



**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 2007**

**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 three months and nine months ended 31 July 2007 amounted to HK\$34.4 million (2006: HK\$24.4 million) and HK\$88.5 million (2006: HK\$69.6 million), representing an increase of 41% and 27% respectively as compared with the same periods last year.
- Profit attributable to equity holders of the Company for the three months and nine months ended 31 July 2007 amounted to HK\$4.1 million (2006: HK\$3.7 million) and HK\$9.7 million (2006: HK\$10.3 million), representing an increase of 11% and a decrease of 6% respectively as compared with last corresponding periods.
- Basic and diluted earnings per share for the three months ended 31 July 2007 amounted to HK0.63 cent (2006: HK0.56 cent) and HK0.62 cent (2006: N/A) respectively.
- Basic and diluted earnings per share for the nine months ended 31 July 2007 amounted to HK1.49 cent (2006: HK1.61 cents) and HK1.49 cent (2006: HK1.40 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 2007 together with the comparative figures for the corresponding periods in the last financial year.

### CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 31 July		Nine months ended 31 July	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
REVENUE	3	<b>34,391</b>	24,393	<b>88,510</b>	69,615
Cost of sales		<b>(26,998)</b>	(17,030)	<b>(69,122)</b>	(48,199)
Gross profit		<b>7,393</b>	7,363	<b>19,388</b>	21,416
Other income		<b>502</b>	132	<b>981</b>	457
Selling expenses		<b>(641)</b>	(508)	<b>(2,414)</b>	(2,172)
Administrative expenses		<b>(4,275)</b>	(4,052)	<b>(10,727)</b>	(11,185)
Other operating income		<b>390</b>	381	<b>1,151</b>	756
PROFIT FROM OPERATIONS		<b>3,369</b>	3,316	<b>8,379</b>	9,272
Finance costs		–	(307)	–	(428)
Share of profit (loss) of a jointly controlled entity		<b>38</b>	(115)	<b>71</b>	(210)
PROFIT BEFORE TAXATION		<b>3,407</b>	2,894	<b>8,450</b>	8,634
Taxation	4	<b>(87)</b>	(256)	<b>(171)</b>	(357)
PROFIT FOR THE PERIOD		<b><u>3,320</u></b>	<u>2,638</u>	<b><u>8,279</u></b>	<u>8,277</u>
Attributable to:					
Equity holders of the Company		<b>4,061</b>	3,664	<b>9,653</b>	10,299
Minority interest		<b>(741)</b>	(1,026)	<b>(1,374)</b>	(2,022)
Profit for the period		<b><u>3,320</u></b>	<u>2,638</u>	<b><u>8,279</u></b>	<u>8,277</u>
Dividends	5	<b><u>–</u></b>	<u>–</u>	<b><u>–</u></b>	<u>–</u>
EARNINGS PER SHARE:	6				
– Basic		<b><u>HK0.63 cent</u></b>	HK0.56 cent	<b><u>HK1.49 cent</u></b>	HK1.61 cent
– Diluted		<b><u>HK0.62 cent</u></b>	N/A	<b><u>HK1.49 cent</u></b>	HK1.40 cent

## NOTES:

### 1. 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 standards 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 should be read in conjunction with the audited financial statements and notes thereto for the year ended 31 October 2006.

### 2. Principal accounting policies

The unaudited condensed financial statements for the three months and nine months ended 31 July 2007 are prepared under the historical cost convention and the accounting policies used in the preparation of the unaudited consolidated results are consistent with those used in the 2006 Annual Financial Statements. The condensed consolidated accounts have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

### 3. Revenue

Revenue, which is the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

### 4. Taxation

	Three months ended 31 July		Nine months ended 31 July	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Current:				
Elsewhere	19	188	89	224
Deferred	68	68	82	133
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total tax charge for the period	<u>87</u>	<u>256</u>	<u>171</u>	<u>357</u>

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 2007, there was no significant unrecognised deferred tax liability (31 October 2006: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries.

### 5. Dividends

The Board does not recommend the payment of an interim dividend for the nine months ended 31 July 2007 (nine months ended 31 July 2006: nil).

### 6. Earnings per share

The earnings per share amount for the three months ended 31 July 2007 is calculated based on the unaudited consolidated profit attributable to equity holders of the Company for the period of HK\$4,061,000 (three months ended 31 July 2006: HK\$3,664,000) and the weighted average of 649,540,000 (three months ended 31 July 2006: 649,540,000) ordinary shares in issue during the period.

The earnings per share amount for the nine months ended 31 July 2007 is calculated based on the unaudited consolidated profit attributable to equity holders of the Company for the period of HK\$9,653,000 (nine months ended 31 July 2006: HK\$10,299,000) and the weighted average of 649,540,000 (nine months ended 31 July 2006: 641,861,000) ordinary shares in issue during the period.

Diluted earnings per share for the three months period ended 31 July 2006 is not disclosed as there was no dilutive potential ordinary shares. The calculation of the diluted earnings per share for the three months ended 31 July 2007 is based on the unaudited consolidated profit attributable to equity holders of the Company for the period of HK\$4,061,000 and 650,239,142 ordinary shares, being the 649,540,000 ordinary shares as used in the calculation of basic earnings per share, and the weighted average of 699,142 ordinary shares assumed to have been issued on the deemed exercise of the share options under the share option scheme.

The calculation of the diluted earnings per share for the nine months ended 31 July 2007 is based on the unaudited consolidated profit attributable to equity holders of the Company for the period of HK\$9,653,000 (nine months ended 31 July 2006: HK\$10,299,000) and 649,732,308 (nine months ended 31 July 2006: 738,167,000) ordinary shares, being the 649,540,000 (nine months ended 31 July 2006: 641,861,000) ordinary shares as used in the calculation of basic earnings per share, and the weighted average of 192,308 (nine months ended 31 July 2006: 96,306,000) ordinary shares assumed to have been issued on the deemed exercise of the share options under the share option scheme.

## 7. Movement of reserves

	Share premium	Capital reserve	Retained profits	Exchange reserve	Share option reserve	Proposed final dividend	Total	Minority interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 November 2005	19,586	95	45,845	138	–	3,248	68,912	–	68,912
Purchase of subsidiary	–	–	–	–	–	–	–	3,611	3,611
Other contribution by minority interest	–	–	–	–	–	–	–	(131)	(131)
Exchange difference	–	–	–	(335)	–	–	(335)	–	(335)
2005 final dividend declared	–	–	–	–	–	(3,248)	(3,248)	–	(3,248)
Profit for the period	–	–	10,299	–	–	–	10,299	(2,022)	8,277
At 31 July 2006	<u>19,586</u>	<u>95</u>	<u>56,144</u>	<u>(197)</u>	<u>–</u>	<u>–</u>	<u>75,628</u>	<u>1,458</u>	<u>77,086</u>
At 1 November 2006	19,586	95	55,641	1,687	–	3,248	80,257	555	80,812
Employee share-based compensation benefit	–	–	–	–	33	–	33	–	33
Other contribution by minority interest	–	–	–	–	–	–	–	27,548	27,548
Exchange difference	–	–	–	(126)	–	–	(126)	–	(126)
2006 final dividend declared	–	–	–	–	–	(3,248)	(3,248)	–	(3,248)
Profit for the period	–	–	9,653	–	–	–	9,653	(1,374)	8,279
At 31 July 2007	<u>19,586</u>	<u>95</u>	<u>65,294</u>	<u>1,561</u>	<u>33</u>	<u>–</u>	<u>86,569</u>	<u>26,729</u>	<u>113,298</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial review

For the nine months ended 31 July 2007, the Group recorded an increase in turnover of approximately 27.1% from HK\$69.6 million to HK\$88.5 million. Profits attributable to equity holders of the Company amounted to approximately HK\$9.7 million (2006: HK\$10.3 million), represented a decrease of around 6% to that of the last corresponding period.

In this review period, the Group intensified its marketing works in the promotion of its industrial environmental protection related products especially to those customers in both the marine and construction industries. These marketing works was rewarded by the substantial increase of 59.3% in the amount of revenue generated from this segment.

Gross profits for the nine months ended 31 July 2007 amounted to approximately HK\$19.4 million, representing a decrease of approximately 9.5%. The reduction in gross profits ratios from last corresponding period's 30.8% to current period's 21.9% was due to the change in the product mix. In last corresponding period, around 20.7% revenue was generated from general environmental protection related products which has a much higher gross profits margins while in current review period, with the completion of the tenders from the Environmental Protection Department ("EPD") in August 2006, most of the revenue was generated from industrial environmental protection related products.

Administrative expenses for the nine months ended 31 July 2007 decreased by approximately 4.1% from HK\$11.2 million to HK\$10.7 million. The Group was engaged in the application for the Proposed Listing on the Main Board of the Stock Exchange of Hong Kong Limited in 2006 and such application has increased the professional costs in 2006.

### Business review and prospects

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

In this review period, the construction works of the water supply plant in Tianjin has been completed. The plant has daily purification capacity of 50,000 tonnes. With the exclusive right to supply processed water and the rapid economic development of the region, the management expects that the plant can contribute stable and increasing revenue to the Group.

For industrial environmental protection related products, the Group will continue to promote the "Direct Drive Pump", which can save 80% of the electricity consumed by industrial machines. With an increase in public awareness regarding environmental protection, the management believes that such energy saving devices will be well received by customers.

For the Joint Venture in the Jiangsu Province, it is mainly engaged in the promotion and installation of the automatic surveillance systems for the end users to monitor their water pollution status and in providing environmental protection consultancy services in the region.

Management will continue its efforts in enlarging the Group's revenue bases. With the continuous increase in revenue generated from the sales of industrial environmental protection products, additional revenue generated from both the water supply plant in Tianjin and the Joint Venture in Jiangsu, the reduction of revenue due to the completion of the EPD tender will be compensated. Also, the Group will continue its preparation works for the possible new tender launched by the EPD in the future.

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

As at 31 July 2007, 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

Name	Number of shares held, capacity and nature of interest		Percentage of the Company's issued share capital as at 31 July 2007
	Capacity and nature of interest	Number of ordinary shares held	
<i>Executive Director</i>			
Mr. SHAH Tahir Hussain	Directly beneficially owned	14,372,800	2.2
<i>Chief Executive Officer</i>			
Dr. PAU Kwok Ping ( <i>Note</i> )	Through a discretionary trust	44,224,000	6.8
		58,596,800	9.0

*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 share option scheme (the “Scheme”) adopted by the Company on 21 November 2001, the Company had granted share options on the Company’s ordinary shares to the independent non-executive Directors. Details of share options to subscribe for shares in the Company granted to the independent non-executive Directors as at 31 July 2007 were as follows:

Name	Date of grant	Number of options outstanding as at 1 November 2006	Number of options granted during the period	Number of options outstanding as at 31 July 2007	Exercise price per share HK\$
<i>Independent Non-Executive Directors</i>					
Ms. CHAN Siu Ping Rosa	2/4/2007	–	500,000	500,000	0.235
Mr. TAKEUCHI Yutaka	2/4/2007	–	500,000	500,000	0.235
Professor NI Jun	2/4/2007	–	500,000	500,000	0.235
Ms. HUI Wai Man Shirley	2/4/2007	–	500,000	500,000	0.235
		–	2,000,000	2,000,000	

## Aggregate long position in ordinary shares and underlying shares of the Company

Name	Total number of ordinary shares held	Number of options held and outstanding as at 31 July 2007	Aggregate in number	Percentage of the Company’s issued share capital as at 31 July 2007
<i>Executive Director</i>				
Mr. SHAH Tahir Hussain	14,372,800	–	14,372,800	2.21
<i>Independent Non-Executive Directors</i>				
Ms. CHAN Siu Ping Rosa	–	500,000	500,000	0.08
Mr. TAKEUCHI Yutaka	–	500,000	500,000	0.08
Professor NI Jun	–	500,000	500,000	0.08
Ms. HUI Wai Man Shirley	–	500,000	500,000	0.08
<i>Chief Executive</i>				
Dr. Pau Kwok Ping	44,224,000	–	44,224,000	6.81
	58,596,800	2,000,000	60,596,800	9.34

Save as disclosed above, as at 31 July 2007, 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 July 2007, 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**

<b>Name</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 July 2007</b>
<i>Substantial shareholders</i>			
Cititrust (Cayman) Limited ( <i>Note 1</i> )	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management Limited ( <i>Note 1</i> )	Through a controlled corporation	344,621,200	53.06
Team Drive Limited ( <i>Note 1</i> )	Directly beneficially owned	344,621,200	53.06
The Hong Kong Polytechnic University ( <i>Note 2</i> )	Through a controlled corporation	70,440,800	10.84
PolyU Enterprise Limited ( <i>Note 2</i> )	Through a controlled corporation	70,440,800	10.84
Advance New Technology Limited ( <i>Note 2</i> )	Directly beneficially owned	70,440,800	10.84
ING Trust Company (Jersey) Limited ( <i>Note 3</i> )	Through a controlled corporation	44,224,000	6.81
Crayne Company Limited ( <i>Note 3</i> )	Directly beneficially owned	44,224,000	6.81
<i>Other shareholder</i>			
Mr. LEE Wai Man	Directly beneficially owned	35,620,000	5.48

*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 PolyU Enterprise Limited, which is wholly owned by The Hong Kong Polytechnic University ("PolyU"). By virtue of its interest in Advance New Technology Limited, PolyU and PolyU Enterprise Limited are deemed to be interested in all the shares of the Company held by Advance New Technology Limited.
3. 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.

Save as disclosed above, as at 31 July 2007, 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 5% 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.

#### **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 nine months ended 31 July 2007. The Company has not redeemed any of its listed securities during the period under review.

#### **COMPETITION AND CONFLICT OF INTEREST**

None of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the nine months ended 31 July 2007.

#### **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. HUI Wai Man Shirley, Ms. CHAN Siu Ping Rosa, Mr. TAKEUCHI Yutaka and Professor NI Jun, who are the independent non-executive directors of the Company.

The Group's unaudited results for the three months and nine months ended 31 July 2007 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 report, the directors of the Company are as follows:

**Executive directors:**

Mr. Shah Tahir Hussain

Mr. Han Ka Lun

Mr. Ng Chi Fai

**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**  
**Shah Tahir Hussain**  
*Chairman*

Hong Kong, 14 September 2007

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