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ECO-TEK HOLDINGS LIMITED
(環 康 集 團 有 限 公 司) *

(Incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

AWARD OF GOVERNMENT CONTRACTS

SUMMARY

The Board is pleased to announce that Eco-Tek, a wholly-owned subsidiary of the Company, concluded on 18 November 2002 the Contracts with the EPD of the Government in relation to the supply and installation of particulate removal devices to reduce particulates from exhaust of the Eligible Vehicles and all related services necessary for proper installation of such particulate removal devices.

Pursuant to the terms of the Contracts, Eco-Tek has procured the Bank to provide the Bonds with an aggregate amount of approximately HK\$6.2 million to the Government for the purpose of securing the performance of the Contracts by Eco-Tek. In consideration of the provision of the Bonds by the Bank, Eco-Tek has granted the Charge on a bank deposit in an amount of approximately HK\$6.2 million in favour of the Bank. The provision of the Charge by Eco-Tek in favour of the Bank constitutes a discloseable transaction for the Company under the GEM Listing Rules. A circular containing further details of the Contracts and the Bonds will be dispatched to the shareholders of the Company as soon as practicable.

The Board has noted the increase in the price of the Shares on 18 November 2002 before trading in the Shares was suspended at 10:59 a.m. on that date. The Board confirmed that save as disclosed in this announcement, there is no negotiation or agreement for any intended acquisition or realizations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price sensitive nature.

Trading in the Shares was suspended at 10:59 a.m. on 18 November 2002 at the request of the Company pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 20 November 2002.

AWARD OF GOVERNMENT CONTRACTS

The Contracts

The board of directors (the “**Board**”) of Eco-Tek Holdings Limited (the “**Company**”) is pleased to announce that Eco-Tek Company Limited (“**Eco-Tek**”), a wholly-owned subsidiary of the Company, concluded on 18 November 2002 four non-exclusive contracts (the “**Contracts**”) with Environmental Protection Department (the “**EPD**”) of The Government of Hong Kong Special Administrative Region (the “**Government**”). Pursuant to the Contracts, Eco-Tek will (i) supply and install particulate removal devices to reduce particulates from exhaust of the pre-Euro emission standard diesel vehicles (in Hong Kong being those registered on or before 31 March 1995) each of permitted gross vehicle weight over four tones and using diesel of sulphur content not more than 0.005% (by weight), and which are registered and licensed under the Road Traffic Ordinance (Chapter 374 of the laws of Hong Kong) but exclude vehicles which fall within the definition of special purpose vehicles in the Road Traffic Ordinance (Chapter 374 of the laws of Hong Kong) and vehicles which need to keep their engines running while stationary to support on-board ancillary equipment (the “**Eligible Vehicles**”), and (ii) provide all related services necessary for proper installation of such particulate removal devices. Upon completion of the supply and installation of the particulate removal devices to an Eligible Vehicle, the relevant fee will be paid, by three-installments, by the Government to Eco-Tek (80% of the fee will be paid upon satisfactory completion of the supply and installation of the particulate removal device onto the Eligible Vehicle while another 10% will be paid 3 months thereafter if there is no complaint in relation to the said installation, and the remaining 10% of the fee will be paid at the end of expiry of 60-month warranty period of the installation).

The Contracts are for an initial term of twenty-one calendar months, commencing on the date of the Contracts, and the Government shall have the right to extend the initial term for further terms of not more than six calendar months in total by giving not less than one-month prior notice to Eco-Tek before the expiry of the initial term or extended term. As the participation of registered owners of the Eligible Vehicles to install particulate removal devices onto their vehicles is on a voluntary basis and the Contracts are awarded to Eco-Tek on a non-exclusive basis, the Contracts do not contain any warranty in relation to any commitment to the minimum number of Eligible Vehicles to be installed with the particulate removal vehicles by Eco-Tek.

Reasons for the Contracts

The Group is principally engaged in the development, sales and marketing of innovative environmental protection related products and ancillary services.

The EPD provides support to the Environment, Transport and Works Bureau of the Government, which has overall responsibility for environmental policy in Hong Kong. In addition, the EPD is the main Government body tackling pollution in Hong Kong.

It was set out in the prospectus of the Company dated 27 November 2001 that the Group planned to capitalize on the installation and subsidy program of the Government in respect of the installation of the Group’s diesel oxidation catalysts on diesel heavy vehicles. In June 2002, the EPD invited tenderers by issuing a tender document in relation to its intention to assist the registered owners of the Eligible Vehicles to retrofit their vehicles with particulate removal devices to reduce their particulate emissions. In response to the invitation, Eco-Tek submitted the relevant tenders to the EPD and has been granted the tenders and the underlying Contracts.

The directors of the Company (the “**Directors**”) believe that the Group is able launch and market its diesel oxidation catalysts on diesel heavy vehicles in the Hong Kong market by entering into the Contracts and provide services thereunder. In addition, the Directors consider that there will be positive impact on the financial results of the Group during the term of the Contracts since they expect that the turnover will increase as a result of charging fees by Eco-Tek for its supply and installation of the Group’s diesel oxidation catalysts to Eligible Vehicles under the Contracts. The Directors are of the opinion that the terms of the Contracts are fair and reasonable and the Contracts are in the interests of the Company’s shareholders as a whole.

Provision of the Bonds to the Government under the Contracts

Pursuant to the terms of the Contracts, Eco-Tek has procured a bank (the “**Bank**”) to provide four performance bonds (the “**Bonds**”) with an aggregate amount of approximately HK\$6.2 million to the Government for the purpose of securing the performance of the Contracts by Eco-Tek. Upon demand in writing by the representative of the Government (the “**Government Representative**”) to the Bank from time to time or at any time during the validity of the Bonds without proof or contestation or further conditions on the Government Representative, the Bank shall without delay pay to the Government Representative the sum(s) mentioned in the said demand. The Bonds shall remain in force until Eco-Tek has fulfilled its obligations under the Contracts in full or until the Bonds shall have been paid in full, whichever shall first occur. In consideration of the provision of the Bonds by the Bank, Eco-Tek has granted a fix charge (the “**Charge**”) on a bank deposit of approximately HK\$6.2 million in favour of the Bank.

GENERAL

The provision of the Charge by Eco-Tek in favour of the Bank constitutes a discloseable transaction for the Company under the GEM Listing Rules. A circular containing further details of the Contracts and the Bonds will be dispatched to the shareholders of the Company as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

The Board has noted the increase in the price of the shares of HK\$0.01 each (the “**Shares**”) in the share capital of the Company on 18 November 2002 before trading of Shares was suspended at 10:59 a.m. on that date. The Board confirmed that save as disclosed in this announcement, there is no negotiation or agreement for any intended acquisition or realizations which are discloseable under Chapters 19 and 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM Listing Rules**”), neither is the Board aware of any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price sensitive nature.

Trading in the Shares was suspended at 10:59 a.m. on 18 November 2002 at the request of the Company pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 20 November 2002.

By Order of the Board
Eco-Tek Holdings Limited
Pau Kwok Ping
Managing Director

Hong Kong, 19 November 2002

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for 7 days from the date of publication.

** For identification purpose only.*