

# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Eco-Tek Holdings Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

This circular, for which the directors (“**Directors**”) of Eco-Tek Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (i) the information contained in this document 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 document misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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## ECO-TEK HOLDINGS LIMITED 環康集團有限公司\*

(Incorporated in Cayman Islands with limited liability)

### PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE ITS OWN SHARES

*This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for 7 days from the date of its posting.*

*\* For purpose of identification only*

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The notice convening the annual general meeting of the Company for the year ended 31 October 2001 to be held at The High Table, 15/F, Li Ka Shing Tower, The Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong on Friday, 8 March 2002, at 10:30 a.m. is set out on pages 55 to 58 in the 2001 Annual Report.

A form of proxy for the annual general meeting is enclosed with the 2001 Annual Report. Whether or not you propose to attend the annual general meeting, you are requested to complete the form of proxy and return the same to the Company’s Share Registrar in Hong Kong, Tengis Limited, at 4th Floor, Hutchison House, Central, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the annual general meeting. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the annual general meeting or any adjournment thereof if you so wish.

25 January 2002

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

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:*

“2001 Annual Report”	the Audited Financial Statements and the Reports of the Directors and Auditors of the Company for the year ended 31 October 2001
“AGM”	the annual general meeting of the Company to be held at The High Table, 15/F, Li Ka Shing Tower, The Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong, on Friday, 8 March 2002 at 10:30 a.m. at which the 2001 Annual Report will be adopted
“Commission”	Securities and Futures Commission
“Company”	Eco-Tek Holdings Limited
“Directors”	directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Mandate”	the general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate plus the number of Shares purchased under the Repurchase Mandate
“Latest Practicable Date”	24 January, 2002, being the latest practicable date prior to the printing of this circular
“Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the resolution approving the Repurchase Mandate
“Shareholders”	holders of Shares

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## DEFINITIONS

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“Share(s)”	share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Code on Takeovers and Mergers approved by the Commission as amended from time to time



**ECO-TEK HOLDINGS LIMITED**

**環康集團有限公司**

*(Incorporated in Cayman Islands with limited liability)*

*Executive Directors:*

Dr. CHIANG Lily (*Chairman*)  
Dr. PAU Kwok Ping (*Managing Director*)  
Mr. SHAH Tahir Hussain

*Non-Executive Directors:*

Dr. LUI Sun Wing  
Mr. YOUNG Meng Cheung Andrew

*Independent Non-Executive Directors:*

Mr. CHENG Ming Fun Paul  
Dr. WOON Yi Teng Eden

*Registered Office:*

Century Yard,  
Cricket Square,  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

*Head Office and Principal Place  
of Business:*

Unit 5, 11/F  
Westlands Centre  
20 Westlands Road  
Quarry Bay  
Hong Kong

25 January 2002

*To Shareholders of the Company*

Dear Sir/Madam,

**PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES  
AND REPURCHASE ITS OWN SHARES**

**INTRODUCTION**

At an extraordinary general meeting of the Company held on 21 November, 2001, all the Shareholders of the Company passed a resolution to give general unconditional mandates to the Directors to issue and allot Shares and to exercise the powers of the Company to repurchase its own Shares in accordance with the GEM Listing Rules. No shares have been issued or repurchased pursuant to these mandates up to the Latest Practicable Date. These general mandates will lapse at the conclusion of the AGM. It is therefore proposed to renew the general mandates to issue and allot Shares and to repurchase Shares at the AGM.

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## LETTER FROM THE CHAIRMAN

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The purpose of this Circular is to provide you with information regarding the proposed renewal of the general mandates to issue and allot Shares and to repurchase Shares, details of which are provided herewith as follows, and to seek your approval of the ordinary resolutions relating to these matters at the AGM.

### **ISSUE MANDATE**

An ordinary resolution will be proposed at the AGM to grant to the Directors the Issue Mandate which will enable the Directors to allot, issue and otherwise deal with Shares of the Company up to the limit of 20% of the aggregate nominal value of the issued share capital of the Company on the date of passing such resolution. In addition, an ordinary resolution will also be proposed to authorize an extension of the Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Issue Mandate the number of Shares purchased under the Repurchase Mandate, if granted.

Details of the aforesaid ordinary resolutions are set out in ordinary resolutions number 4 and 6 in the notice of AGM.

### **REPURCHASE MANDATE**

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate which will enable the Directors to repurchase Shares of the Company on the GEM or on any other exchange on which the Shares have been or may be listed and recognised for this purpose by the Commission and the Stock Exchange under the Code on Share Repurchase, which does not exceed 10% of the aggregate nominal value of the issued share capital of the Company on the date of passing such resolution.

Pursuant to the GEM Listing Rules, an explanatory statement containing all the information reasonably necessary to enable shareholders of the Company to make an informed decision on whether to vote for or against the ordinary resolution to approve the repurchase by the Company of its shares is set out in the appendix hereto.

Details of the aforesaid ordinary resolution are set out in ordinary resolution number 5 in the notice of AGM.

### **ANNUAL GENERAL MEETING**

The notice convening the AGM for the year ended 31 October 2001 to be held at The High Table, 15/F, Li Ka Shing Tower, The Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong, on Friday, 8 March 2002, at 10:30 a.m. is set out on pages 55 to 58 in the 2001 Annual Report.

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## LETTER FROM THE CHAIRMAN

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A form of proxy for the annual general meeting is enclosed with the 2001 Annual Report. Whether or not you propose to attend the annual general meeting, you are requested to complete the form of proxy and return the same to the Company's Share Registrar in Hong Kong, Tengis Limited, at 4th Floor, Hutchison House, Central, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the annual general meeting. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the annual general meeting or any adjournment thereof if you so wish.

### RECOMMENDATION

Shareholders of the Company should draw their attention to the information as set out in the appendix of this circular. The Board of Directors is of the opinion that all the proposed resolutions referred to in this circular are in the best interests of the Company and its Shareholders as a whole and, accordingly, recommend you to vote in favour of all the related resolutions set out in the notice of the AGM.

Yours faithfully,  
On behalf of the Board  
**CHIANG Lily**  
*Chairman*



**INFORMATION ON GEM LISTING RULES RELATING TO SHARE REPURCHASES**

This is an explanatory statement containing all the information reasonably necessary to enable shareholders of the Company to make an informed decision on whether to vote for or against the ordinary resolution to be proposed in the AGM one of the purposes of which is to approve the repurchase by the Company of its shares. The following is a summary of the principal provisions of the GEM Listing Rules relating to the repurchase of its shares on GEM of the Stock Exchange by a company the shares of which are listed on the GEM of the Stock Exchange.

**(a) Shareholder's Approval**

The GEM Listing Rules provide that all share repurchases on the GEM of Stock Exchange by a company the shares of which are listed on the GEM of Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific resolution in relation to specific transactions. The shares to be repurchased are fully paid. The GEM Listing Rules require an explanatory statement to be sent to shareholders to give shareholders adequate information to enable them to decide whether to approve the mandate.

**(b) Source of Funds**

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's Memorandum and Articles of Association and the GEM Listing Rules and the applicable laws of the Cayman Islands.

**(c) Connected Parties**

The GEM Listing Rules prohibit the company from knowingly purchasing shares on the GEM of the Stock Exchange from a "connected person", that is, a director, substantial shareholder, management shareholders or their respective associates (as defined in the GEM Listing Rules) and a connected person must not knowingly sell his shares to the company on the GEM of the Stock Exchange.

**SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 552,800,000 Shares.

Subject to the passing of the ordinary resolution number 5 set out in the notice of AGM in which a general mandate is proposed to be given to the Directors to repurchase shares not exceeding 10% of the aggregate nominal value of the issued share capital of the Company on the date of passing such resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate

to repurchase a maximum of 55,280,000 Shares during the course of the period ending on the earliest of the date of the AGM for the year ended 31 October 2002, the date by which the next AGM of the Company is required to be held by the Company's Articles of Association or applicable law of the Cayman Islands or the date upon which such authority is revoked or varied by an ordinary resolution to be passed by shareholders of the Company in general meeting.

Notwithstanding the above, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%, the minimum prescribed percentage for the Shares to be held by the public after listing of Shares on the GEM of the Stock Exchange.

### **REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and its Shareholders to seek a general authority from Shareholders to enable the Directors to repurchase Shares of the Company in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and/or its earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

### **FUNDING OF REPURCHASE**

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company's available cashflow or working capital which will be funds legally available for such purposes in accordance with the provisions of the Memorandum and Articles of Association of the Company, the relevant laws of the Cayman Islands and the GEM Listing Rules. It is envisaged that the funds required for any repurchase would be derived from those funds of the Company, legally permitted to be utilised in this connection, including capital paid up on the Shares to be repurchased, profits otherwise available for distribution and sums standing to either the share premium account or contributed surplus account of the Company. The Company may not repurchase its own Shares on the GEM of the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as may from time to time be amended.

Should the Repurchase Mandate be exercised in full at any time during the proposed repurchase period, there might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the 2001 Annual Report). However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**SHARE PRICES**

Dealings in the shares on the GEM of the Stock Exchange commenced on 5 December 2001. The highest and lowest market prices at which the Shares have traded on the GEM of the Stock Exchange during the period from the commencement of trading of the Shares on the GEM up to the Latest Practicable Date were as follows:

<b>Month</b>	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
2001		
December (as from 5 December 2001)	0.73	0.385
2002		
January (up to Latest Practicable Date)	0.68	0.61

**REPURCHASES MADE BY THE COMPANY**

No repurchases of Shares have been made by the Company on the GEM of the Stock Exchange during the period from 5 December 2001 (date of listing) to the Latest Practicable Date.

**GENERAL INFORMATION**

The Directors have undertaken to the Stock Exchange, so far as the same may be applicable, to exercise the power of the Company to repurchase shares in accordance with the provisions of the Memorandum and Articles of Association of the Company, the GEM Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a share repurchase a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeover Code. Accordingly, a shareholder or a group of shareholders acting in concert (within the meaning of the Takeover Code) depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with the rules 26 and 32 of the Takeover Code as a result of such increase.

As at the Latest Practicable Date, Team Drive Limited ("Team Drive") and Advance New Technology Limited ("Advance New") which are the substantial shareholders of the Company, held approximately 54.15% and 16.10% of the issued shares of the company respectively. The Directors are not aware of any consequences which may arise under the Takeover Code as a consequence of any purchase made under the Repurchase Mandate. Notwithstanding the above, the Company may not repurchase Shares which would result in

the amount of Shares held by the public being reduced to less than 25%, the minimum prescribed percentage for the Shares to be held by the public after listing of Shares on the GEM of the Stock Exchange.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquires, any of their associates (as defined in the GEM Listing Rules) has notified the Company of any present intention, if the Repurchase Mandate is approved by the Shareholders to sell shares to the Company.

No connected person (as defined in the GEM Listing Rules) has notified the Company that it has a present intention to sell shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.