



ECO-TEK HOLDINGS LIMITED

環康集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8169)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 JANUARY 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

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This announcement, for which the directors (the “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 GEM of the Stock Exchange (the “GEM Listing Rules”) 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 the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purposes only

SUMMARY

- Revenue for the three months ended 31 January 2014 amounted to HK\$25,248,000 (2013: HK\$26,003,000), representing a decrease of approximately 3% as compared with the last corresponding period.
- Profit attributable to owners of the Company for the three months ended 31 January 2014 amounted to HK\$695,000 while loss attributable to owners of the Company for the three months ended 31 January 2013 amounted to HK\$433,000.
- Basic earnings per share for the three months ended 31 January 2014 amounted to HK0.11 cent while basic loss per share for the three months ended 31 January 2013 amounted to approximately HK0.07 cent.

UNAUDITED FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) of Eco-Tek Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 January 2014 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 January 2014

		Three months ended	
		31 January	
		2014	2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CONTINUING OPERATIONS			
Revenue	2	25,248	26,003
Cost of Sales		<u>(18,661)</u>	<u>(19,239)</u>
Gross Profit		6,587	6,764
Other income		76	308
Selling expenses		(793)	(964)
Administrative expenses		<u>(5,536)</u>	<u>(5,552)</u>
Profit from operation		334	556
Finance costs		–	(49)
Share of profit of a jointly controlled entity		<u>330</u>	<u>379</u>
Profit before taxation		664	886
Taxation	3	<u>(32)</u>	<u>(80)</u>
Profit for the period from continuing operations		632	806
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	4	<u>(152)</u>	<u>(1,275)</u>
Profit/(Loss) for the period		480	(469)
Other comprehensive income for the period			
— Items that may subsequently reclassified to profit and loss			
Exchange gain on translation of financial statements of foreign operation		<u>1,274</u>	<u>307</u>
Total comprehensive income for the period		<u>1,754</u>	<u>(162)</u>

		Three months ended	
		31 January	
		2014	2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period attributable to:			
Owners of the Company		695	(433)
Non-controlling interests		(215)	(36)
		<u>480</u>	<u>(469)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		1,808	(125)
Non-controlling interests		(54)	(37)
		<u>1,754</u>	<u>(162)</u>
Earnings/(loss) per shares attributable to owners of the Company during the period			
From continuing and discontinued operations			
— Basic	6	<u>HK0.11 cent</u>	<u>HK(0.07) cent</u>
— Diluted		<u>N/A</u>	<u>N/A</u>
From continuing operations			
— Basic	6	<u>HK0.13 cent</u>	<u>HK0.13 cent</u>
— Diluted		<u>N/A</u>	<u>N/A</u>
From discontinued operation			
— Basic	6	<u>HK(0.02) cent</u>	<u>HK(0.20) cent</u>
— Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 January 2014

	Equity attributable to owners of the Company						Non- controlling interest	Total equity	
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Capital contribution reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 November 2012	6,495	19,586	95	19,705	7,971	97,691	151,543	7,189	158,732
Total comprehensive income for the period	-	-	-	308	-	(433)	(125)	(37)	(162)
At 31 January 2013	6,495	19,586	95	20,013	7,971	97,258	151,418	7,152	158,570
At 1 November 2013	6,495	19,586	95	20,051	7,971	70,758	124,956	8,050	133,006
Total comprehensive income	-	-	-	1,113	-	695	1,808	(54)	1,754
At 31 January 2014	6,495	19,586	95	21,164	7,971	71,453	126,764	7,996	134,760

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (UNAUDITED)

1. BASIS OF PREPARATION

Eco-Tek Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in the Cayman Islands. The Company’s shares are listed on the GEM of the Stock Exchange since 5 December 2001.

The unaudited consolidated results for the three months ended 31 January 2014 are presented in Hong Kong dollars (“HK\$”). Other than those subsidiaries established in the PRC whose functional currency is Renminbi (“RMB”), the functional currency of the Company and its subsidiaries are HK\$.

The unaudited consolidated results for the three months ended 31 January 2014 have been prepared in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institutes of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the GEM Listing Rules.

The unaudited consolidated results should be read in conjunction with audited financial statements and notes thereto for the year ended 31 October 2013 (“2013 Audited Financial Statements”). The significant accounting policies that have been used in the preparation of these unaudited consolidated results are consistent with those followed in the preparation of 2013 Audited Financial Statement. It should be noted that accounting estimates and assumptions are used in preparation of unaudited consolidated results. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting period beginning on 1 November 2013, the adoption of the new HKFRSs had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

2. REVENUE

Revenue on continuing operations, which is also the Group’s turnover, represented the net invoiced value of goods sold and services provided, after allowance for returns and trade discounts. An analysis of the Group’s revenue is as follows:

	Three months ended	
	31 January	
	2014	2013
	HK\$’000	HK\$’000
Continuing operations		
Industrial environmental products	20,062	20,630
Water supply plant	4,892	5,057
General environmental protection related products and services	294	316
	<u>25,248</u>	<u>26,003</u>

3. TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Current tax		
Hong Kong	32	80
PRC	—	—
	<u>32</u>	<u>80</u>
Total income tax	<u>32</u>	<u>80</u>

Hong Kong profits tax has been provided for at 16.5% (2013: 16.5%) on the estimated assessable profit 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 25% on operating expenses for the three months ended 31 January 2014 (2013: 25%).

The subsidiaries of the Company established in the PRC are subject to the PRC enterprise income tax. PRC enterprise income tax has been provided at the rate of 25% on the estimated assessable profits arising in the PRC for the three months ended 31 January 2014 (2013: 25%).

A subsidiary of the Group established and operating in Macau was exempted from Macau complementary profits tax for the three months ended 31 January 2014 and 2013 according to the relevant laws and regulation in Macau.

4. DISCONTINUED OPERATION

Production of Machines Business Segment (the “PM Segment”)

The Group decided to discontinue the PM Segment in December 2013 and the results of this discontinued operation for the period are presented below:

	Three months ended 31 January	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	—	905
Cost of Sales	—	(2,090)
Gross loss	—	(1,185)
Selling expenses	—	(78)
Administrative expenses	(152)	(12)
Loss before taxation	(152)	(1,275)
Taxation	—	—
Loss for the period from a discontinued operation	<u>(152)</u>	<u>(1,275)</u>

5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 January 2014 (2013: Nil).

6. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share for the period are calculated based on the following data:

	Three months ended 31 January	
	2014	2013
	HK\$'000	HK\$'000
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share:		
— Continuing operations	847	842
— Discontinued operations	(152)	(1,275)
Total profit/(loss) from continuing and discontinued operations	695	(433)
	Number of shares	
	Three months ended	
	31 January	
	2014	2013
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	649,540	649,540

No diluted earnings/(loss) per share is calculated for the three months ended 31 January 2014 and 2013 as there were no dilutive potential ordinary shares in existence.

7. COMPARATIVE FIGURES

The comparative income statement has been represented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period.

Certain comparative figures have been reclassified to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

The Group's revenue for the three months ended 31 January 2014 was HK\$25,248,000 which was similar to that of last corresponding period (2013: HK\$26,003,000). The latest announced China GDP for the year of 2013 was 7.7% which was the second consecutive year of less than 8% growth and was the slowest growth in twelve years. The slower growth in China GDP will affect our business in the industrial environmental products. We have taken several measures including lowering our operation costs, speeding up market penetration of existing products and sourcing supply of new industrial environment products from Europe. Those measures, together with the discontinuation of loss making production of machines segments in December 2013, were expected to generate positive impacts to the Group's financial results in near future.

Many uncertainties in the overall operating environment, especially the slower growth in China's GDP suppressed capital investments, it will bring great challenges to the future development of the industrial environmental products sectors. In view of this, the Group will dedicate further efforts to enhance value added services to existing industrial environmental products and exploring opportunities in new products or services through implementation of flexible market strategies, capturing opportunities arising from continuous growth in China, so as to promote the long-term stable development of the Group's overall business.

"Energy Conservation and Emission Reduction" is one of the national strategies under China's 12th Five Years Plan. Leverage on the Group's past experience in this area, the Group will source supply of new products or services which fulfill the policy of energy conservation and emission reduction in China, although we will monitor the situation cautiously and adjust our development plan accordingly.

The water supply plant in Tianjin has the exclusive right to supply processed water to certain areas inside and near Baodi District of Tianjin City including Jing-Jin New City. Under China's 12th Five-Year Plan, an area of 15 square kilometers inside Jing-Jin New City and within our water supply plant's coverage area was strategically planned to be Tianjin Financial Valley to provide financial services including training, data backup and outsourcing for the financial institutes located in the Beijing and Tianjin cities. The Group has confidence that this will be positive for our water supply plant's future development.

Financial Review

The Group's turnover for the three months ended 31 January 2014 was HK\$25,248,000, a decrease of 3% as compared with the last corresponding period (2013: HK\$26,003,000). The loss from discontinued operations for the three months ended 31 January 2014 was HK\$152,000 which mainly represented the salaries and compensation for the employee of discontinued production of machines business segment who left, a decrease of 88% as compared with the last corresponding period (2013: HK\$1,275,000). As the decrease of loss from the discontinued operation, the Group recorded a profit attributable to owners of the Company amounted to HK\$695,000 (2013: a loss of HK\$433,000).

Gross margin

Gross profit for the three months ended 31 January 2014 was HK\$6,587,000, representing a decrease of 3% as compared with the last corresponding period (2013: HK\$6,764,000). The gross profit margin of the Group for the three months ended 31 January 2014 was 26% which maintained stable when compared with the last corresponding period ended.

Expenses

The Group's administrative expenses for the three months ended 31 January 2014 was amounted to HK\$5,536,000 which was similar to that of last corresponding period (2013: HK\$5,552,000). The Group's selling expenses for the three months ended 31 January 2014 was amounted to HK\$793,000, representing a decrease of 18% compared with the last corresponding period (2013: HK\$964,000).

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

As at 31 January 2014, the interests and short positions of the Directors and chief executives 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 Securities and Futures Ordinance ("SFO")) which were 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, were as follows:

Aggregate long positions in ordinary shares and underlying shares of the Company

Name of Director	Capacity	Number of ordinary shares held as at 31 January 2014	Percentage to the Company's issued share capital as at 31 January 2014
<i>Non-executive Director and Chairman</i>			
Ms. HUI Wai Man Shirley	Beneficial owner	3,000,000	0.46

Save as disclosed above, as at 31 January 2014, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture 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' 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 January 2014, the following persons (other than Directors or chief executives 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 IN ORDINARY SHARES OF THE COMPANY

Name	Capacity and nature of interest	Number of ordinary shares held as at 31 January 2014	Percentage to the Company's issued share capital as at 31 January 2014
Cititrust (Cayman) Limited <i>(Note 1)</i>	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management (PTC) 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
BOS Trust Company (Jersey) Limited <i>(Note 2)</i>	Through a controlled corporation	44,224,000	6.81
Crayne Company Limited <i>(Note 2)</i>	Directly beneficially owned	44,224,000	6.81
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 (PTC) 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 (PTC) Limited and Cititrust (Cayman) Limited are deemed to be interested in all the shares held by Team Drive Limited.
2. The shares are held by Crayne Company Limited, a company wholly-owned by BOS Trust Company (Jersey) Limited as trustee of the Crayne Trust, which is a discretionary trust founded by Dr. Pau Kwok Ping.

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 three months ended 31 January 2014. The Company had not redeemed any of its listed securities during the three months ended 31 January 2014.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors who have confirmed their compliance with required standard set out in the Securities Code during the three months ended 31 January 2014.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 of the GEM Listing Rules throughout the three months ended 31 January 2014.

COMPETITION AND CONFLICT OF INTEREST

None of the directors, the management shareholders or substantial shareholders of the Company or any of its 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 three months ended 31 January 2014.

REMUNERATION COMMITTEE

The Company established a remuneration committee in March 2005. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The chairman of the remuneration committee is Ms. CHAN Siu Ping Rosa and other members include Mr. CHAU Kam Wing Donald and Professional NI Jun, all of them are independent non-executive directors of the Company.

NOMINATION COMMITTEE

The Company established a nomination committee in February 2006. The principal duties of the nomination committee are to formulate nomination policy and make recommendation to the Board on nomination and appointment of the directors and board succession. The chairman of the nomination committee is Mr. CHAU Kam Wing Donald and other members include Ms. CHAN Siu Ping Rosa and Professional NI Jun, all of them are independent non-executive directors of the Company.

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 chairman of the audit committee is Mr. CHAU Kam Wing Donald and other members include Ms. CHAN Siu Ping Rosa and Professional NI Jun, all of them are independent non-executive directors of the Company.

The Group's unaudited results for the three months ended 31 January 2014 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.

By Order of the Board
Eco-Tek Holdings Limited
Hui Wai Man Shirley
Chairman

Hong Kong, 13 March 2014

As at the date of this announcement, the Board of Directors comprises Mr. NG Chi Fai and Mr. KWOK Tsun Kee as executive directors; Ms. HUI Wai Man Shirley and Dr. LUI Sun Wing as non-executive directors; Ms. CHAN Siu Ping Rosa, Professor NI Jun and Mr. CHAU Kam Wing Donald as independent non-executive directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website for 7 days from the date of publication and on the Company's website at www.eco-tek.com.hk.