



## 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 2005

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

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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 year ended 31 October 2005 amounted to approximately HK\$93.38 million (2004: HK\$106.38 million), representing a drop of approximately 12% as compared with preceding year.
- Profit attributable to shareholders for the year ended 31 October 2005 amounted to approximately HK\$22.19 million (2004: HK\$18.18 million) which represented approximately 22% increase as compared with last year.
- Basic and diluted earnings per share for the year ended 31 October 2005 amounted to approximately HK4.01 cents (2004: HK3.29 cents) and HK3.44 cents (2004: HK2.81 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 2005 together with the comparative figures as follows.

	<i>Notes</i>	<b>2005</b> <i>HK\$'000</i>	2004 <i>HK\$'000</i>
TURNOVER	3	<b>93,381</b>	106,378
Cost of sales		<b>( 59,447 )</b>	<u>( 73,735 )</u>
Gross profit		<b>33,934</b>	32,643
Other revenue		<b>642</b>	313
Selling expenses		<b>( 2,443 )</b>	( 2,265 )
Administrative expenses		<b>( 10,655 )</b>	( 10,954 )
Other operating income/(expenses)		<b>1,682</b>	<u>( 2,459 )</u>
PROFIT FROM OPERATIONS		<b>23,160</b>	17,278
Share of loss of a jointly controlled entity		<b>( 267 )</b>	<u>-</u>
PROFIT BEFORE TAXATION	4	<b>22,893</b>	17,278
TAXATION	5	<b>( 704 )</b>	906
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<b>22,189</b>	<u>18,184</u>
Dividends	6	<b>3,248</b>	<u>8,292</u>
EARNINGS PER SHARE :	7		
Basic		<b>HK4.01 cents</b>	<u>HK3.29 cents</u>
Diluted		<b>HK3.44 cents</b>	<u>HK2.81 cents</u>

## NOTES:

### 1. Principal accounting policies and basis of preparation

The financial statements are prepared in accordance with and comply with all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements are prepared under the historical cost convention. There are no significant changes in accounting policies of the Group during the year.

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.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 October 2005. The Group has already commenced an assessment of the impact of these new HKFRSs and has so far concluded that the adoption of these new HKFRS would have no significant impact on its results of operations and financial position.

### 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 sale of particulate removal devices and related ancillary services; and
- (b) the industrial environmental products segment mainly refers to sale of hydraulic components and other related accessories.

In determining the Group’s geographical segments, revenues 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	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Segment revenue:						
Sales to external customers	36,160	37,645	57,221	68,733	93,381	106,378
Other revenue	1	-	153	70	154	70
Total	<u>36,161</u>	<u>37,645</u>	<u>57,374</u>	<u>68,803</u>	<u>93,535</u>	<u>106,448</u>
Segment results	<u>15,407</u>	<u>12,917</u>	<u>7,838</u>	<u>7,032</u>	<u>23,245</u>	<u>19,949</u>
Interest income					488	243
Unallocated expenses					(573)	(2,914)
Profit from operations					23,160	17,278
Share of loss of a jointly controlled entity					(267)	-
Profit before taxation					22,893	17,278
Taxation					(704)	906
Profit attributable to shareholders					<u>22,189</u>	<u>18,184</u>
Segment assets	55,445	28,742	41,101	60,431	96,546	89,172
Interest in a jointly controlled entity					915	-
Tax assets					4,402	5,633
Unallocated assets					343	4,169
Total assets					<u>102,206</u>	<u>98,974</u>
Segment liabilities	9,989	7,136	15,748	29,523	25,737	36,659
Tax liabilities					1,500	1000
Unallocated liabilities					529	910
Total liabilities					<u>27,766</u>	<u>38,569</u>
Other segment information:						
Depreciation	337	340	200	22	537	362
Unallocated amounts					-	6
					<u>537</u>	<u>368</u>
Capital expenditure	354	71	3,254	29	3,608	100
Write back of doubtful debts	-	-	(1,512)	(461)	(1,512)	(461)
Provision for slow-moving inventories	-	639	510	1,006	510	1,645
Loss on disposal of property, plant and equipment	-	-	-	-	-	-
Unallocated amounts					-	29
					<u>-</u>	<u>29</u>
(Write back of)/ provision for warranty	<u>(170)</u>	<u>2,920</u>	<u>-</u>	<u>-</u>	<u>(170)</u>	<u>2,920</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	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Segment revenue:								
Sales to external customers	43,450	46,750	45,520	52,299	4,411	7,329	93,381	106,378
Other revenue	<u>78</u>	<u>12</u>	<u>76</u>	<u>58</u>	<u>-</u>	<u>-</u>	<u>154</u>	<u>70</u>
Other segment information:								
Segment assets	58,548	60,920	35,695	29,930	2,646	2,491	96,889	93,341
Interest in a jointly controlled entity							915	-
Tax assets							<u>4,402</u>	<u>5,633</u>
							<u>102,206</u>	<u>98,974</u>
Capital expenditure	<u>354</u>	<u>57</u>	<u>3,254</u>	<u>26</u>	<u>-</u>	<u>17</u>	<u>3,608</u>	<u>100</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 from operations is arrived at after charging/(crediting):-

	2005 HK\$'000	2004 HK\$'000
Auditors' remuneration	209	219
Cost of inventories sold	58,114	70,681
Depreciation	537	368
Exchange losses, net	48	1,236
Loss on disposal of property, plant and equipment	-	29
Operating lease charges in respect of land and buildings	1,295	924
Provision for slow-moving inventories	510	1,645
(Write back of) / Provision for warranty	(170)	2,920
Research and development costs	720	720
Staff costs, including directors' emoluments:		
Wages and salaries	7,337	6,265
Pension scheme contributions	<u>115</u>	<u>109</u>
	<u>7,452</u>	<u>6,374</u>

Write back of doubtful debts	<b>(1,512)</b>	(461)
Interest income	<b>(488)</b>	(243)

## 5. Taxation

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Current tax:		
Hong Kong	500	109
Under/(Over) provision in prior years	<u>32</u>	<u>(106)</u>
	<u>532</u>	<u>3</u>
Elsewhere	145	159
Overprovision in prior years	<u>(53)</u>	<u>-</u>
	<u>92</u>	<u>159</u>
Deferred tax	<u>80</u>	<u>(1,068)</u>
Total tax charge/(credit) for the year	<u><b>704</b></u>	<u>(906)</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 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 2005, there was no significant unrecognised deferred tax liability (2004: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries.

## 6. Dividends

	2005 <b>HK\$'000</b>	2004 HK\$'000
Proposed final dividend of HK0.5 cent (2004: HK1.50 cents) per ordinary share based on 649,540,000 (2004: 552,800,000) ordinary shares	<u><b>3,248</b></u>	<u>8,292</u>

The proposed final dividend amount for the year ended 31 October 2005 is based on 552,800,000 ordinary shares in issue as at year end date and 96,764,000 ordinary shares issued in November 2005 upon exercised of the share options subsequently. The aforementioned dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Upon approval by the shareholders, the final dividend will be paid on or about 10 March 2006 to shareholders whose names appear on the register of members of the Company on 8 February 2006.

## 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\$22,189,000 (2004: HK\$18,184,000) and the weighted average of 552,800,000 (2004: 552,800,000) ordinary shares in issue during the year.

The calculation of the diluted earnings per share for the year ended 31 October 2005 is based on the consolidated profit attributable to shareholders of the Company for the year of HK\$22,189,000 (2004: HK\$18,184,000) and 644,911,292 (2004: 648,136,574) ordinary shares, being the 552,800,000 (2004: 552,800,000) ordinary shares as used in the calculation of basic earnings per share, and the weighted average of 92,111,292 (2004: 95,336,574) 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. Consolidated statement of changes in equity

	<u>Share capital</u> HK\$'000	<u>Share premium</u> HK\$'000	<u>Capital reserve</u> HK\$'000	<u>Exchange translation reserve</u> HK\$'000	<u>Retained profits</u> HK\$'000	<u>Proposed final dividend</u> HK\$'000	<u>Total</u> HK\$'000
At 1 November 2003	5,528	19,586	95	-	17,012	6,357	48,578
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 and 1 November 2004	5,528	19,586	95	-	26,904	8,292	60,405
Exchange difference	-	-	-	138	-	-	138
2004 final dividend declared	-	-	-	-	-	(8,292)	(8,292)
Profit for the year	-	-	-	-	22,189	-	22,189
2005 proposed final dividend	-	-	-	-	(3,248)	3,248	-
At 31 October 2005	5,528	19,586	95	138	45,845	3,248	74,440

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial review

Turnover of the Group for the year ended 31 October 2005 fell 12% to HK\$93.38 million (2004: HK\$106.38 million). The decrease was mainly due to the decrease in sale of the Group's hydraulic components by HK\$15 million as compared with a year ago. Income derived from sales of hydraulic components accounted for approximately 58% of the Group's turnover for the year.

The gross profit of the Group for the year ended 31 October 2005 amounted to approximately HK\$33.93 million at a margin of 36.3% as compared with a gross profit of around HK\$32.64 million at a margin of 30.7% in last year. The increase in gross profit margin was mainly due to the decrease in sale of hydraulic components which earned a lower profit margin while income from sale of higher profit margin products such as Eco-Green remained steady as compared with preceding year.

The administrative expenses of the Group for the year ended 31 October 2005 remained steady as



compared with last year since there was no significant changes in operation of the Group.

Other operating income comprised of write back of provisions for warranty of Eco-Green and doubtful debts which amounted to HK\$0.17 million and HK\$1.51 million respectively for the year ended 31 October 2005. The level of provision for warranty required was assessed by the Directors annually and the amount of warranty cost provided as at 31 October 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.

During the year under review, the Company's profit attributable to shareholders increased by HK\$4.01 million to HK\$22.19 million, representing an increase of approximately 22%. In view of the satisfactory results of the Company, the Directors have resolved to recommend the payment of a final dividend of HK0.5 cent (2004: HK1.50 cents) per ordinary share for the year ended 31 October 2005 at the forthcoming annual general meeting of the shareholders of the Company.

The source of finance of the Group was primarily from internally generated funds. As at 31 October 2005, the Group had pledged its bank deposits of approximately HK\$9.02 million to secure for performance bond facilities. Nevertheless, the Group still had cash and bank balances of approximately HK\$7.62 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 and quality health related products and services.

The performance of the Group for the first three quarters of this fiscal year was not satisfactory. However, following the installation of the Group's particulate removal devices ("Eco-Green") on qualified diesel vehicles in August 2005 in relation to the three new tenders granted by the Environmental Protection Department of the Hong Kong Government ("EPD"), the Group's turnover and profit attributable to shareholders reported a strong rebound in the fourth quarter. The sale of Eco-Green accounted for approximately HK\$34.6 million or 37% of the Group's turnover for the year of which approximately HK\$28.8 million was recorded in the fourth quarter. Up to 31 October 2005, approximately two-third of the qualified diesel vehicles which need to undertake long idling duties have successfully installed the Group's Eco-Green.

During the year under review, surging prices of plastic resin, steel and alloy metals had directly hit the sales of the Group's major customers who were engaged in manufacturing industry. As a result, sale of the Group's industrial used hydraulic components was adversely affected and recorded a drop of approximately HK\$15.20 million as compared with last year. In order to stimulate the demand of the Group's hydraulic components, new products such as energy saving device has been developed which will sooner be launched to the market. Furthermore, a representative office located in Shunde, the Mainland China has been established in December 2005 which helps to enhance the sale and marketing force of the Group's hydraulic components in Guangdong Province. The Directors are optimistic that these moves can help to recapture declining demand of the Group's hydraulic components.

As previously reported, the Group had established a 50%-owned joint venture company in Nanjing, the Mainland China in June 2005. The joint venture company is principally engaged in waste water treatment business and provision of other environmental protection related solutions in Jiangsu Province. As at 31 October 2005, several waste water treatment projects located in Jiangsu Province were under review.

Apart from the above, the Dongguan factory continued to contribute a steady income to the Group which amounted to approximately HK\$3.9 million for the year ended 31 October 2005. It is expected that the Dongguan factory will continue to record a reasonable revenue growth in the coming quarters.

It was set out in the annual report for the year ended 31 October 2004 that the Group would continue to develop and introduce various environmental protection related products and to promote the sense of healthy living to the general public. In this regard, the Group has entered into agreements to invest in a water supply plant located in Tianjin, the Mainland China. For details of the investment, please refer to the announcement and circular of the Company dated 18 November 2005 and 16 December 2005 respectively. The Directors considered that the Group's investment in the Tianjin water supply plant which will supply water after carrying various processes including purification upon completion of its construction will provide an opportunity for the Group to further promote and develop its business presence in the PRC and to enrich the product/service portfolio of the Group. Besides, with the experience gained through the investment in the water supply plant, the Group will also be able to penetrate into domestic sewage water treatment and industrial waste water treatment businesses in the Mainland China when there is opportunities.

### *Outlook*

The management of the Company has been taking active steps to widen the Group's source of income which includes the establishment of a wholly-owned factory in Dongguan, the joint venture company in Nanjing and the investment in a water supply plant in Tianjin. Although the joint venture company and water supply plant are unable to contribute income to the Group during the year under review, the growth potential of these two investments are enormous. Looking forward, the Directors are confident 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 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 Futures Ordinance ("SFO")), which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, 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:

### *Long positions in ordinary shares of the Company*

**Number of shares held, capacity and nature of interest**

<b>Name of Director</b>	<b>Capacity and nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage of the Company's issued share capital as at 31 October 2005</b>
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
		<u>17,136,800</u>	<u>3.10</u>

*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 October 2005 were as follows:

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

The above-mentioned share options were exercised in full by Dr. PAU Kwok Ping and Mr. SHAH Tahir Hussain in November 2005.

On 21 November 2001, the shareholders of the Company adopted a share option scheme (the "Post-Scheme"). Details of share options to subscribe for shares in the Company granted under the Post-Scheme were as follows:-

<b>Name</b>	<b>Date of grant</b>	<b>Number of options outstanding as at 1 November 2004</b>	<b>Number of options lapsed during the year</b>	<b>Number of options outstanding as at 31 October 2005</b>	<b>Exercise price of share option HK\$</b>
<i>Non-executive Directors</i>					
Dr. LUI Sun Wing	21/3/2003	1,000,000	(1,000,000)	-	0.28
Mr. YOUNG Meng Cheung Andrew	21/3/2003	1,000,000	(1,000,000)	-	0.28

*Independent non-executive  
Directors*

Ms. CHAN Siu Ping Rosa	21/3/2003	500,000	(500,000)	-	0.28
Mr. TAKEUCHI Yutaka	21/3/2003	500,000	(500,000)	-	0.28
		3,000,000	(3,000,000)		

All the above-mentioned share options lapsed on 20 September 2005 following the expiry of exercise period of share options.

*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 2005	Aggregate in number	Percentage of the Company's issued share capital as at 31 October 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
	17,136,800	41,460,000	58,596,800	10.60

Save as disclosed above, as at 31 October 2005, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures 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 were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, 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.

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

So far as is known to the Directors or chief executives of the Company, as at 31 October 2005, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

*Long positions*

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital as at 31 October 2005
<b>Substantial shareholders</b>			
Cititrust (Cayman) Limited ( <i>Note 1</i> )	Through a unit trust and controlled corporation	299,341,200	54.15

Wide Sky Management Limited (Note 1)	Through a controlled corporation	299,341,200	54.15
Team Drive Limited (Note 1)	Directly beneficially owned	299,341,200	54.15
The Hong Kong Polytechnic University (Note 2)	Through a controlled corporation	80,680,800	14.59
Advance New Technology Limited (Note 2)	Directly beneficially owned	80,680,800	14.59
<b>Other shareholder</b>			
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. 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 year	Number of ANT-Option outstanding as at 31 October 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.*

As at 31 October 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 October 2005	Percentage of the Company's issued share capital as at 31 October 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

The above-mentioned options were exercised in full by Dr. CHIANG Lily in November 2005.

Save as disclosed above, as at 31 October 2005, so far as is known to the Directors or chief executives of the Company, no other persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

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

As at 31 October 2005, there were 552,800,000 shares of the Company in issue. Based on the average closing price of the Company's shares of HK\$0.169 per share as stated in the Stock Exchange's daily quotation sheets for the trading days from 24 October to 28 October 2005 (both days inclusive), being the five business days immediately preceding 31 October 2005, the five-day average market capitalisation of the Company was approximately HK\$93,423,200 (the "Total Market Capitalisation").

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 October 2005 exceeded 8% of the Total Market Capitalisation and the audited consolidated total asset value of the Group as at 31 October 2005 which amounted to approximately HK\$102,206,000.

<u>Customer</u>	<u>Amount due to the Group</u> (HK\$'000)	<u>% of Total Market Capitalisation</u>	<u>% of the audited consolidated total asset value of the Group as at 31 October 2005</u>
The Environmental Protection Department of the Hong Kong Government ("EPD")	33,965	36.4	33.2

The EPD is one of the customers of the Group and is not a connected person 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 trade receivable was resulted from sales of the Group's products in its ordinary course of business and, in the opinion of the directors of the Company, on normal commercial terms. The amount is unsecured and interest free.

The EPD's payment term is to pay the Group for its purchases in accordance with the contracts signed with the Group (i.e. the EPD is required to pay (i) 70% to 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 3 months to 12 months after the invoice date; and (iii) the remaining 10% to 20% of the invoice amount to the Group after the completion of 60 months from the invoice date if no complains are received from the qualified diesel vehicle owners after successful installations of the Group's products).

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 or sold any of the Company's listed securities during the year ended 31 October 2005. The Company had not redeemed any of its listed securities during the year ended 31 October 2005.

## **COMPLIANCE WITH THE BOARD PRACTICES AND PROCEDURES**

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.

## **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.

In the course of the supervision of the financial reporting process and internal control system of the Group, five meetings were held during the year ended 31 October 2005 to review the operations.

The Group's audited results for the year ended 31 October 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 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, 29 December 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.