

**ECO-TEK HOLDINGS LTD :  
STOP SMOKING PLAN FOR HONGKONG**

An assumption has to be made that the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) did not play favourites in respect of its Voluntary Installation and Subsidy Programme of devices to reduce emissions from diesel engines, that device, being the property of a private company, under the control of Dr Lily Chiang.

Because, if the HKSAR Government had played favourites, it would have been very naughty of it, and competitors of 'Eco-Trap', the device, which is the property of Eco-Tek Holdings Ltd, one of the latest batch of companies to come to The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, might well have cause to take the HKSAR Government to task.

In order to make it fair for all companies, desirous of bidding for HKSAR Government contracts, the tender system is employed in the HKSAR; it has been employed for many decades, in fact.

But the HKSAR Government awarded to Eco-Tek Holdings, a contract to purchase from it, a total of 1,241 units of Eco-Trap, during the 12 months to October 31, 2000, and another 12,446 units of the device, during the 9 months, ended July 31, 2001.

The income from the sales of these devices to the HKSAR Government brought very rich rewards for this Company, which is, now, a GEM member, being Stock Code 8169.

The exact amount of the income from selling the Eco-Traps to the HKSAR is given in the Track Record, contained at Page 119 of the Placing Prospectus, dated November 27, 2001:

	Year ended October 31, 2000	Nine Months to July 31, 2001
	All Figures are Denominated in \$HK'000 (except where otherwise stated)	
Turnover	1,621	16,906
Cost of Sales	(421)	(4,254)
Gross Profit	1,200	12,652
<b>Gross Profit Margin</b>	<b>74.03 percent</b>	<b>74.83 percent</b>
Other Income	Nil	387
Selling Expenses	(51)	(416)
Administrative Expenses	(1,057)	(4,077)
Profit before Taxation	92	8,546
Taxation	Nil	(1,366)
Net Profit Attributable to Shareholders	92	7,180
<b>Net Profit Margin</b>	<b>5.68 percent</b>	<b>42.47 percent</b>

(Eco-Tek Holdings had no business, prior to November 1, 1999, because the Company was only established in October 1999.)

The above table relates only to this one product, all of which was sold to the HKSAR Government, as **TARGET** has already stated.

One cannot help but note the extremely high profit margins, which must be considered damned near unreal to most industrialists, whether or not they sell their products to a governmental organisation.

No doubt, the HKSAR Government's de facto 'gift' was done only in the interests of holding down the emission levels of diesel exhausts in the territory.

Eco-Tek Holdings does not manufacture anything, itself, but farms out the production of the devices to third parties.

### **The Float**

Eco-Tek Holdings pitched a Placement of 138.20 million, New, one-cent shares at a Premium of between 22 cents per share and 24 cents per share.

It reined in about \$HK23.80 million (based on the minimum Placement Price of 23 cents... [CLICK TO ORDER FULL ARTICLE](#)

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