ECO-TEK HOLDINGS LIMITED
環康集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8169)

FINAL RESULTS ANNOUNCEMENT
For the year ended 31 October 2006

Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock 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.

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The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 year ended 31 October 2006 amounted to approximately HK$91.94 million (2005: HK$93.38 million), representing a drop of approximately 1.5% as compared with preceding year.
- Profit attributable to equity holders of the Company for the year ended 31 October 2006 amounted to approximately HK$13.04 million (2005: HK$22.19 million) which represented approximately 41.2% decrease as compared with last year.
- Basic and diluted earnings per share for the year ended 31 October 2006 amounted to approximately HK2.03 cents (2005: HK4.01 cents) and HK2.01 cents (2005: HK3.44 cents) respectively.

CONSOLIDATED RESULTS

The board of Directors (the "Board") of Eco-Tek Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 October 2006 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 October 2006

	Notes	**2006** *HK$'000*	2005 *HK$'000*
Revenue	*3*	**91,941**	93,381
Cost of sales		**(65,312)**	(59,447)
Gross profit		**26,629**	33,934
Other income		**2,191**	642
Selling expenses		**(2,884)**	(2,443)
Administrative expenses		**(13,692)**	(10,655)
Other operating income		**614**	1,682
PROFIT FROM OPERATIONS		**12,858**	23,160
Share of loss of a jointly controlled entity		**(500)**	(267)
PROFIT BEFORE TAXATION	*4*	**12,358**	22,893
TAXATION	*5*	**(696)**	(704)
PROFIT FOR THE YEAR		**11,662**	22,189
ATTRIBUTABLE TO:			
Equity holders of the Company		**13,044**	22,189
Minority interest		**(1,382)**	–
		11,662	22,189
DIVIDENDS	*6*	**3,248**	3,248
EARNINGS PER SHARE:	*7*		
Basic		**HK2.03 cents**	HK4.01 cents
Diluted		**HK2.01 cents**	HK3.44 cents

CONSOLIDATED BALANCE SHEET
As at 31 October 2006

	Notes	2006 HK$'000	2005 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**75,740**	4,034
Leasehold interest in land		**5,074**	–
Interest in a jointly controlled entity		**1,618**	915
Deferred tax assets		**2,422**	2,601
Accounts receivable	8	**15,408**	13,077
Pledged bank deposits		**9,020**	9,020
		109,282	29,647
Current assets			
Inventories		**15,371**	21,481
Accounts receivable	8	**27,872**	37,870
Deposits, prepayments and other receivables		**5,062**	3,463
Tax recoverable		**1,801**	1,801
Cash and cash equivalents		**9,434**	7,624
		59,540	72,239
Current liabilities			
Accounts and bills payable	9	**27,374**	15,114
Accrued liabilities and other payables		**5,394**	4,671
Provision for warranty		**1,762**	1,486
Provision for tax		**1,500**	1,500
Bank loans – secured		**26,600**	–
		62,630	22,771
Net current (liabilities)/assets		**(3,090)**	49,468
Total assets less current liabilities		**106,192**	79,115
Non-current liabilities			
Provision for warranty		**3,252**	4,675
Loans from minority shareholders		**15,633**	–
		18,885	4,675
Net assets		**87,307**	74,440
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	10	**6,495**	5,528
Share premium		**19,586**	19,586
Capital reserve		**95**	95
Exchange translation reserve		**1,687**	138
Retained profits		**55,641**	45,845
Proposed final dividend		**3,248**	3,248
		86,752	74,440
Minority interest		**555**	–
Total equity		**87,307**	74,440

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2006

	Equity attributable to equity holders of the Company							Minority interest	Total equity
	Share capital	Share premium	Capital reserve	Exchange translation reserve	Retained profits	Proposed final dividend	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 October and 1 November 2004	5,528	19,586	95	–	26,904	8,292	60,405	–	60,405
Exchange difference, net income recognised directly in equity	–	–	–	138	–	–	138	–	138
Profit for the year	–	–	–	–	22,189	–	22,189	–	22,189
Total recognised income and expense for the year	–	–	–	138	22,189	–	22,327	–	22,327
2004 final dividend declared	–	–	–	–	–	(8,292)	(8,292)	–	(8,292)
2005 proposed final dividend	–	–	–	–	(3,248)	3,248	–	–	–
At 31 October and 1 November 2005	5,528	19,586	95	138	45,845	3,248	74,440	–	74,440
Exchange difference, net income recognised directly in equity	–	–	–	1,549	–	–	1,549	–	1,549
Profit for the year	–	–	–	–	13,044	–	13,044	(1,382)	11,662
Total recognised income and expense for the year	–	–	–	1,549	13,044	–	14,593	(1,382)	13,211
Purchase of subsidiary	–	–	–	–	–	–	–	1,937	1,937
2005 final dividend declared	–	–	–	–	–	(3,248)	(3,248)	–	(3,248)
2006 proposed final dividend	–	–	–	–	(3,248)	3,248	–	–	–
Issue of shares on exercise of share options	967	–	–	–	–	–	967	–	967
At 31 October 2006	6,495	19,586	95	1,687	55,641	3,248	86,752	555	87,307

NOTES:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1(a). BASIS OF PREPARATION

The financial statements are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

1(b). ADOPTION OF NEW OR REVISED HKFRS

From 1 November 2005, the Group has adopted the new/revised standards and interpretations of HKFRS, which are relevant to its operations. These include the following new, revised and renamed standards:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment and accordingly the financial statements for the year ended 31 October 2005 and their presentation have been amended in accordance with HKAS 8.

Effects on current, prior or future periods arising from the first-time application of the standards listed above in respect of presentation, recognition and measurement of accounts are described in the following notes:

(i) Adoption of HKAS 1

The application of HKAS 1 has resulted in a change in the presentation of the financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to equity holders of the Company are now presented as an allocation of the net result of the year.

(ii) Adoption of HKAS 31

In previous years, interests in jointly controlled entities were accounted for using the equity method. In the current year, the Group has applied HKAS 31 which allows an entity to use either proportionate consolidation or the equity method to account for its interests in jointly controlled entities. Upon the application of HKAS 31, the Group has elected to continue applying the equity method to account for its interests in jointly controlled entities. As a result, there has been no change in accounting method in respect of the Group's interest in jointly controlled entities. This change has no effect on the Group's retained profits at 1 November 2005.

(iii) Adoption of HKAS 39

Prior to the application of HKAS 39 on 1 November 2005, interest-free non-current loans from minority shareholders were stated at the nominal amount. HKAS 39 requires all financial assets and financial liabilities to be measured at fair value on initial recognition. Such interest-free loan is measured at amortised cost determined using the effective interest method at subsequent balance sheet dates. Any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. As a result of this change in accounting policy, the Group's imputed interest has been increased by HK$762,000 for the financial year ended 31 October 2006.

(iv) Adoption of HKFRS 2

Prior to the adoption of HKFRS 2 on 1 November 2005, the Group did not recognise the financial effect of share options until they were exercised.

The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company and/or its subsidiaries, determined at the date of grant of the share options, over the vesting period with a corresponding credit to equity, unless the transaction is a cash settled share-based payment.

According to the transitional provisions of HKFRS 2, the Group applies HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not vested on 1 November 2005.

The adoption of this standard did not result in any significant changes to the amounts or disclosures in the financial statements as the share options outstanding on 1 November 2005 were granted before 7 November 2002 or vested before 1 November 2005.

(v) Other standards adopted

The adoption of other HKFRSs did not result in significant changes to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these other standards did not result in any changes to the amounts or disclosures in these financial statements.

(vi) The effect of changes in the accounting policies on the consolidated balance sheet are summarised below:

	Effect of adopting HKAS 39 *HK$'000*
At 31 October 2006	
Increase in assets	
Property, plant and equipment	762
Increase in liabilities	
Loans from minority shareholders	762

(vii) New standards or interpretations that have been issued but are not yet effective

The Group has not early adopted the following standards or interpretations relevant to its operation that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation[2]
HKAS 39 & HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts[2]
HKFRS 7	Financial Instruments – Disclosures[1]
HK(IFRIC) – Int 4	Determining whether an Arrangement contains A Lease[2]
HK(IFRIC) – Int 8	Scope of HKFRS2[3]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2006
3 Effective for annual periods beginning on or after 1 May 2006

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) the general environmental protection related products and services segment mainly comprises sale of particulate removal devices and related ancillary services;

(b) the industrial environmental products segment refers to sale of hydraulic components and other related accessories; and

(c) the water supply plant segment refers to the supply of processed water in the People's Republic of China (the "PRC").

Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, leasehold interest in land, inventories, accounts and other receivables and operating cash, and mainly exclude tax recoverable, deferred tax assets, interest in a jointly controlled entity and non-operating cash. Segment liabilities comprise operating liabilities and exclude items such as provision for tax.

Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisition of subsidiaries, and leasehold interest in land.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location of the customers, capital expenditures and assets are attributed to the segments based on the location of the assets.

(a) **Business segments**

The following tables present revenue, profit and certain assets, liability and expenditure information for the Group's business segments.

	Water supply plant		General environmental protection related products and services		Industrial environmental products		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**–**	–	**15,162**	36,160	**76,779**	57,221	**91,941**	93,381
Segment results	**(1,080)**	–	**5,053**	15,407	**12,200**	7,838	**16,173**	23,245
Interest income							**548**	488
Unallocated expenses							**(3,863)**	(573)
Profit from operations							**12,858**	23,160
Share of loss of a jointly controlled entity							**(500)**	(267)
Profit before taxation							**12,358**	22,893
Taxation							**(696)**	(704)
Profit for the year							**11,662**	22,189
Segment assets	**78,054**	–	**32,541**	55,125	**51,789**	41,101	**162,384**	96,226
Interest in a jointly controlled entity							**1,618**	915
Tax assets							**4,223**	4,402
Unallocated assets							**597**	343
Total assets							**168,822**	101,886
Segment liabilities	**45,329**	–	**5,451**	9,669	**28,403**	15,748	**79,183**	25,417
Tax liabilities							**1,500**	1,500
Unallocated liabilities							**832**	529
Total liabilities							**81,515**	27,466
Other segment information:								
Depreciation	**90**	–	**272**	337	**495**	200	**857**	537
Amortisation of leasehold interest in land	**84**	–	**–**	–	**–**	–	**84**	–
Capital expenditure*	**74,705**	–	**472**	354	**405**	3,254	**75,582**	3,608
Write back of doubtful debts	**–**	–	**–**	–	**–**	(1,512)	**–**	(1,512)
(Write back of)/Provision for slow-moving inventories	**–**	–	**(253)**	–	**(197)**	510	**(450)**	510
Gain on disposal of property, plant and equipment	**–**	–	**(60)**	–	**–**	–	**(60)**	–
Write back of provision for warranty	**–**	–	**(614)**	(170)	**–**	–	**(614)**	(170)

* Capital expenditure included the consideration of acquiring leasehold interest in land of HK$5,012,000. Leasehold interest in land was located in the PRC with lease terms expiring in 2056.

(b) Geographical segments

The following table present revenue, certain assets and expenditure information for the Group's geographical segments.

	Hong Kong		PRC		Others		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**27,724**	43,450	**63,976**	45,520	**241**	4,411	**91,941**	93,381
Other segment information:								
Segment assets	**39,326**	58,228	**117,750**	35,695	**5,905**	2,646	**162,981**	96,569
Interest in a jointly controlled entity							**1,618**	915
Tax assets							**4,223**	4,402
							168,822	101,886
Capital expenditure	**475**	354	**75,104**	3,254	**3**	–	**75,582**	3,608

3. REVENUE

Revenue, which is also the Group's turnover, recognised during the year comprised the following:

	2006	2005
	HK$'000	*HK$'000*
Sales of goods	**91,341**	92,911
Consultancy fee income	**600**	470
	91,941	93,381

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2006 *HK$'000*	2005 *HK$'000*
Auditors' remuneration	**240**	209
Cost of inventories sold*	**61,532**	58,114
Depreciation	**857**	537
Amortisation of leasehold interest in land	**84**	–
Exchange (gain)/losses, net	**(730)**	48
Gain on disposal of property, plant and equipment	**(60)**	–
Operating lease charges in respect of land and buildings	**1,056**	1,295
(Write back of)/provision for slow-moving inventories	**(450)**	510
Write back of provision for warranty, net***	**(614)**	(170)
Research and development costs**	**89**	720
Staff costs (excluding directors' remuneration)		
Wages and salaries	**4,795**	3,367
Pension scheme contributions	**92**	90
	4,887	3,457
Interest charges on:		
Bank loans wholly repayable within five years	**805**	–
Imputed interest expense on loans from minority shareholders	**762**	–
	1,567	–
Less: interest capitalised to construction in progress	**(1,567)**	–
	–	–
Write back of doubtful debts***	**–**	(1,512)
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition	**(1,427)**	–
Interest income	**(548)**	(488)

* The costs of inventories sold is included in cost of sales for the year which includes a total amount of HK$90,000 (2005: HK$1,333,000), relating to direct staff costs, depreciation, provision for slow-moving inventories and net exchange losses, which are also included in the respective amounts disclosed separately above for each of these types of expenses for the year.

** The research and development costs for the year ended 31 October 2005 included HK$720,000, relating to directors' remuneration.

*** The balances are included in "Other operating income" on the face of the consolidated income statement.

5. TAXATION

	2006 *HK$'000*	2005 *HK$'000*
Current tax		
Hong Kong		
Current year	**–**	500
Underprovision in prior years	**–**	32
	–	532
Elsewhere		
Current year	**459**	145
Overprovision in prior years	**–**	(53)
	459	92
Deferred tax	**237**	80
Total tax charge for the year	**696**	704

No Hong Kong profits tax has been provided in the financial statements as the Group has utilised its loss brought forward to offset against its assessable profit for the year. Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong for the year ended 31 October 2005. 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.

Ningbo Tokawa Precision Hydraulic Components Co. Ltd.# (寧波東川精確液壓設備有限公司), a subsidiary of the Company established in the PRC, is subject to the PRC enterprise income tax. PRC enterprise income tax has been provided at the rate of 33% (2005: 33%) on the estimated assessable profits arising in the PRC for the year.

The representative offices of certain Group companies established in the PRC are subject to the PRC enterprise income tax at the rate of 33% (2005: 33%) on operating expenses for the year.

Dongguan Kangli Machinery Co. Ltd# (東莞康力機械有限公司), a subsidiary of the Company established in the PRC, is subject to the PRC enterprise income tax. The subsidiary is entitled to full exemption from PRC enterprise income tax for the first two profitable years of operations, followed by a 50% reduction in the profits tax rate for the next three years. The subsidiary has applied the year ended 31 December 2005 as the first profit-making year for the aforesaid tax holiday, and hence, no PRC enterprise income tax has been provided for in the financial statements.

Tianjin Asian Way Estate Development Co., Ltd.# (天津華永房地產開發有限公司), a subsidiary of the Company established in the PRC, is entitled to the exemption of PRC enterprise income tax for the first two profitable years of operations followed by a 50% reduction in the profits tax rate for the next three years. The two years' tax exemption period had not commenced during the year.

Macau complementary profits tax has been calculated at the rate of 15.75% (2005: 15.75%) on the estimated assessable profits of Tokawa Precision (Overseas) Co. Limited, a subsidiary of the Company which was engaged in the marketing and sale of environmental protection related products for the year.

According to the relevant laws and regulations in Macau, Tokawa Precision (Overseas) Company Limited – Macao Commercial Offshore, a subsidiary of the Company established and operating in Macau, was exempted from Macau complementary profits tax.

English translation only

6. DIVIDENDS

	2006	2005
	HK$'000	*HK$'000*
Proposed final dividend of HK0.5 cent (2005: HK0.5 cent) per ordinary share	**3,248**	3,248

The above final dividend was proposed after the balance sheet date and has not been recognised as a liability as at the balance sheet date, but reflected as an appropriation of retained profits for the year.

The proposed final dividend amount for the year ended 31 October 2006 is based on 649,540,000 ordinary shares in issue as at 31 October 2006. The aforementioned dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Upon approval by the shareholders, the final dividend will be paid on or about 3 April 2007 to shareholders whose names appear on the register of members of the Company on 28 February 2007.

The final dividend for the year ended 31 October 2005 was proposed on 29 December 2005. The proposed amount was based on 552,800,000 ordinary shares in issue as at 31 October 2005 and 96,740,000 ordinary shares issued in November 2005 upon exercise of the share options subsequently.

7. EARNINGS PER SHARE

The basic earnings per share for the year is calculated based on the consolidated profit attributable to equity holders of the Company for the year of HK$13,044,000 (2005: HK$22,189,000) and the weighted average of 643,599,000 (2005: 552,800,000) ordinary shares in issue during the year.

The calculation of the diluted earnings per share for the year ended 31 October 2006 is based on the consolidated profit attributable to equity holders of the Company for the year of HK$13,044,000 (2005: HK$22,189,000) and 649,321,000 (2005: 644,911,000) ordinary shares, being the 643,599,000 (2005: 552,800,000) ordinary shares as used in the calculation of basic earnings per share, plus the weighted average of 5,722,000 (2005: 92,111,000) ordinary shares deemed to be issued on the deemed exercise of share options under the pre-IPO share option scheme, ANT-Option Scheme and post-IPO share option scheme.

8. ACCOUNTS RECEIVABLE

The Group has a policy of allowing an average credit period of 90 days to its trade customers, except for one customer. This customer's repayment term is to pay (i) 70%-80% of the invoice amount to the Group one month after the invoice date; (ii) another 10% of the invoice amount to the Group three months or twelve months after the invoice date; and (iii) the remaining 10%-20% of the invoice amount to the Group after expiry of warranty period if no complaints are received in respect of the products sold to the customer. An ageing analysis of accounts receivable as at the balance sheet date, based on invoice date, is as follows:

	2006	2005
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 90 days	**17,437**	41,481
91 – 180 days	**7,135**	3,100
181 – 365 days	**4,501**	1,719
Over 365 days	**15,963**	6,320
	45,036	52,620
Provision for doubtful debts	**(1,756)**	(1,673)
	43,280	50,947
Carrying amount analysed for reporting purposes as		
Non-current *(note a)*	**15,408**	13,077
Current	**27,872**	37,870
	43,280	50,947

(a) The balance shall be payable by the customer at the expiry of warranty period of five years from the date of performance of installation services.

(b) Accounts receivable with carrying amount of approximately HK$18,836,000 (2005: HK$Nil) was pledged to secure a bank loan of the Group.

9. ACCOUNTS AND BILLS PAYABLE

An ageing analysis of accounts and bills payable as at the balance sheet date, based on invoice date, is as follows:

	2006	2005
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 90 days	**17,912**	9,393
91 – 180 days	**6,012**	5,528
181 – 365 days	**3,057**	90
Over 365 days	**393**	103
	27,374	15,114

10. SHARE CAPITAL

	2006	2005
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 ordinary shares of HK$0.01 each	**50,000**	50,000
Issued and fully paid		
At the beginning of the year,		
552,800,000 ordinary shares of HK$0.01 each	**5,528**	5,528
Exercise of share options	**967**	–
At the end of the year, 649,540,000 ordinary shares of HK$0.01 each	**6,495**	5,528

In November 2005, 96,740,000 ordinary shares of HK$0.01 each were issued upon the exercise of share options. The exercise price was HK$0.01 each per option share and a total of approximately HK$967,000 was raised.

11. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which results from both its operating and investing activities. The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage the Group's exposure to market risks, including changes in interests rates and currency exchange rates. Generally, the Group introduces conservative strategies on its risk management. The Group's exposure to market risk is kept to minimum. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not issue derivative financial instruments for trading purposes.

(a) Credit risk

All the Group's cash and cash equivalents are deposited with major banks located in Hong Kong and the PRC.

The carrying amounts of account and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. These financial assets are actively monitored to avoid significant concentrations of risk. No other financial assets carry a significant exposure to credit risk.

(b) Foreign currency risk

The Group's purchases are denominated in Euros, Sterling Pounds, Japanese Yen and US Dollars. The sales of the Group are predominantly in RMB and Hong Kong Dollars. The Group does not hedge its foreign currency risks, as the management does not expect any significant movements in the exchange rates.

(c) Interest rate risk

The Group has no significant interest bearing assets except bank balances. The Group's interest rate risk arises from bank borrowings. The interest rates and terms of repayment are disclosed in the financial statements.

(d) Fair values

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amount because of the immediate or short term maturity. The fair values of non-current liabilities were not disclosed because their carrying value is not materially different from their fair value.

(e) Liquidity risk

As at 31 October 2006, the Group had net current liabilities of approximately HK$3,090,000. The directors consider that the Group should have adequate resources to meet its obligations in the forthcoming year as the Group is in net current assets positions as at the date of these financial statements and after considering cashflow projections of the Group for the aforementioned period.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover of the Group for the year ended 31 October 2006 was around HK$91.9 million (2005: HK$93.4 million). Net profits attributable to equity holders of the Company was around HK$13.0 million (2005: HK$22.2 million).

Revenue from the sales of industrial environmental protection related products has increased by 34% to nearly HK$76.8 million (2005: HK$57.2 million). During the year, the management increased its efforts and resources in actively promoting the Groups' industrial environmental protection related products. Also, with the gradual settlement of the austerity measures depressing the demand of industrial, construction and marine equipment enforced in the PRC over the past two years in 2006, demand for hydraulic components has rebounded.

Revenue generated from general environmental protection related products has decreased by 58% to HK$15.2 million (2005: HK$36.2 million) due to the completion of the tenders obtained from The Environmental Protection Department ("EPD") of The Hong Kong Government for the sale and installation of diesel oxidation catalysts onto qualified heavy diesel vehicles in August 2006.

Gross profits of the Group for the year ended 31 October 2006 amounted to approximately HK$26.6 million (2005: HK$33.9 million). Gross profits margin was around 29%, which was 7% lower than that of 2005. Such decrease is due to the change in the product mix during the year.

The administrative expenses of the Group for the year ended 31 October 2006 increased by around HK$3 million more than that of 2005. This is primarily due to an increase in the professional fees arising from the application for transferring our listing onto the Main Board which was terminated in September 2006. For details of the termination please refer to the announcement dated 25 September 2006.

The net profit attributable to equity holders of the Company was around HK$13.0 million (2005: HK$22.2 million). Reduction in net profits was due to the completion of the EPD's tenders, the extra incurred professional fees for the application for listing on the Main Board of the Stock Exchange of Hong Kong Limited and the pre-operating expenses from the water supply business in Tianjin.

Business Review and Outlook

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

During the year under review, tenders obtained from the EPD for the installation of diesel particulates removal devices for Heavy Vehicles were completed. The successful completion of the tenders has reduced the current year's revenue and thus the operating profits of the Group. Currently, the Group is engaging in the pilot testing of filters into the diesel-powered vehicles under the Euro I and Euro II European Standards. With the completion of the installation of diesel particulates removal devices for the Pre-European Standards Vehicles, it is possible that the EPD may launch new tenders for Euro I and Euro II vehicles in the near future.

Also, in the best interests of the shareholders, the Group will continue to work towards widening the revenue base. Marketing efforts in the promotion of industrial environmental protection related products will continue. The Group has promoted 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.

Another means for widening the Group's revenue base is the entering of the Water Supply Business through the acquisition of 42.5% interests in Asian Way during the year as stated in the circular dated 16 December 2005. The construction progress of the Water Supply Plant is satisfactory according to the plans and it is expected that the plant will contribute revenue to the Group in the second half of the year.

The Joint Venture in the Jiangsu Province will promote the Group's environmental products such as Eco-Green, Eco-Air, Eco-Water and other environmental protection consultancy services and solutions in the region. In the coming year, apart from the business stated above, the Joint Venture will start selling automatic surveillance systems for the end users to monitor their water pollution status.

The management are confident that the reduction in revenue arising from the completion of the tenders from the EPD will be offset by increased revenue generated from the sales of industrial environmental protection related products, the expected revenue from the operation of the Tianjin Water Supply Plant, and the expected profits from the Joint Venture in the coming year. Also, with the increase in the public awareness of the air quality in Hong Kong, once the EPD decided to launch new tenders for those Euro I and Euro II vehicles, the Group is confident in obtaining such new tenders, with the past successful experience for EPD's tenders.

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

As at 31 October 2006, 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

	Number of shares held, capacity and nature of interest		
Name	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued share capital as at 31 October 2006**
Executive Director			
Mr. SHAH Tahir Hussain	Directly beneficially owned	14,372,800	2.2
Chief Executive Officer			
Dr. PAU Kwok Ping *(Note)*	Through a discretionary trust	44,224,000	6.8
		58,596,800	9.0

Note:

Dr. PAU Kowk Ping resigned as Chairman and Managing Director and acts as Chief Executive Officer of the Group on 3 March 2006.

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 pre-IPO share option scheme (the "Pre-Scheme") adopted by the Company on 21 November 2001, the Company had granted Pre-Scheme share options on the Company's ordinary shares to the executive Directors. Details of share options to subscribe for shares in the Company granted to the executive Directors as at 31 October 2006 were as follows:

Name	Date of grant	Number of options outstanding as at 1 November 2005	Number of options exercised during the year	Number of options outstanding as at 31 October 2006	Exercise price per share *HK$*
Executive Director					
Mr. SHAH Tahir Hussain	21/11/2001	13,820,000	(13,820,000)	–	0.01
Chief Executive Officer					
Dr. PAU Kwok Ping	21/11/2001	27,640,000	(27,640,000)	–	0.01
		41,460,000	(41,460,000)	–	

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 October 2006	Aggregate in number	Percentage of the Company's issued share capital as at 31 October 2006
Executive Director				
Mr. SHAH Tahir Hussain	14,372,800	–	14,372,800	2.2
Chief Executive				
Dr. Pau Kwok Ping	44,224,000	–	44,224,000	6.8
	58,596,800	–	58,596,800	9.0

Save as disclosed above, as at 31 October 2006, 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 October 2006, 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

Name	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued share capital as at 31 October 2006**
Substantial shareholders			
Cititrust (Cayman) Limited *(Note 1)*	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management Limited *(Note 1)*	Through a controlled corporation	344,621,200	53.06
Team Drive Limited *(Note 1)*	Directly beneficially owned	344,621,200	53.06
The Hong Kong Polytechnic University *(Note 2)*	Through a controlled corporation	70,440,800	10.84
PolyU Enterprise Limited *(Note 2)*	Through a controlled corporation	70,440,800	10.84
Advance New Technology Limited *(Note 2)*	Directly beneficially owned	70,440,800	10.84
ING Trust Company (Jersey) Limited *(Note 3)*	Through a controlled corporation	44,224,000	6.81
Crayne Company Limited *(Note 3)*	Directly beneficially owned	44,224,000	6.81
Other shareholder			
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.

Other share options granted under the Pre-Scheme:

Name	**Date of grant**	**Number of options outstanding as at 1 November 2005**	**Number of options exercised during the year**	**Number of options outstanding as at 31 October 2006**	**Exercise price per share** *HK$*
Dr. CHIANG Lily	21/11/2001	55,280,000	(55,280,000)	–	0.01

Save as disclosed above, as at 31 October 2006, 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 year ended 31 October 2006. The Company had not redeemed any of its listed securities during the year ended 31 October 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules ("Code on CG Practices") throughout the year ended.

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 control system of the Group. The audit committee comprises four members, Ms. CHAN Siu Ping Rosa, Mr. TAKEUCHI Yutaka, Professor NI Jun and Ms. HUI Wai Man Shirley, who are the independent non-executive directors of the Company.

In the course of the supervision of the financial reporting process and internal control system of the Group, four meetings were held during the year ended 31 October 2006 to review the operations.

The Group's results for the year ended 31 October 2006 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 announcement, 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, 22 January 2007

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the day of its publication.