total 合計	Percentage of issued share capital 佔已發行 股本百分比
	Personal interests 個人權益	Corporate interests 公司權益	Family interests 家族權益	Other interests 其他權益			
Mr. Lau Hon Kwong, Vincent 劉漢光先生	-	456,250,348 (L) (Note 2) ¹ (附註2)	-	-	-	456,250,348 (L)	50.27%
Mr. George Roger Manho 閻偉雄先生	83,142,254 (L)	-	-	-	-	83,142,254 (L)	9.16%
Mr. Cheng Kwok Hung 鄭國雄先生	-	456,250,348 (L) (Note 2) ¹ (附註2)	-	-	-	456,250,348 (L)	50.27%

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporations
董事及行政總裁於本公司或聯營公司的股份、相關股份及債券及淡倉

Notes:

- The Letter "L" denotes a long position in the shares.
- 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.

附註：

- [L]字表示股份為長倉。
- 此等股份由一家於英屬處女群島成立的公司Rax-Comm (BVI) Limited (「Rax-Comm」) 所持有。劉漢光先生及鄭國雄先生分別持有Rax-Comm 46.21% 及36.11%的已發行股份。

(II) Interests in equity derivatives (as defined in the SFO) in, or in respect of, underlying shares

As at 30 September 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.

(II) 於或有關於該等相關股份衍生工具的權益(定義見證期條例)

於二零零六年九月三十日，本公司董事在根據本公司購股權計劃以1港元的價格授出可認購本公司股份的購股權中擁有的個人權益。每股購股權可讓持有人認購一股股份。

Name of director 董事姓名	Number of options outstanding at 30 September 2006 於二零零六年九月三十日尚未行使的購股權數目	Date granted 授出日期	Period during which options exercisable 購股權行使期	Number of shares acquired on exercise of options during the Period 期內行使購股權而認購的股份數目	Price per share to be paid on exercise of options 行使購股權時須支付的每股價格
Mr. Lau Hon Kwong, Vincent 劉漢光先生	6,109,440 (L)	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至二零零一年二月十一日	-	HK\$0.095 0.095港元
Mr. George Roger Manho 閻偉雄先生	4,000,000 (L)	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至二零零一年二月十一日	-	HK\$0.095 0.095港元
Mr. Cheng Kwok Hung 鄭國雄先生	4,000,000 (L)	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至二零零一年二月十一日	-	HK\$0.095 0.095港元
Mr. Liu Hoi Wah 劉海華先生	19,112,640 (L)	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至二零零一年二月十一日	-	HK\$0.095 0.095港元
Dr. Lee Peng Fei, Allen 李鵬飛博士	1,760,000 (L)	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至二零零一年二月十一日	-	HK\$0.095 0.095港元

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

附註： [L]字表示股份為長倉。

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporations
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(III) Aggregate interest in the shares and underlying shares of the Company (III) 本公司股份及相關股份的總計權益

Name of director 董事姓名	Aggregate number in ordinary shares 普通股總計	Aggregate number in underlying shares 相關股份總計	Total 合計	Percentage to the issued share capital of the Company 佔本公司已發行股本的百分比
Mr. Lau Hon Kwong, Vincent 劉漢光先生	456,250,348 (L)	6,109,440 (L)	462,359,788 (L)	50.95%
Mr. George Roger Manho 聞偉雄先生	83,142,254 (L)	4,000,000 (L)	87,142,254 (L)	9.60%
Mr. Cheng Kwok Hung 鄭國雄先生	456,250,348 (L)	4,000,000 (L)	460,250,348 (L)	50.71%
Mr. Liu Hoi Wah 劉海華先生	-	19,112,640 (L)	19,112,640 (L)	2.11%
Dr. Lee Peng Fei, Allen 李鵬飛博士	-	1,760,000 (L)	1,760,000 (L)	0.19%

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

附註：「L」字表示股份為長倉。

Save as disclosed above, as at 30 September 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.

除上述所披露者外，於二零零六年九月三十日，董事、行政總裁或彼等的聯繫人士概無根據證期條例第15.7及15.8條於本公司或其任何相聯法團(定義見證期條例第十五部)擁有股份或債券的權益或淡倉(包括根據證期條例的該等規定被認為或視作擁有的權益或淡倉)，或必須列入根據證期條例第352條予以存置的登記冊內，或根據創業板上市規則第5.46至5.68條所載的規則必須知會本公司及聯交所的任何權益或淡倉。

Directors' and Chief Executive's Rights to Acquire Shares or Debt Securities 董事及行政總裁購買股份或債務證券的權益

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 September 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.

除以上述「董事及行政總裁於本公司或聯營公司的股份、相關股份及債券及淡倉」所披露外，於二零零六年九月三十日，本公司、控股公司或其附屬公司概無參與任何安排，使本公司董事及行政總裁可藉著購入本公司或任何其他法人團體的股份或債務證券(包括債券)而獲得利益，而本公司董事及行政總裁或彼等的配偶或任何未滿十八歲的子女概無任何可認購本公司證券的權利，亦無行使任何該等權利。

Substantial Interests in the Share Capital of the Company 佔本公司股本的重大權益

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 September 2006, the Company had been notified of the following interests, being 5% or more of the issued share capital of the Company:

本公司根據證期條例第336條規定存置的主要股東登記冊內獲悉，於二零零六年九月三十日，以下股東擁有本公司已發行股本5%或以上的權益：

	Ordinary shares held 所持普通股數目	Percentage of total issued shares 佔已發行股份合計百分比
Rax-Comm (BVI) Limited (Note 1) (附註1)	456,250,348	50.27%
Mr. George Roger Manho (Note 2) 閻偉雄先生 (附註2)	83,142,254	9.16%
Mr. Man Kai Shun 文界淳先生	47,701,000	5.26%

Notes:

- 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".
- 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".

附註：

- 該等股份已於「董事及行政總裁於本公司或聯營公司的股份、相關股份及債券及淡倉」一節披露有關董事的公司權益。
- 該等股份已於「董事及行政總裁於本公司或聯營公司的股份、相關股份及債券及淡倉」一節披露為董事的個人權益。

Share Option Scheme 購股權計劃

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.

本公司於二零零一年二月十二日採納一項上市前的購股權計劃（「上市前計劃」）及一項上市後的購股權計劃（「上市後計劃」）。於二零零二年八月八日，本公司採納二零零二年購股權計劃（「二零零二年計劃」）和同時終止上市前計劃及上市後計劃。待上市前計劃及上市後計劃終止後，不得再根據此計劃提呈任何購股權。惟尚未行使的購股權，此兩項計劃應繼續生效。上市前計劃及上市後計劃尚未行使的購股權應繼續分別按該兩項計劃提供，創業板上市規則第二十三章及二零零二年計劃將不會影響此尚未行使購股權的任何條款。

Share Option Scheme 購股權計劃

(a) Pre-IPO Scheme and Post-IPO Scheme

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

(a) 上市前計劃及上市後計劃

以上提及，上市前計劃及上市後計劃於二零零二年八月八日終止，此後不會就此再發行購股權，於期內尚未行使的購股權的詳情如下：

Name or category of participant 真資格者姓名及類別	Number of share options 購股權數目				Outstanding at 30 September 2006 於二零零六年 六月三十日 尚未行使	Date granted 授出日期	Period during which options exercisable 購股權行使期	Price per share to be paid on exercise of options 行使購股權時須 支付之每股價格	Market value per share at date of grant of options 授出購股權當日 之股份市值
	Outstanding at 1 April 2006 於二零零六年 四月一日 尚未行使	Granted during the Period 於期內授出	Exercised during the Period 於期內行使	Lapsed during the Period 於期內失效					
<i>Pre-IPO Scheme</i> 上市前計劃									
Lau Hon Kwong, Vincent/Director 劉漢光/董事	6,109,440	-	-	-	6,109,440	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至 二零一一年二月十一日	HK\$0.095 0.095港元	N/A 不適用
George Roger Manho/Director 關偉雄/董事	4,000,000	-	-	-	4,000,000	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至 二零一一年二月十一日	HK\$0.095 0.095港元	N/A 不適用
Cheng Kwok Hung/ Director 鄭國雄/董事	4,000,000	-	-	-	4,000,000	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至 二零一一年二月十一日	HK\$0.095 0.095港元	N/A 不適用
Liu Hoi Wah/Director 劉海華/董事	19,112,640	-	-	-	19,112,640	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至 二零一一年二月十一日	HK\$0.095 0.095港元	N/A 不適用
Lee Peng Fei, Allen/ Director 李鵬飛/董事	1,760,000	-	-	-	1,760,000	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至 二零一一年二月十一日	HK\$0.095 0.095港元	N/A 不適用
Employees 僱員	35,157,920	-	-	-	35,157,920	12 February 2001 二零零一年二月十二日	21 August 2001 to 11 February 2011 二零零一年八月二十一日至 二零一一年二月十一日	HK\$0.095 0.095港元	N/A 不適用
	70,140,000	-	-	-	70,140,000				
<i>Post-IPO Scheme</i> 上市後計劃									
Employees 僱員	2,000,000	-	-	2,000,000	-	28 December 2001 二零零一年 十二月二十八日	1 July 2004 to 31 December 2011 二零零四年七月一日至 二零一一年十二月三十一日	HK\$0.195 0.195港元	HK\$0.195 0.195港元
	2,000,000	-	-	2,000,000	-				

Share Option Scheme 購股權計劃

(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

(b) 二零零二年計劃

本公司實行二零零二年計劃，旨在向對本集團運作成功有所貢獻等具資格者提供獎勵及獎賞。二零零二年計劃具資格者包括公司董事，其中包括獨立非執行董事、本集團其他僱員、產品及服務供應商、客戶、顧問等。二零零二年計劃於二零零二年八月八日起生效，除被取消或更改外，將持續於當日起計十年內有效。

就行使所有尚未行使的已授出購股權或即將行使的本公司二零零二年計劃及其他購股權計劃的購股權，其發行的股份數目不應超過公司股份發行總數的30%。於任何十二個月期內，本公司二零零二年計劃及任何其他購股權計劃對每位具資格者可發出的股份數目，其最高上限為公司當時已發行股份的1%。任何超出此上限的購股權授出，須於股東大會經股東批准。

向董事、行政總裁、公司大股東或彼等的關繫人士授出購股權，須預先經獨立非執行董事批准。此外，若向公司大股東、公司獨立非執行董事或彼等的關繫人士所授出購股權，於任何十二個月期內多於公司股份的0.1%或其總值(按授出當日公司股份價格計算)高於五百萬港元，須於股東大會經股東批准。

獲授予購股權者可於提供授出購股權的二十一天內，以總數一

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 具資格者姓名及類別	Number of share options 購股權數目				Outstanding at 30 September 2006 於二零零六年 九月三十日 尚未行使	Date granted 授出日期	Period during which options exercisable 購股權行使期	Price per share to be paid on exercise of options 行使購股權時須 支付之每股價格	Market value per share at date of grant of options 授出購股權當日 之股份市值
	Outstanding at 1 April 2006 於二零零六年 四月一日 尚未行使	Granted during the Period 於期內授出	Exercised during the Period 於期內行使	Lapsed during the Period 於期內失效					
Employees 僱員	3,500,000	-	-	-	3,500,000	9 August 2002 二零零二年八月九日	9 August 2003 to 8 August 2012 二零零三年八月九日至 二零一二年八月八日	HK\$0.175 0.175港元	HK\$0.175 0.175港元
An Employee 僱員	6,400,000	-	-	-	6,400,000	9 August 2002 二零零二年八月九日	9 February 2003 to 8 August 2012 二零零三年二月九日至 二零一二年八月八日	HK\$0.175 0.175港元	HK\$0.175 0.175港元
	9,900,000	-	-	-	9,900,000				

At 30 September 2006, the number of shares outstanding and issuable under the Pre-IPO Scheme, the Post-IPO scheme and the 2002 Scheme was 70,140,000, nil and 9,900,000, respectively.

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

的象徵式費用接受購股權。授出購股權的行使時段由董事釐定，於授出期一段時期內開始，並於提供授出購股權日期十年內，或較早者，於二零零二年計劃到期日完結。

購股權的行使價格乃由董事釐定，惟其不得低於下列較高者：(i) 公司股份在購股權授出當日的收市價；(ii) 公司股份在股份授出日期前五個交易日的平均收市價；(iii) 股份面值。

於期內尚未行使的二零零二年計劃的購股權之詳情如下：

於二零零六年九月三十日，上市前計劃、上市後計劃及二零零二年計劃可發行的股份數目分別為70,140,000、零及9,900,000。

購股權並無授予持有人收取股息及於股東大會投票的權利。

Purchase, Sale and Redemption of Shares of the Company

購回、出售及贖回本公司股份

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

本公司或其附屬公司於期內概無購回、出售或贖回本公司的任何股份。

Competing Interests

競爭性權益

As at 30 September 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.

於二零零六年九月三十日，各董事並不知悉有任何董事、管理股東或彼等各自聯繫人士擁有任何對本集團業務構成競爭或可能構成競爭的業務或權益；或上述任何人士與或可能與本集團存在任何其他利益衝突。

Audit Committee

審核委員會

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.

根據創業板上市規則第5.28至5.33條的規定，本公司已成立審核委員會，由三名獨立非執行董事，即李鵬飛博士、鄧紹先生及關孝財先生，以及一名執行董事，即劉海華先生組成。李鵬飛博士已獲委任為審核委員會主席。

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 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.

審核委員會主要負責審議本公司的年報及帳目、半年度業績報告及季度業績報告，以及就此向董事會提供意見及建議。審核委員會已審閱本集團截至二零零六年九月三十日止六個月的中期報告，其成員認為該等財務報表已遵照適用的會計準則、創業板上市規則及法律規定，並已作出足夠披露。

The Company 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

除下文詳述者外，本公司於期內均遵守創業板上市規則附錄十五的企業管治常規守則（「守則」）的所有規定。

守則條文A.2.1規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。主席與行政總裁之間的職責分工須清晰訂明並以書面形式列載。

劉漢光先生為本公司主席兼行政總裁，負責管理董事會及本集團業務。劉先生自本公司註冊成立以來即一直擔任本公司主席兼行政總裁。董事會考慮到現有董事會的架構及本集團的業務範疇，暫時沒有迫切需要改變現狀，認為劉先生同時間擔當兩個角色，有足夠能力作出優先次序，履行任務。但是，董事會會不斷地檢討本集團企業管治架構的成效，以評估是否有分開主席與行政總裁角色的需要。

守則條文A.4.1規定非執行董事的委任應有指定任期，並須接受重選。守則條文A.4.2規定所有獲委任以填補空缺的董事須於獲委任後舉行的首次股東大會上由股東重選，而每名董事（包括有指定任期的董事）須至少每三年輪值告退一次。

根據現有本公司之組織章程細則，劉漢光先生作為本公司主席及行政總裁，不須輪值告退。但這並沒有遵守守則中，

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 董事的證券交易

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the period ended 30 September 2006. 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 2006.

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

Hong Kong, 10 November 2006

所有董事須輪值告退，至少每三年一次的要求。

此外，根據本公司組織章程細則，於各股東週年大會上，當時的三分之一董事（或若其數目並非三的倍數，則為最接近但不超過三分之一者）須輪值告退，惟無論如何，董事會主席及／或本公司董事總經理在任職期間毋須輪值告退，亦毋須計入每年須告退的董事人數內。因此，除主席外，所有董事均須輪值告退。管理層認為並無即時需要修訂本公司組織章程細則。

截至二零零六年九月三十日止期內，本公司已就董事的證券交易採納一套守則，其條款不遜於創業板上市規則第5.48條至5.67條所載的交易所需標準。在向所有董事作出查詢後，董事截至二零零六年九月三十日止期內均一直遵守有關的守則及交易所需標準。

承董事會命
ITE (Holdings) Limited
主席
劉漢光

香港，二零零六年十一月十日

商界展關懷
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