



ECO-TEK HOLDINGS LIMITED

環康集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8169)

THIRD QUARTERLY RESULTS ANNOUNCEMENT

For the nine months ended 31 July 2005

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.

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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 three months and nine months ended 31 July 2005 amounted to HK\$13.25 million (2004: HK\$30.22 million) and HK\$44.67 million (2004: HK\$81.57 million), representing a decline of 56% and 45% respectively as compared with the same periods last year.
- Profit attributable to shareholders for the three months and nine months ended 31 July 2005 amounted to HK\$0.44 million (2004: HK\$4.37 million) and HK\$5.55 million (2004: HK\$13.06 million), representing a decrease of 90% and 58% respectively as compared with last corresponding periods.
- Basic and diluted earnings per share for the three months ended 31 July 2005 amounted to HK0.08 cent (2004: HK0.79 cent) and HK0.07 cent (2004: HK0.67 cent) respectively.
- Basic and diluted earnings per share for the nine months ended 31 July 2005 amounted to HK1.01 cent (2004: HK2.36 cents) and HK0.86 cent (2004: HK2.01 cents) respectively.

UNAUDITED RESULTS

The board of Directors (the “Board”) of Eco-Tek Holdings Limited (the “Company”) is pleased to announce the following unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 July 2005 together with the comparative figures for the corresponding periods in last financial year.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	<i>Notes</i>	Three months ended 31 July		Nine months ended 31 July	
		2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
TURNOVER	2	13,246	30,223	44,674	81,567
Cost of sales		(11,328)	(20,884)	(32,838)	(54,973)
Gross profit		1,918	9,339	11,836	26,594
Other revenue		618	66	878	150
Selling expenses		(660)	(485)	(1,811)	(1,524)
Administrative expenses		(2,234)	(3,314)	(7,215)	(9,307)
Other operating income/(expenses)		1,168	(1,865)	2,629	(3,632)
PROFIT BEFORE TAXATION		810	3,741	6,317	12,281
Taxation	3	(369)	632	(771)	776
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		441	4,373	5,546	13,057
Dividends	4	-	-	-	-
EARNINGS PER SHARE :	5				
- Basic		HK0.08 cent	HK0.79 cent	HK1.01 cent	HK2.36 cents
- Diluted		HK0.07 cent	HK0.67 cent	HK0.86 cent	HK2.01 cents

NOTES:

1. Principal accounting policies and basis of preparation

The Group's unaudited quarterly results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Statements issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules").

The unaudited quarterly results have been prepared under the historical cost convention. The accounting policies and basis of preparation adopted for the preparation of the quarterly results are consistent with those adopted by the Group in its annual financial statements for the year ended 31 October 2004.

2. Turnover

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

3. Taxation

	Three months ended 31 July		Nine months ended 31 July	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Current:				
Hong Kong	-	65	32	213
Elsewhere	19	62	50	209
	<u>19</u>	<u>127</u>	<u>82</u>	<u>422</u>
Deferred	<u>350</u>	<u>(759)</u>	<u>689</u>	<u>(1,198)</u>
Total tax charge/(credit) for the period	<u>369</u>	<u>(632)</u>	<u>771</u>	<u>(776)</u>

Hong Kong profits tax has been provided at the rate of 17.5% (nine months ended 31 July 2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

At 31 July 2005, there was no significant unrecognised deferred tax liability (31 October 2004: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries.

4. Dividends

The Board does not recommend the payment of an interim dividend for the nine months ended 31 July 2005 (nine months ended 31 July 2004: nil).

5. Earnings per share

The earnings per share amount for the three months ended 31 July 2005 is calculated based on the unaudited consolidated profit attributable to shareholders of the Company for the period of HK\$441,000 (three months ended 31 July 2004: HK\$4,373,000) and the weighted average of 552,800,000 (three months ended 31 July 2004: 552,800,000) ordinary shares in issue during the period.

The earnings per share amount for the nine months ended 31 July 2005 is calculated based on the unaudited consolidated profit attributable to shareholders of the Company for the period of HK\$5,546,000 (nine months ended 31 July 2004: HK\$13,057,000) and the weighted average of 552,800,000 (nine months ended 31 July 2004: 552,800,000) ordinary shares in issue during the period.

The calculation of the diluted earnings per share for the three months ended 31 July 2005 is based on the unaudited consolidated profit attributable to shareholders of the Company for the period of HK\$441,000 (three months ended 31 July 2004: HK\$4,373,000) and 644,578,974 (three months ended 31 July 2004: 647,908,609) ordinary shares, being the 552,800,000 (three months ended 31 July 2004: 552,800,000) ordinary shares as used in the calculation of basic earnings per share, and the weighted average of 91,778,974 (three months ended 31 July 2004: 95,108,609) ordinary shares assumed to have been issued on the deemed exercise of the share options under the pre-IPO share option scheme, ANT share option scheme and post-IPO share option scheme.

The calculation of the diluted earnings per share for the nine months ended 31 July 2005 is based on the unaudited consolidated profit attributable to shareholders of the Company for the period of HK\$5,546,000 (nine months ended 31 July 2004: HK\$13,057,000) and 644,711,030 (nine months ended 31 July 2004: 648,166,658) ordinary shares, being the 552,800,000 (nine months ended 31 July 2004: 552,800,000) ordinary shares as used in the calculation of basic earnings per share, and the weighted average of 91,911,030 (nine months ended 31 July 2004: 95,366,658) ordinary shares assumed to have been issued on the deemed exercise of the share options under the pre-IPO share option scheme, ANT share option scheme and post-IPO share option scheme.

6. Movement of reserves

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Proposed final dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 November 2003	19,586	95	17,012	-	6,357	43,050
2003 final dividend declared	-	-	-	-	(6,357)	(6,357)
Profit for the period	-	-	13,057	-	-	13,057
At 31 July 2004	19,586	95	30,069	-	-	49,750

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Proposed final dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 November 2004	19,586	95	26,904	-	8,292	54,877
Exchange difference	-	-	-	851	-	851
2004 final dividend declared	-	-	-	-	(8,292)	(8,292)
Profit for period	-	-	5,546	-	-	5,546
At 31 July 2005	19,586	95	32,450	851	-	52,982

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's turnover for the nine months ended 31 July 2005 amounted to HK\$44.67 million, fell 45% as compared with the same period last year. On a quarterly basis, the Group's turnover for the third quarter of this fiscal year reported a drop of HK\$16.97 million to HK\$13.25 million (2004: HK\$30.22 million). Substantial decrease in turnover for the three months and nine months ended 31 July 2005 was mainly due to the completion of sale and installation of the Group's Eco-Green in the second quarter of this fiscal year. Furthermore, the record high price of international crude oil caused a parallel pricing increase of plastic resin, steel and alloy metals which had directly hit the sales of the Group's major customers who were engaged in manufacturing industry. As a result, sales of the Group's hydraulic components recorded a drop of HK\$8.20 million as compared with the same quarter a year earlier.

The gross profit of the Group for the nine months ended 31 July 2005 amounted to approximately HK\$11.84 million at a margin of 26.5% as compared with a gross profit of around HK\$26.59 million at a margin of 32.6% for the same period last year. The decrease in gross profit margin was mainly brought by the decrease in sales of Eco-Green which earned a higher profit margin. Sales of the Group's Eco-Green dropped HK\$10.34 million and HK\$24.46 million for the three months and nine months ended 31 July 2005 respectively.

The administrative expenses for the nine months ended 31 July 2005 fell 22% or HK\$2.09 million as compared with a year ago. It was mainly caused by the decrease in staff cost and bonus accrued for the Directors during the period under review.

Other operating income comprised of write-back of provisions for warranty of Eco-Green and doubtful debts which amounted to HK\$0.64 million and HK\$1.99 million respectively for the nine months ended 31 July 2005. The level of provision for warranty required was assessed by the Directors annually and the amount of warranty cost provided as at 31 July 2005 was considered adequate for future utilization. On the other side, the write-back of doubtful debts was due to the fact that some long overdue trade receivables had been collected. The Group will continue to make every effort to collect overdue debts.

Profit attributable to shareholders dropped by 58% to HK\$5.55 million which was in line with the decline in turnover of the Group for the nine months ended 31 July 2005.

The source of finance of the Group was primarily from the initial placing proceeds and internally generated funds. As at 31 July 2005, the Group had pledged its bank deposits of approximately HK\$10 million to secure for performance bond facilities. Nevertheless, the Group still had cash and bank balances of approximately HK\$15.54 million for its future expansion and development.

Business review and prospects

The Group is principally involved in the marketing, sale, servicing, research and development of environmental protection and quality health related products and services.

The third quarter of this fiscal year was a tough quarter to the Group. Income derived from sale of the Group's Eco-Green and hydraulic components had dropped by HK\$10.34 million and HK\$8.23 million respectively as compared with the same quarter last year. The former was due to the completion of the project entered into with the EPD in November 2002 while the later was due to sluggish manufacturing industry as a result of rising prices of crude oil, plastic resin, steel and alloy metals which had directly hit the demand for the Group's hydraulic components. Because of these reasons, the Group's turnover and profit attributable to shareholders for the third quarter of this fiscal year were dragged down by 56% and 90% respectively as compared with the same quarter a year earlier.

As reported in last quarter, the Group had successfully bid three new tenders issued by the EPD for supply and installation of particulate removal devices to reduce particulates from the exhaust of pre-Euro emission standard diesel vehicles each of permitted gross vehicle weight over four tones that needs to undertake long idling duties. The first batch installation had been commenced in early August 2005 and approximately 600 qualified vehicles had installed the Group's particulate removal devices since commencement. The management of the Company estimates that over 1,500 qualified vehicles will install the Group's particulate removal devices for the year ending 31 October 2005 and profit attributable to shareholders in the forth quarter will experience a very strong rebound as compared with this quarter.

Apart from the above, the Group's 50%-owned Nanjing joint venture company had been established in July 2005. The joint venture company is principally engaged in waste water treatment business and provision of other environmental protection related solutions in Jiangsu Province. It will help to promote the Group's environmental products such as Eco-Green, Eco-Air, Eco-Water in the region.

On the other hand, the performance of the wholly-owned factory in Dongguang was satisfactory. It contributed approximately HK\$2 million revenue to the Group for the three months ended 31 July 2005. The management of the Company estimates that the factory will continue to record a reasonable revenue growth in the coming quarter.

Outlook

The management of the Company has been taking active steps to widen its source of revenue which includes the establishment of a wholly-owned factory in Dongguan and the Nanjing joint venture company. Apart from these establishments, the Company will continue to seek for other new investment opportunities and health related projects. Looking forward, the Directors are confident that the Group's turnover and profit attributable to shareholders will experience a very strong rebound in the forth quarter of this fiscal year, following the commencement operation of the three new EPD tenders and revenue generated from the new companies.

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

As at 31 July 2005, 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 Director	Number of shares held, capacity and nature of interest		Percentage of the Company's issued share capital as at 31 July 2005
	Capacity and nature of interest	Number of ordinary shares held	
Dr. PAU Kwok Ping (<i>Note</i>)	Through a discretionary trust	16,584,000	3.00
Mr. SHAH Tahir Hussain	Directly beneficially owned	552,800	0.10
		17,136,800	3.10

Note:

The shares are held by Crayne Company Limited, a company wholly-owned by ING Trust Company (Jersey) Limited as trustee of the Crayne Trust which is a discretionary trust founded by Dr. PAU Kwok Ping.

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 July 2005 were as follows:

Name	Date of grant	Number of share options outstanding as at 31 July 2005	Percentage of the Company's issued share capital as at 31 July 2005	Exercise period of share options	Exercise price per share HK\$
<i>Executive Directors</i>					
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
		41,460,000	7.50		

None of the above-mentioned options granted under the Pre-Scheme have been exercised, cancelled or lapsed during the period under review.

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. Details of share options to subscribe for shares in the Company granted under the Post-Scheme as at 31 July 2005 were as follows:-

Name	Date of grant	Number of share options outstanding as at 31 July 2005	Percentage of the Company's issued share capital as at 31 July 2005	Exercise period of share options	Closing price Immediately before the date of grant HK\$	Exercise price of share option HK\$	
<i>Non-executive Directors</i>							
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	
<i>Independent non-executive Directors</i>							
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 (i) 50% exercisable on the expiry of 6 months from the date of grant; and (ii) 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 under review.

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 July 2005	Aggregate in number	Percentage of the Company's issued share capital as at 31 July 2005
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
		17,136,800	61,596,800	11.14

Save as disclosed above, as at 31 July 2005, 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 July 2005, 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	Percentage of the Company's issued share capital as at 31 July 2005
Substantial shareholders			
Cititrust (Cayman) Limited <i>(Note 1)</i>	Through a unit trust and controlled corporation	299,341,200	54.15
Wide Sky Management Limited <i>(Note 1)</i>	Through a controlled corporation	299,341,200	54.15
Team Drive Limited <i>(Note 1)</i>	Directly beneficially owned	299,341,200	54.15
The Hong Kong Polytechnic University <i>(Note 2)</i>	Through a controlled corporation	80,680,800	14.59
Advance New Technology Limited <i>(Note 2)</i>	Directly beneficially owned	80,680,800	14.59
Other shareholder			
Mr. LEE Wai Man	Directly beneficially owned	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, who resigned as an executive Director and chairman of the Company with effect from 5 December 2004, 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 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 1 November 2004	Number of ANT-Option lapsed during the period	Number of ANT-Option outstanding as at 31 July 2005	Exercise price per share HK\$
The Hong Kong Polytechnic University (Note 3)	21/11/2001	13,820,000	(13,820,000)	-	0.2142
Advance New Technology Limited (Note 3)	21/11/2001	13,820,000	(13,820,000)	-	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 ANT-Option 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.

OTHER OUTSTANDING SHARE OPTIONS

As at 31 July 2005, the following option for an aggregate of 55,280,000 shares granted under the Pre-Scheme remained outstanding.

Name	Date of grant	Number of share options outstanding as at 31 July 2005	Percentage of the Company's issued share capital as at 31 July 2005	Exercise period of share options	Exercise price per share HK\$
Dr. CHIANG Lily	21/11/2001	55,280,000	10	5/12/2002 to 4/12/2005	0.01

Save as disclosed above, none of the other options granted under the Pre-Scheme and Post-Scheme have been exercised, cancelled or lapsed during the period under review.

DISCLOSURE OF TRADE RECEIVABLES UNDER CHAPTER 17 OF THE GEM LISTING RULES

Pursuant to Rules 17.15, 17.17 and 17.22 of the GEM Listing Rules, the following trade receivable of the Group as at 31 July 2005 exceeded 8% of the unaudited consolidated total asset value of the Group as at 30 April 2005 which amounted to approximately HK\$84,945,000.

<u>Customer</u>	Amount due to <u>the Group</u> HK\$'000	Percentage of the unaudited consolidated total asset value of the Group <u>as at 31 July 2005</u>
The EPD	6,934	8.2

The EPD is customer of the Group and is independent of, and is not connected with, the Company or its subsidiaries, the directors, chief executive or substantial shareholders of the Company and its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

The amount due from the EPD was resulted from sales of the Group's product in its ordinary course of business and, in the opinion of the directors, on normal commercial terms. The amount is unsecured and interest free.

The EPD's repayment term is to pay the Group for its purchases in accordance with the contract signed with the Group (i.e. the EPD is required to pay (i) 80% of the invoice amount to the Group one month upon receiving the claims submitted by the Group; (ii) another 10% of the invoice amount to the Group three months after the invoice date; and (iii) the remaining 10% of the invoice amount to the Group after expiry of warranty period if no complaints are received from the qualified diesel vehicle owners after successful installations of the diesel oxidation catalysts).

Save for the above, there was no other advance which give rise to disclosure obligation under Rules 17.15, 17.17 and 17.22 of the GEM Listing Rules.

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 nine months ended 31 July 2005. The Company had not redeemed any of its listed securities during the nine months ended 31 July 2005.

COMPLIANCE WITH THE BOARD PRACTICES AND PROCEDURES

During the period under review, the Company complied with the Board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules, which applied before the amendment of the GEM Listing Rules relating to the Code on Corporate Governance Practices (the "Code") and Rules on Corporate Governance Report on 1 January 2005. The Code has become effective for accounting periods commencing on or after 1 January 2005. The Company will prepare a Corporate Governance Report in accordance with Rule 18.44 of the GEM Listing Rules for the financial year ending 31 October 2006.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities

transactions by the Directors throughout the nine months ended 31 July 2005.

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 controls 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.

The Group's unaudited results for the nine months ended 31 July 2005 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 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, 12 September 2005

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