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## **WAIVERS FROM COMPLIANCE WITH THE GEM LISTING RULES AND THE COMPANIES ORDINANCE**

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For the purpose of the listing of the Shares on GEM, the Company has sought the following waivers from the GEM Listing Committee and the SFC in connection with certain requirements under the GEM Listing Rules and the Companies Ordinance respectively. Details of such waivers are described below.

### **Two years active business pursuits**

Pursuant to Rule 11.12 of the GEM Listing Rules, unless a new applicant satisfies the conditions specified in Rule 11.12(3), it must demonstrate that, throughout the period of at least 24 months immediately preceding the date of submission of the listing application by the new applicant, it has, either by itself or through one or more of its subsidiaries, actively pursued one focused line of business under substantially the same management and ownership as existing at the time of application for listing.

The Group was founded on 27 October 1999 upon the incorporation of Eco-Tek. Eco-Tek and PolyU signed a memorandum of intent on 10 February 2000 for the grant of an exclusive licence to Eco-Tek to manufacture, distribute, sell and install the modified version of the Filter in Hong Kong and the PRC. In addition, from February 2000, the Group commenced preparation for tender for the installation of diesel particulate reduction device under the Voluntary Installation and Subsidy Program and procurement of the distribution and installation of Eco-Trap by Caltex Gas stations. Eco-Tek is the main operating subsidiary of the Group. Hence, the Group has only about 21 months' active business pursuits before the date of this prospectus and does not have 24 months' active business pursuits as required under Rule 11.12 of the GEM Listing Rules. In addition, the Group does not satisfy the conditions specified in Rule 11.12(3) of the GEM Listing Rules.

The Company has applied for a waiver from strict compliance with Rule 11.12 of the GEM Listing Rules from the Stock Exchange. The Stock Exchange has granted such waiver so that the statement of active business pursuits covers only the period from 27 October 1999 to the Latest Practicable Date.

### **Financial periods**

**Pursuant to Rules 7.03(1) and 11.10 of the GEM Listing Rules, unless the Company satisfies the conditions specified in Rule 11.12(3), it is required to include in this prospectus an accountants' report covering at least the two financial years immediately preceding the issue of this prospectus. As the financial year of the Group ends on 31 October, it is also required to include in this prospectus an accountants' report in respect of the financial year ended on 31 October 2001 so as to comply with Rules 7.03(1) and 11.10 of the GEM Listing Rules.**

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As stated in the above paragraph headed “Two years active business pursuits”, the Group was founded on 27 October 1999 upon the incorporation of Eco-Tek. In addition, the Group does not satisfy the conditions specified in Rule 11.12(3) of the GEM Listing Rules. The Company has applied for waivers from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules from the Stock Exchange. The Stock Exchange has granted such waivers so that the accountants’ report covers only the period from 27 October 1999 to 31 October 1999, the year ended 31 October 2000 and the nine months ended 31 July 2001.

The Directors confirm that they have performed sufficient due diligence on the Group to ensure that, save as disclosed in this prospectus, up to the date of issue of this prospectus, there has been no material adverse change in the financial position of the Group since 1 August 2001, and there is no event which would materially affect the information shown in the accountants’ report of the Group as set out in Appendix I to this prospectus.

### **Companies Ordinance waiver**

The Company has also sought a waiver from the SFC in relation to certain requirements under the Companies Ordinance.

According to paragraph 27 of Part I of the Third Schedule of the Companies Ordinance (“Paragraph 27”) as amended by the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (L.N.76 of 2001) (“Exempt Notice”), the Company is required to include in this prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of the Group during the two preceding years.

According to paragraph 31 of Part II of the Third Schedule of the Companies Ordinance (“Paragraph 31”) as amended by the Exempt Notice, the Company is required to include in this prospectus a report by the auditors and reporting accountants of the Company with respect to the financial results of the Group for each of the two financial years immediately preceding the issue of this prospectus.

The Directors confirm that they have performed sufficient due diligence on the Group to ensure that save as disclosed in this prospectus, there has been no material adverse change in the financial position of the Group since 1 August 2001 up to the date of this prospectus, and there is no event which would materially affect the information shown in the accountants’ report set out in Appendix I to this prospectus.

The SFC has granted a waiver in relation to Paragraph 27 and Paragraph 31 so that the Group is only required to include in this prospectus its trading record, financial results and information covering the period from 27 October 1999 to 31 October 1999, the year ended 31 October 2000 and the nine months ended 31 July 2001.