

**ITE (HOLDINGS) LTD:
NOW, HOW BAD IS THE TROUBLE IN THIS COMPANY ?**

Publicly listed ITE (Holdings) Ltd (Code: 8092, The Growth Enterprise Market [The GEM], The Stock Exchange of Hongkong Ltd) does not appear to have sufficient money to pay rent on its Registered Office.

According to the corporate landlord of ITE Smartcard Solutions Ltd, a wholly owned subsidiary of ITE (Holdings), the company is more than 2 months in arrears in paying rent for its offices, located at:

Units 1710 –1703 and 1717-1720
Level 17, Tower I,
Grand Century Place,
Number 193, Prince Edward Road,
West Mongkok,
Kowloon,
The Special Administrative Region (HKSAR)
of the People's Republic of China (PRC).

The corporate landlord of ITE is the HKSAR Government's Kowloon-Canton Railway Corporation.

According to Kowloon-Canton Railway, it is owed not less than \$HK92,148, being the non-payment of rent on the Registered Office of ITE since June 2004.

Another wholly owned subsidiary of ITE, ITE Engineering Ltd, was sued on September 14, 2004, for less than \$HK50,000 by Innovis Technology Ltd, which alleged, in the Small Claims Tribunal, that it had performed services for ITE Engineering, for which it had not been remunerated.

In October, last year, another wholly owned subsidiary of ITE, ITE Smartcard Solutions Ltd, was sued for \$HK80,000 by Johnson Controls Hongkong Ltd with regard to alleged Services Rendered.

That case was launched in the District Court of the HKSAR.

ITE went public on The GEM on February 15, 2001, when it collected about \$HK28 million by Placing 45 million, one-cent Shares at a Premium of 75 cents per Share.

Please See TARGET Intelligence Report, Volume III, Number 24
Published on February 21, 2001, in an Analysis, Headlined:
ITE (HOLDINGS) LTD: TIME WILL TELL THE (SMART)
TALE

In the conclusion of TARGET's analysis, this medium wrote:

'Whether or not ITE will be able to continue to make profits is a major question because what this Company is doing is no great shakes: A smartcard is, merely, the upgraded replacement of the

magnetic strip, which is found on the back of nearly every bank credit card, allowing a shop or what-have-you, to confirm the customer's financial ability to make a purchase.

'The Adjusted Net Tangible Assets of ITE, as at August 31, 2000, was about \$HK50.18 million, of which figure, \$HK28 million represented the net proceeds of the Placement of 45 million shares.

'As such, at most, these shares are worth about 11 cents each.

'This compares with the Placement Price of between 73 cents and 93 cents per share.

'On the basis of a Prospective Price-Earnings Ratio, these shares are being Placed at about 25.50 times, at the high end of the Issue Price at 93 cents, and 20 times, at the low end of 73 cents per share.

'The Issue Price was fixed, just yesterday, at 75 cents per share ... '.

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