



ECO-TEK HOLDINGS LIMITED

環康集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8169)

FINAL RESULTS ANNOUNCEMENT

For the year ended 31 October 2004

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the “Directors”) of Eco-Tek Holdings Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) 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 (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

** for identification purpose only*

SUMMARY

- Turnover for the year ended 31 October 2004 amounted to approximately HK\$106.38 million (2003: HK\$104.04 million), representing an increase of approximately 2% as compared with preceding year. The increase in turnover was mainly brought by the increase in sale and installation of diesel oxidation catalysts in Hong Kong.
- Profit attributable to shareholders for the year ended 31 October 2004 amounted to approximately HK\$18.18 million (2003: HK\$12.99 million) which represented approximately 40% increase as compared with last year.
- Basic and diluted earnings per share for the year ended 31 October 2004 amounted to approximately HK3.29 cents (2003: HK2.35 cents) and HK2.81 cents (2003: HK2.00 cents) respectively.

AUDITED CONSOLIDATED RESULTS

The board of Directors (the “Board”) of Eco-Tek Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 October 2004 together with the comparative figures as follows.

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
TURNOVER	3	106,378	104,039
Cost of sales		(73,735)	<u>(69,213)</u>
Gross profit		32,643	34,826
Other revenue		313	353
Selling expenses		(2,265)	(1,695)
Administrative expenses		(10,954)	(10,026)
Other operating expenses		(2,459)	<u>(7,621)</u>
PROFIT BEFORE TAXATION	4	17,278	15,837
TAXATION	5	906	<u>(2,851)</u>
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<u>18,184</u>	<u>12,986</u>
Dividends	6	<u>8,292</u>	<u>6,357</u>
EARNINGS PER SHARE :	7		
Basic		<u>HK3.29 cents</u>	<u>HK2.35 cents</u>
Diluted		<u>HK2.81 cents</u>	<u>HK2.00 cents</u>

NOTES:

1. Principal accounting policies and basis of preparation

The financial statements are prepared in accordance with and comply with all applicable Statements of Standard Accounting Practice (“SSAPs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements are prepared under the historical cost convention.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 October each year. All material intercompany transactions and balances within the Group are eliminated on consolidation.

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group’s operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group’s business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) the general environmental protection related products and services segment mainly comprises the sale of diesel particulate traps, particulate removal devices and related ancillary services; and
- (b) the industrial environmental products segment refers to the sale of hydraulic components and other related accessories.

In determining the Group’s geographical segments, revenues and profit from operating activities are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group’s business segments.

	General environmental protection related products and services		Industrial environmental products		Consolidated	
	2004	2003	2004	2003	2004	2003
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Segment revenue:						
Sales to external customers	37,645	32,799	68,733	71,240	106,378	104,039
Other revenue	-	5	70	166	70	171

Total	<u>37,645</u>	<u>32,804</u>	<u>68,803</u>	<u>71,406</u>	<u>106,448</u>	<u>104,210</u>
Segment results	<u>12,917</u>	<u>8,183</u>	<u>7,032</u>	<u>8,913</u>	<u>19,949</u>	17,096
Interest income					243	182
Unallocated expenses					<u>(2,914)</u>	<u>(1,441)</u>
Profit before taxation					<u>17,278</u>	15,837
Taxation					<u>906</u>	<u>(2,851)</u>
Profit attributable to shareholders					<u>18,184</u>	<u>12,986</u>
Segment assets	<u>31,862</u>	24,178	<u>62,943</u>	40,513	<u>94,805</u>	64,691
Unallocated assets					<u>4,169</u>	<u>32,378</u>
Total assets					<u>98,974</u>	<u>97,069</u>
Segment liabilities	<u>7,136</u>	9,520	<u>29,523</u>	37,733	<u>36,659</u>	47,253
Unallocated liabilities					<u>1,910</u>	<u>1,238</u>
Total liabilities					<u>38,569</u>	<u>48,491</u>
Other segment information:						
Depreciation	<u>340</u>	220	<u>22</u>	4	<u>362</u>	224
Unallocated amounts					<u>6</u>	<u>10</u>
					<u>368</u>	<u>234</u>
Capital expenditure	<u>71</u>	730	<u>29</u>	185	<u>100</u>	915
Unallocated amounts					<u>-</u>	<u>1</u>
					<u>100</u>	<u>916</u>
(Write back of) / provision for doubtful debts	-	-	<u>(461)</u>	3,646	<u>(461)</u>	3,646
Provision for slow-moving inventories	<u>639</u>	400	<u>1,006</u>	732	<u>1,645</u>	1,132
Loss on disposal of property, plant and equipment	-	-	-	-	<u>-</u>	-
Unallocated amounts					<u>29</u>	-
					<u>29</u>	-
Provision for warranty	<u>2,920</u>	<u>3,975</u>		-	<u>2,920</u>	<u>3,975</u>

(b) Geographical segments

The following tables present revenue, certain asset and expenditure information for the Group's geographical segments.

Hong Kong		Mainland China		Others		Consolidated	
2004	2003	2004	2003	2004	2003	2004	2003
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

Segment revenue:

Sales to external customers	<u>46,750</u>	<u>44,675</u>	<u>52,299</u>	<u>54,155</u>	<u>7,329</u>	<u>5,209</u>	<u>106,378</u>	<u>104,039</u>
Other revenue	<u>12</u>	<u>158</u>	<u>58</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>70</u>	<u>171</u>
Other segment information:								
Segment assets	<u>65,409</u>	<u>67,819</u>	<u>31,074</u>	<u>28,623</u>	<u>2,491</u>	<u>627</u>	<u>98,974</u>	<u>97,069</u>
Capital expenditure	<u>57</u>	<u>748</u>	<u>26</u>	<u>164</u>	<u>17</u>	<u>4</u>	<u>100</u>	<u>916</u>

3. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

4. Profit before taxation

The Group's profit before taxation is arrived at after charging/(crediting):-

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Auditors' remuneration	219	300
Cost of inventories sold	70,681	65,926
Depreciation	368	234
Exchange losses, net	1,236	1,997
Loss on disposal of property, plant and equipment	29	-
Operating lease charges in respect of land and buildings	924	695
Provision for slow-moving inventories	1,645	1,132
Provision for warranty	2,920	3,975
Research and development costs	720	1,027
Staff costs, excluding directors' emoluments:		
Wages and salaries	2,135	3,172
Pension scheme contributions	73	110
	<u>2,208</u>	<u>3,282</u>
(Write back of) / provision for doubtful debts	(461)	3,646
Interest income	<u>(243)</u>	<u>(182)</u>

5. Taxation

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Current tax:		
Hong Kong	109	3,116
Overprovision in prior years	(106)	-
	<u>3</u>	<u>3,116</u>
Elsewhere	159	1,352
	<u>162</u>	<u>4,468</u>

Deferred	<u>(1,068)</u>	<u>(1,617)</u>
Total tax (credit)/charge for the year	<u>(906)</u>	<u>2,851</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the regions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

At 31 October 2004, there was no significant unrecognised deferred tax liability (2003: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries.

6. Dividends

	2004	2003
	HK\$'000	HK\$'000
Proposed final dividend of HK1.50 cents (2003: HK1.15 cents) per ordinary share	<u>8,292</u>	<u>6,357</u>

The proposed final dividend for the year ended 31 October 2004 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. Earnings per share

The earnings per share amount for the year is calculated based on the consolidated profit attributable to shareholders of the Company for the year of HK\$18,184,000 (2003: HK\$12,986,000) and the weighted average of 552,800,000 (2003: 552,800,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 October 2004 is based on the consolidated profit attributable to shareholders of the Company for the year of HK\$18,184,000 (2003: HK\$12,986,000) and 648,136,574 (2003: 649,626,979) ordinary shares, being the 552,800,000 (2003: 552,800,000) ordinary shares as used in the calculation of basic earnings per share, and the weighted average of 95,336,574 (2003: 96,826,979) ordinary shares assumed to have been issued on the deemed exercise of share option under the Pre-Scheme, ANT-Option Scheme and Post-Scheme.

8. Movement of reserves

	<u>Share premium</u>	<u>Capital reserve</u>	<u>Retained profits</u>	<u>Proposed final dividend</u>	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 November 2002	19,586	95	10,383	1,935	31,999
2002 final dividend declared	-	-	-	(1,935)	(1,935)
Profit for the year	-	-	12,986	-	12,986
2003 proposed final dividend	-	-	(6,357)	6,357	-

At 31 October and 1 November 2003	19,586	95	17,012	6,357	43,050
2003 final dividend declared	-	-	-	(6,357)	(6,357)
Profit for the year	-	-	18,184	-	18,184
2004 proposed final dividend	-	-	(8,292)	8,292	-
At 31 October 2004	19,586	95	26,904	8,292	54,877

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's turnover for the year ended 31 October 2004 amounted to approximately HK\$106.4 million (2003: HK\$104.0 million), representing an increase of approximately HK\$2.4 million or 2% as compared with last corresponding year. During the year, the Group's sale of general environmental protection related products recorded a growth of approximately HK\$4.9 million or 14.8% which was mainly due to increase in demand for the installation of the Group's diesel oxidation catalysts ("Eco-Green"). However, the increase in sale of general environmental protection related products was partly balanced off by the decrease in sale of industrial environmental related products such as hydraulic components which recorded a drop of approximately HK\$2.5 million or 3.5%, resulting in a net increase of HK\$2.4 million in turnover during the year.

The gross profit for the year ended 31 October 2004 amounted to approximately HK\$32.6 million at a margin of 30.7% compared with a gross profit of around HK\$34.8 million at a margin of 33.5% for last corresponding year. The decrease in gross margin was mainly due to the strong foreign currencies over the past few months which had led to an increase in the cost of imported goods.

The administrative expenses for the year ended 31 October 2004 increased by approximately HK\$0.9 million or 9.3%. It was primarily due to the expansion of the Group's operations in the Mainland and Macau since the third quarter in last financial year.

Other operating expenses represented the net amount of a further provision for warranty of Eco-Green of HK\$2.92 million and a written back of HK\$0.46 million provision for doubtful debts. As a result of the implementation of tight credit control policy by the Group, certain amounts of debts had been collected during the year. Together with the decrease in the amount of provision for warranty of Eco-Green, the amount of other operating expenses dropped by approximately 210% as compared with last year.

Due to the increase in sales of Eco-Green, written back of provision for doubtful debts and the decrease in provision for warranty of Eco-Green, the profit attributable to shareholders recorded an increase of approximately HK\$5.2 million or 40% for the year ended 31 October 2004.

The source of finance of the Group was primarily derived from the initial placing proceeds, internally generated funds, retained profits and an aggregate of HK\$46 million banking facilities granted to the Group for the issuance of letters of credit. As at 31 October 2004, the Group had pledged its bank deposits of approximately HK\$7.2 million to secure for performance bond facilities. In spite of the

above, the Group still had unpledged cash and bank balances of approximately HK\$30 million for its future expansion and development.

Business review and outlook

The Group is principally engaged in the marketing, sale, servicing, research and development of environmental protection related products and services. There were no significant changes in the nature of the Group's principal activities during the year.

During the year, income from sale of the Group's general environmental protection related products recorded a growth of approximately 14.8%. The growth was mainly attributable to the increase in demand for installation of Eco-Green, a particulate removal device which can reduce vehicle emission. Apart from the contract with the Environmental Protection Department ("EPD"), the Group also obtained a short-term contract with another department of the Hong Kong Government for the supply of Eco-Green during the year. In the meantime, is preparing to bid for a new tender issued by the EPD in January 2005. The new tender relates to the supply and installation of particulate removal device to reduce particulate emission for diesel vehicle that needs to undertake long idling duties. The result of the tender is expected to be announced by the EPD in the first quarter of 2005.

The Group has established a wholly-owned production facility in Dongguan, the Mainland. The principal activity of the factory is to manufacture the Group's in-house developed products and provide sub-contract services to other manufacturers when production capacity is available. The factory commenced its operation in November 2004 and it is expected to bring in new source of revenue to the Group in the first quarter of the next financial year.

Sales of the two self-developed products, namely Eco-Water and Eco-Air, in the domestic market were satisfactory during the year. The Group has planned to promote the sale of these two products in the Mainland in the coming year. Negotiations with the Mainland distributors are in progress.

On the other side, the implementation of macro economic control measures by the Mainland during the year had led to the decrease in the sale of the Group's industrial environmental protection related products since certain customers of the Group were engaged in manufacturing of construction machines in the Mainland. Although the impact to the Group is not significant, the Directors still consider the Group needs to enhance its sales and marketing forces in both Hong Kong and the Mainland to secure its existing market share and to explore new potential customers. As a result, several experienced staff had been recruited during the year.

In addition to the above development, the Group has been developing other environmental technologies and products such as energy saving technology and waste water treatment technology. Furthermore, the Group will continue to seek for new business opportunities in order to create synergistic effect on its core business and generate satisfactory returns for its shareholders. Looking forward, the Directors are optimistic in the business development in the next year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 October 2004, the interests and short positions of the Directors 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 Future Ordinance (“SFO”)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) were as follows:

Long positions in ordinary shares of the Company

Name of Directors	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital as at 31 October 2004
	Directly beneficially owned	Through a discretionary trust	Total	
Dr. CHIANG Lily	-	299,341,200 <i>(Note)</i>	299,341,200 <i>(Note)</i>	54.15
Dr. PAU Kwok Ping	16,584,000	-	16,584,000	3.00
Mr. SHAH Tahir Hussain	552,800	-	552,800	0.10
	17,136,800	299,341,200	316,478,000	57.25

Note: These shares are held by Team Drive Limited which is a wholly-owned subsidiary of Wide Sky Management Limited, being the trustee of a unit trust of which the entire issued units are held by Cititrust (Cayman) Limited, a discretionary trust founded by Dr. CHIANG Lily. By virtue of the SFO, Dr. CHIANG Lily is deemed to be interested in these shares. Dr. CHIANG has tendered her resignation as an Executive Director and Chairman of the Company with effect from 5 December 2004.

In addition to the above, a director has a non-beneficial personal equity interest in a subsidiary held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Interest in underlying shares of the Company

Pursuant to a pre-IPO share option scheme (the “Pre-Scheme”) adopted by the Company on 21 November 2001, the Company had granted Pre-Scheme share options on the Company’s ordinary shares to the executive Directors. Details of share options to subscribe for shares in the Company granted to the executive Directors as at 31 October 2004 were as follows:

Name	Date of grant	Number of share options outstanding as at 31 October 2004	Percentage of the Company's issued share capital as at 31 October 2004	Exercise period of share options	Exercise price per share HK\$
<u>Executive Directors</u>					
Dr. CHIANG Lily	21/11/2001	55,280,000	10.00	5/12/2002 to 4/12/2005	0.01
Dr. PAU Kwok Ping	21/11/2001	27,640,000	5.00	5/12/2002 to 4/12/2005	0.01
Mr. SHAH Tahir Hussain	21/11/2001	13,820,000	2.50	5/12/2002 to 4/12/2005	0.01

96,740,000	17.50
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None of the options granted under the Pre-Scheme have been exercised, cancelled or lapsed during the year.

On 21 November 2001, the shareholders of the Company adopted a share option scheme (the "Post-Scheme"), the principal terms of which were set out in the prospectus of the Company dated 27 November 2001. Details of share options to subscribe for shares in the Company granted under the Post-Scheme as at 31 October 2004 were as follows:-

Name	Date of grant	Number of share options outstanding as at 31 October 2004	Percentage of the Company's issued share capital as at 31 October 2004	Exercise period of share options	Closing price immediately before the date of grant HK\$	Exercise price of share option HK\$
<u>Non-executive Directors</u>						
Dr. LUI Sun Wing	21/3/2003	1,000,000	0.18	21/9/2003 to 20/9/2005 *	0.245	0.28
Mr. YOUNG Meng Cheung Andrew	21/3/2003	1,000,000	0.18	21/9/2003 to 20/9/2005 *	0.245	0.28
<u>Independent non-executive Directors</u>						
Ms. CHAN Siu Ping Rosa	21/3/2003	500,000	0.09	21/9/2003 to 20/9/2005 *	0.245	0.28
Mr. TAKEUCHI Yutaka	21/3/2003	500,000	0.09	21/9/2003 to 20/9/2005 *	0.245	0.28
		3,000,000	0.54			

* The options are vested in two exercisable periods as to (a) 50% exercisable on the expiry of 6 months from the date of grant; and (b) 50% exercisable on the expiry of 12 months from the date of grant.

None of the options granted under the Post-Scheme have been exercised, cancelled or lapsed during the period from the date of grant of such option to 31 October 200

Aggregate long position in ordinary shares and underlying shares of the Company

Name of Directors	Total number of ordinary shares held	Number of options held and outstanding as at 31 October 2004	Aggregate in number	Percentage of the Company's issued share capital as at 31 October 2004	
Dr. CHIANG Lily	299,341,200	55,280,000	354,621,200	64.15	
Dr. PAU Kwok Ping	16,584,000	27,640,000	44,224,000	8.00	
Mr. SHAH Tahir Hussain	552,800	13,820,000	14,372,800	2.60	
Dr. LUI Sun Wing	-	1,000,000	1,000,000	0.18	
Mr. YOUNG Meng Cheung Andrew	-	1,000,000	1,000,000	0.18	
Ms. CHAN Siu Ping Rosa	-	500,000	500,000	0.09	
Mr. TAKEUCHI Yutaka	-	500,000	500,000	0.09	
		316,478,000	99,740,000	416,218,000	75.29

Save as disclosed above, as at 31 October 2004, none of the Directors and chief executives of the Company had registered an interest or short position in any shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 October 2004, the following persons or companies (other than the Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions

Name	Capacity and nature of interest	Number of ordinary shares held	Number of share options held	Aggregate in number	Percentage of the Company's issued share capital as at 31 October 2004
Substantial shareholders					
Cititrust (Cayman) Limited (<i>Note 1</i>)	Through a unit trust and controlled corporation	299,341,200	-	299,341,200	54.15
Wide Sky Management Limited (<i>Note 1</i>)	Through a controlled corporation	299,341,200	-	299,341,200	54.15
Team Drive Limited (<i>Note 1</i>)	Directly beneficially owned	299,341,200	-	299,341,200	54.15
The Hong Kong Polytechnic University (<i>Note 2</i>)	Through a controlled corporation	80,680,800	13,820,000	94,500,800	17.09
Advance New Technology Limited (<i>Note 2</i>)	Directly beneficially owned	80,680,800	13,820,000	94,500,800	17.09
Other shareholder					
Mr. LEE Wai Man	Directly beneficially owned	35,620,000	-	35,620,000	6.44

Notes:

1 These shares are held by Team Drive Limited which is wholly-owned by Wide Sky Management Limited, being the trustee of a unit trust of which the entire issued units are held by Cititrust (Cayman) Limited, a discretionary trust founded by Dr. CHIANG Lily and the beneficiaries of which are Dr. CHIANG Lily's children and certain charitable

objects. By virtue of the SFO, Wide Sky Management Limited and Cititrust (Cayman) Limited are deemed to be interested in all the shares held by Team Drive Limited.

- 2 Advance New Technology Limited is a wholly-owned subsidiary of The Hong Kong Polytechnic University ("PolyU"). By virtue of its interest in Advance New Technology Limited, PolyU is deemed to be interested in all the shares and share options of the Company held by Advance New Technology Limited.

Interest in underlying shares of the Company

Name	Date of grant	Number of ANT-Option outstanding as at 31 October 2004	Percentage to issued shares as at 31 October 2004	Exercise period of share options	Exercise price per share HK\$
The Hong Kong Polytechnic University (Note 3)	21/11/2001	13,820,000	2.50	5/12/2002 to 4/12/2004	0.2142
Advance New Technology Limited (Note 3)	21/11/2001	13,820,000	2.50	5/12/2002 to 4/12/2004	0.2142

Note:

- 3 On 21 November 2001, the Company granted the ANT-Option to Advance New Technology Limited as a reward to PolyU's continuing support and collaboration with the Group and for the purpose of enhancing a future co-operation relationship between PolyU and the Group. The ANT-Option was granted at a consideration of HK\$1.00 to subscribe for such number of shares that shall represent 2.5% of the then issued share capital of the Company immediately after completion of the initial placing of the Company's shares on GEM and the capitalization issue at an exercise price of HK\$0.2142 per share (equivalent to 90% of the issue price), which may be exercised at any time between the first and third anniversaries of the listing date of 5 December 2001. The 13,820,000 ANT-Option was lapsed on 4 December 2004 following the expiry of exercise period of share options.

Save as disclosed above, no person or company (other than the Directors and chief executive of the Company) had registered an interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 October 2004.

COMPLIANCE WITH RULES 5.34 TO 5.45 OF THE GEM LISTING RULES

The Company complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules throughout the year ended 31 October 2004.

AUDIT COMMITTEE

The Company established an audit committee on 5 December 2001 with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the

Group. The audit committee comprises four members, Ms. CHAN Siu Ping Rosa, Mr. TAKEUCHI Yutaka, Professor NI Jun and Ms. HUI Wai Man Shirley, who are the independent non-executive directors of the Company. Ms. HUI Wai Man Shirley was appointed as the independent non-executive director and member of the audit committee of the Company with effect from 29 October 2004.

In the course of the supervision of the financial reporting process and internal control system of the Group, four meetings were held during the year ended 31 October 2004 to review the operations.

The Group's audited results for the year ended 31 October 2004 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

As at the date of this announcement, the directors of the Company are as follows:

Executive directors:

Dr. Pau Kwok Ping
Mr. Shah Tahir Hussain
Mr. Han Ka Lun

Non-executive directors:

Dr. Lui Sun Wing
Mr. Young Meng Cheung Andrew

Independent non-executive directors:

Ms. Chan Siu Ping Rosa
Mr. Takeuchi Yutaka
Professor Ni Jun
Ms. Hui Wai Man Shirley

By Order of the Board
Eco-Tek Holdings Limited

Pau Kwok Ping
Chairman

Hong Kong, 13 January 2005

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the day of its publication.