



Eco-Tek Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8169

Interim Report 2014

Healthy Environment
Quality Life





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This report, 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 report 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 report misleading.

Summary

- Revenue for the six months ended 30 April 2014 amounted to HK\$48,184,000 (2013: HK\$53,341,000), representing a decrease of approximately 10% as compared with the corresponding period.
- Profit attributable to owners of the Company for the six months ended 30 April 2014 amounted to HK\$1,600,000 while loss attributable to owners of the Company for the six months ended 30 April 2013 amounted to HK\$2,233,000.
- Basic earnings per share for the six months ended 30 April 2014 amounted to approximately HK0.25 cent while basic loss per share for the six months ended 30 April 2013 amounted to approximately HK0.34 cent.

Unaudited Interim Results

The board of Directors (the “Board”) of Eco-Tek Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 April 2014 together with the comparative figures as follows:

Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 April 2014

	Notes	Three months ended 30 April		Six months ended 30 April	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
CONTINUING OPERATION					
Revenue	2	22,936	27,338	48,184	53,341
Cost of Sales		(16,042)	(18,716)	(34,703)	(37,955)
Gross Profit		6,894	8,622	13,481	15,386
Other income		456	529	532	837
Selling expense		(667)	(881)	(1,460)	(1,845)
Administrative expenses		(5,289)	(4,812)	(10,825)	(10,364)
Profit from operation	4	1,394	3,548	1,728	4,014
Finance costs		(147)	(23)	(147)	(72)
Share of profit/(loss) of a jointly controlled entity		6	(45)	336	334
Profit before taxation		1,253	3,390	1,917	4,276
Taxation	5	(2)	(333)	(34)	(413)
Profit for the period from continuing operation		1,251	3,057	1,883	3,863

	Notes	Three months ended 30 April		Six months ended 30 April	
		2014	2013	2014	2013
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
DISCONTINUED OPERATION					
Loss for the period from a discontinued operation	6	(182)	(4,688)	(334)	(5,963)
Profit/(Loss) for the period		1,069	(1,631)	1,549	(2,100)
Other comprehensive income for the period					
— Items that may subsequently reclassified to profit and loss					
Exchange (loss)/gain on translation of financial statements of foreign operation		(3,192)	528	(1,918)	835
Total comprehensive income for the period		(2,123)	(1,103)	(369)	(1,265)
Profit/(loss) for the period attributable to:					
Owners of the Company		905	(1,800)	1,600	(2,233)
Non-controlling interests		164	169	(51)	133
		1,069	(1,631)	1,549	(2,100)
Total comprehensive income for the period attributable to:					
Owners of the Company		(1,929)	(1,273)	(121)	(1,398)
Non-controlling interests		(194)	170	(248)	133
		(2,123)	(1,103)	(369)	(1,265)

	Notes	Three months ended 30 April		Six months ended 30 April	
		2014	2013	2014	2013
		HK\$'000	HK\$'000	HK\$'000	HK\$'000

**Earnings/(loss) per shares
attributable to owners of the
Company during the period**

From continuing and discontinued
operations

— Basic 8 **HK0.14 cent** HK(0.28) cent **HK0.25 cent** HK(0.34) cent

— Diluted **N/A** N/A **N/A** N/A

From continuing operations

— Basic 8 **HK0.17 cent** HK0.44 cent **HK0.30 cent** HK0.57 cent

— Diluted **N/A** N/A **N/A** N/A

From discontinued operation

— Basic 8 **HK(0.03) cent** HK(0.72) cent **HK(0.05) cent** HK(0.92) cent

— Diluted **N/A** N/A **N/A** N/A

Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 April 2014

		As at 30 April 2014 HK\$'000 (Unaudited)	As at 31 October 2013 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current Assets			
Property, plant and equipment	9	105,972	111,670
Interest in leasehold land		5,424	5,557
Interest in a jointly controlled entity		3,558	3,274
Deferred tax assets		947	960
Pledged bank deposits	12	9,020	9,020
		124,921	130,481
Current assets			
Inventories	10	21,038	19,160
Accounts receivable	11	23,742	24,626
Deposits, prepayments and other receivables		1,877	4,550
Tax recoverable		24,050	7,974
Cash and cash balances	12	13,891	15,356
		84,598	71,666
Current liabilities			
Accounts and bills payable	13	28,576	28,987
Accrued liabilities and other payables		20,037	19,821
Loan from a third party	14	–	1,759
Provision for tax		1,820	1,625
		50,433	52,192
Net current assets		34,165	19,474
Total assets less current liabilities		159,086	149,955

		As at 30 April 2014 HK\$'000 (Unaudited)	As at 31 October 2013 HK\$'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		7,423	7,423
Loan from a shareholder	15	9,500	–
Loans from a minority shareholder	16	9,526	9,526
		26,449	16,949
Net assets		132,637	133,006
EQUITY			
Equity attributable to owners of the Company			
Share capital		6,495	6,495
Share premium		19,586	19,586
Capital reserve		95	95
Exchange translation reserve		18,330	20,051
Capital contribution reserve		7,971	7,971
Retained profits		72,358	70,758
		124,835	124,956
Non-controlling interests		7,802	8,050
Total equity		132,637	133,006

Condensed Consolidated Statement of Cash Flows (Unaudited)

	<i>Notes</i>	Six months ended 30 April	
		2014 HK\$'000	2013 HK\$'000
Net cash (used in)/generated from operating activities of continuing and discontinuing operation		(8,390)	45
Net cash used in investing activities of continuing and discontinuing operation		(921)	(350)
Net cash generated from/(used in) financing activities		7,888	(1,720)
Decrease in cash and cash equivalents		(1,423)	(2,025)
Effect of foreign exchange rate changes		(42)	492
Cash and cash equivalents at 1 November		15,356	6,669
Cash and cash equivalent at 30 April	12	13,891	5,136

Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 April 2014



	Equity attributable to owners of the Company						Total	Non-controlling interest	Total equity
	Share capital	Share premium	Capital reserve	Exchange translation reserve	Capital contribution reserve	Retained profits			
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
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	-	-	-	835	-	(2,233)	(1,398)	133	(1,265)
At 30 April 2013	6,495	19,586	95	20,540	7,971	95,458	150,145	7,322	157,467
At 1 November 2013	6,495	19,586	95	20,051	7,971	70,758	124,956	8,050	133,006
Total comprehensive income for the period	-	-	-	(1,721)	-	1,600	(121)	(248)	(369)
At 30 April 2014	6,495	19,586	95	18,330	7,971	72,358	124,835	7,802	132,637

Notes to the Condensed 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 six months ended 30 April 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 six months ended 30 April 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		Six months ended	
	30 April 2014 HK\$'000 (Unaudited)	30 April 2013 HK\$'000 (Unaudited)	30 April 2014 HK\$'000 (Unaudited)	30 April 2013 HK\$'000 (Unaudited)
Continuing operations				
Water supply plant	4,850	5,450	9,742	10,507
General environmental protection products and services	250	318	544	634
Industrial environmental products	17,836	21,570	37,898	42,200
	22,936	27,338	48,184	53,341

3. SEGMENT INFORMATION

The executive directors have identified the Group's three services lines as reportable segments as follows:

- Water supply plant
- General environmental protection related products and services
- Industrial environmental products

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

Continuing operations	Water Supply Plant		General environmental protection related products and services		Industrial environmental products		Total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue from external customers	9,742	10,507	544	634	37,898	42,200	48,184	53,341
Reportable segment revenue	9,742	10,507	544	634	37,898	42,200	48,184	53,341
Reportable segment profit/(loss)	1,729	2,622	(102)	(975)	10,396	11,895	12,023	13,542
Depreciation	4,449	3,494	64	59	159	77	4,672	3,630
Reportable segment assets	116,592	118,079	12,744	9,740	68,529	50,612	197,865	178,431
Additions to non-current segment assets during the period	2,841	243	107	2	506	-	3,454	245
Reportable segment liabilities	9,346	5,812	207	420	35,690	28,431	45,243	34,663

The total's presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	Six months ended 30 April 2014 HK\$'000 (Unaudited)	Six months ended 30 April 2013 HK\$'000 (Unaudited)
Reportable segment revenue	48,184	53,341
Group revenue	48,184	53,341
Reportable segment profit	12,023	13,542
Other corporate expense	(10,295)	(9,528)
Finance costs	(147)	(72)
Share of profit of a jointly controlled entity	336	334
Profit before taxation	1,917	4,276
Taxation	(34)	(413)
Profit for the period from continuing operation	1,883	3,863
Loss for the period from a discontinued operation	(334)	(5,963)
Profit/(loss) for the period	1,549	(2,100)
Reportable segment assets	197,865	178,431
Interest in a jointly controlled entity	3,558	3,368
Other corporate assets	8,096	35,751
Group assets	209,519	217,550
Reportable segment liabilities	45,243	34,663
Other corporate liabilities	31,639	25,420
Group liabilities	76,882	60,083

The Group's revenue from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Hong Kong (domicile)	9,965	12,293	10,134	9,793
PRC	38,219	41,048	104,820	110,708
	48,184	53,341	114,954	120,501

The executive directors determine the Group is domiciled in Hong Kong, which is the location of the Group's principal office. The geographical location of the customers is based on the location at which the services were provided. The geographical location of the non-current assets is based on the physical location of the assets.

The Group has a large number of customers and there is no significant revenue derived from specific external customers for the period ended 30 April 2014 and 2013.

4. PROFIT FROM OPERATION

Profit/(Loss) from operation is arrived at after charging/(crediting):

	Three months ended		Six months ended	
	30 April 2014 HK\$'000 (Unaudited)	30 April 2013 HK\$'000 (Unaudited)	30 April 2014 HK\$'000 (Unaudited)	30 April 2013 HK\$'000 (Unaudited)
Continuing operations				
Auditor's remuneration	135	135	270	304
Cost of inventories sold	12,147	16,300	28,471	34,325
Depreciation of property, plant and equipment	2,335	1,862	4,672	3,630
Exchange (gains)/losses net	(11)	191	47	(229)
Operating lease charges in respect of land and buildings	342	306	1,151	721
Loss on disposal of fixed assets	180	—	180	—
Provision of inventories	1,559	—	1,559	—
Bad debt recovery	(374)	—	(374)	—
Staff costs (including directors' remuneration)				
— Wages and salaries	3,107	2,794	6,164	6,176
— Pension scheme contributions	32	44	63	88

5. TAXATION

	Three months ended		Six months ended	
	30 April	30 April	30 April	30 April
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operation				
Current tax				
— Hong Kong tax for the period	–	11	–	91
— PRC tax for the period	2	322	34	322
Total income tax charge for the period	2	333	34	413

Hong Kong profits tax has been provided for at 16.5% (2013: 16.5%) on the estimated assessable profit for the period.

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 six months ended 30 April 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 six months ended 30 April 2014 (2013: 25%).

A subsidiary of the Group established and operating in Macau, was exempted from Macau complementary profits tax for the six months ended 30 April 2014 and 2013 according to the relevant laws and regulation in Macau.

6. DISCONTINUED OPERATION

Production of Machines Business Segment (the "PM Segment")

The Group decided to discontinue the PM Segment on 23 December 2013 and the results of this discontinued operation for the period are presented below:

	Three months ended		Six months ended	
	30 April 2014 HK\$'000 (Unaudited)	30 April 2013 HK\$'000 (Unaudited)	30 April 2014 HK\$'000 (Unaudited)	30 April 2013 HK\$'000 (Unaudited)
Revenue	-	-	-	905
Cost of Sales	-	-	-	(2,090)
Gross loss	-	-	-	(1,185)
Selling expense	-	-	-	(78)
Administrative expense	(182)	(4,688)	(334)	(4,700)
Loss before taxation	(182)	(4,688)	(334)	(5,963)
Taxation	-	-	-	-
Loss for the period from a discontinued operation	(182)	(4,688)	(334)	(5,963)

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 April 2014 (2013: Nil).

8. EARNINGS/(LOSS) PER SHARE

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

	Three months ended		Six months ended	
	30 April 2014 HK\$'000 (Unaudited)	30 April 2013 HK\$'000 (Unaudited)	30 April 2014 HK\$'000 (Unaudited)	30 April 2013 HK\$'000 (Unaudited)
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share				
— Continuing operations	1,087	2,888	1,934	3,730
— Discontinued operations	(182)	(4,688)	(334)	(5,963)
Total profit/(loss) from continuing and discontinued operation	905	(1,800)	1,600	(2,233)

	Number of shares			
	Three months ended		Six months ended	
	30 April 2014 '000	30 April 2013 '000	30 April 2014 '000	30 April 2013 '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	649,540	649,540	649,540	649,540

No diluted earnings/(loss) per share is calculated for the six months ended 30 April 2014 and 2013 as there was no dilutive potential ordinary share in existence.

9. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Office equipment	Plant, molds and machinery	Furniture and fixtures	Leasehold improvement	Building and structure	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Six months ended

30 April 2014

Opening net book value	1,118	297	19,028	18	-	90,068	1,141	111,670
Additions	476	28	107	2	-	2,841	-	3,454
Disposal	-	(22)	(2,511)	-	-	-	-	(2,533)
Transfer	-	-	-	-	-	1,141	(1,141)	-
Depreciation	(204)	(59)	(2,203)	(6)	-	(2,198)	-	(4,672)
Translation difference	(9)	(4)	(391)	-	-	(1,543)	-	(1,947)

	1,379	240	14,030	14	-	90,309	-	105,972
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At 30 April 2014

Cost	2,366	1,692	40,827	842	628	112,112	-	158,467
Accumulated depreciation	(987)	(1,452)	(26,797)	(828)	(628)	(21,803)	-	(52,495)

Net book value	1,379	240	14,030	14	-	90,309	-	105,972
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10. INVENTORIES

	As at 30 April 2014 HK\$'000 (Unaudited)	As at 31 October 2013 HK\$'000 (Audited)
At cost	30,579	28,940
Provision for slow-moving inventories	(9,541)	(9,780)
	21,038	19,160

11. ACCOUNTS RECEIVABLE

Accounts receivable are non-interest bearing and they are recognised at their original invoice amounts which represent their fair value at initial recognition.

The Group has a policy of generally allowing credit periods of 60 to 180 days to its trade customers. An ageing analysis of accounts receivable as at the reporting date, based on invoice date, is as follows:

	As at 30 April 2014 HK\$'000 (Unaudited)	As at 31 October 2013 HK\$'000 (Audited)
Outstanding balances with ages:		
Within 90 days	18,998	20,026
91–180 days	2,651	2,001
181–365 days	1,967	2,443
Over 365 days	126	156
	23,742	24,626

12. CASH AND CASH BALANCES AND PLEDGED DEPOSITS

	As at 30 April 2014 HK\$'000 (Unaudited)	As at 31 October 2013 HK\$'000 (Audited)
Cash at bank and in hand	22,911	24,376
Less: pledged bank deposit for banking facilities	(9,020)	(9,020)
Cash and bank balances as stated in consolidated statement of financial position	13,891	15,356
Cash and cash equivalent for the purpose of the consolidated statement of cash flows	13,891	15,356
Pledged bank deposits analysed for reporting purposes as non-current assets	9,020	9,020

13. ACCOUNTS AND BILLS PAYABLE

The credit terms granted by suppliers are generally for a period of 60–180 days. The ageing analysis of accounts and bills payable as at the reporting date, based on invoice date, is as follows:

	As at 30 April 2014 HK\$'000 (Unaudited)	As at 31 October 2013 HK\$'000 (Audited)
Outstanding balances with ages:		
Within 90 days	15,452	24,151
91–180 days	12,983	4,404
181–365 days	70	193
Over 365 days	71	239
	28,576	28,987

14. LOAN FROM A THIRD PARTY

The loan from a third party was unsecured, interest free and was fully repaid on 9 January 2014.

15. LOAN FROM A SHAREHOLDER

The loan from a shareholder was unsecured, repayable before 23 October 2015 and bore interest at prime rate.

16. LOAN FROM A MINORITY SHAREHOLDER

The loan from a minority shareholder was unsecured, interest free and not repayable within twelve months from the reporting date.

17. RELATED PARTY TRANSACTIONS

Included in staff costs is key management personnel compensation (including executive directors' remuneration) which comprises the following categories:

	Three months ended		Six months ended	
	30 April 2014 HK\$'000 (Unaudited)	30 April 2013 HK\$'000 (Unaudited)	30 April 2014 HK\$'000 (Unaudited)	30 April 2013 HK\$'000 (Unaudited)
Salaries				
Allowances and benefits in kind	1,103	923	2,033	1,784
Pension scheme contributions	20	11	37	23
	1,123	934	2,070	1,807

18. 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

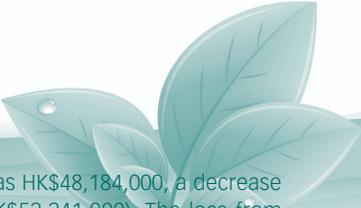
Business Review and Prospects

The Group's revenue for the six months ended 30 April 2014 was HK\$48,184,000 which represented a decrease in 10% when compared with that of the corresponding period (2013: HK\$53,341,000). The China's 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. China's manufacturing purchasing manager index (PMI) has been fallen below 51 since the January of year 2014 indicating China manufacturers' hesitation in purchasing. All those affected our business in the industrial environmental products. We have taken several measures including lowering our operating costs, speeding up market penetration of existing products and sourcing supply of new industrial environmental 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.

The slow growth in China's GDP suppressed capital investment and brings 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 developments 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 revenue for the six months ended 30 April 2014 was HK\$48,184,000, a decrease of 10% as compared with the corresponding period (2013: HK\$53,341,000). The loss from discontinued operations for the six months ended 30 April 2014 was HK\$334,000 which mainly represented the salaries and compensation for the employee of discontinued production of machines business segment who left and loss on disposal of assets under the discontinued operation, a decrease of 94% as compared with the last corresponding period (2013: HK\$5,963,000). As the decrease of loss from the discontinued operation, the Group recorded a profit attributable to owners of the Company amounted to HK\$1,600,000 (2013: a loss of HK\$2,233,000).

Gross margin

Gross profit for the six months ended 30 April 2014 was HK\$13,481,000, representing a decrease of 12% as compared with the corresponding period (2013: HK\$15,386,000). The gross profit margin of the Group for the six months ended 30 April 2014 was 28% which was slightly lower than that of the corresponding period (2013: 29%).

Expenses

The Group's selling expenses for the six months ended 30 April 2014 was amounted to HK\$1,460,000, representing a decrease of 21% compared with the last corresponding period (2013: HK\$1,845,000).

The Group's administrative expenses for the six months ended 30 April 2014 was amounted to HK\$10,825,000, representing an increase of 4% compared with the last corresponding period (2013: HK\$10,364,000).

Liquidity and Finance Resources

During the period under the review, the Group financed its operations by internally generated cash flow, banking facilities provided by banks and loans from shareholders. As at 30 April 2014, the Group had net current assets of HK\$34,165,000 (31 October 2013: HK\$19,474,000) including bank balances and cash of approximately HK\$13,891,000 (31 October 2013: HK\$15,356,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.7 as at 30 April 2014 (31 October 2013: 1.4). The Group's inventory turnover was 110 days (31 October 2013: 82 days). The Group's accounts receivable turnover was about 89 days (31 October 2013: 80 days). The increase in both inventory turnover and accounts receivable turnover were due to decrease in the Group's revenue for the six months ended 30 April 2014.

Capital Structure

The Shares of the Company were listed on the GEM board of the Stock Exchange on 5 December 2001. Except for the share options under the pre-IPO share option scheme were exercised at the exercise price of HK\$0.01 per share, resulting in the issue of 96,740,000 ordinary shares of HK\$0.01 each for a total consideration of HK\$967,000 in November 2005, there has been no material change in the capital structure of the Company since that date. The capital of the Group comprises only ordinary shares.

Gearing ratio

The gearing ratio (defined as the total borrowing over total equity, including minority interests) increase from 8.5% as at 31 October 2013 to 14% as at 30 April 2014. The increase was resulted from the loan from a shareholder during the period.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement.

Foreign Exchange Exposure

The Group's purchases are denominated in Japanese Yen, Sterling Pounds, Euro and US Dollars. The sales of the Group are predominantly in RMB and Hong Kong Dollars. The Group will review and monitor from time to time the risk relating to foreign exchanges.

Charge on Group assets and contingent liabilities

As at 30 April 2014, the Group had pledged its bank deposits of approximately HK\$9 million (31 October 2013: HK\$9 million) to secure its banking facilities. Save as aforesaid, the Group did not have any other significant contingent liabilities as at 30 April 2014.

Information on Employees

As at 30 April 2014, the Group had 70 employees (2013: 72) working in Hong Kong and PRC. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident funds contributions) for the period ended 30 April 2014 amounted to approximately HK\$6.2 million (2013: HK\$6.3 million). The dedication and hard work of the Group's staff during the period ended 30 April 2014 are generally appreciated and recognized.

Contingent liabilities

The Group had no material contingent liabilities at 30 April 2014 (2013: Nil).

Material Acquisitions, Disposal of subsidiaries and affiliated companies

During the period ended 30 April 2014, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.



Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 April 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 30 April 2014	Percentage to the Company's issued share capital as at 30 April 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 30 April 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 30 April 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 30 April 2014	Percentage to the Company's issued share capital as at 30 April 2014
Cititrust (Cayman) Limited (Note 1)	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management (PTC) 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
BOS Trust Company (Jersey) Limited (Note 2)	Through a controlled corporation	44,224,000	6.81
Crayne Company Limited (Note 2)	Directly beneficially owned	44,224,000	6.81
Mr. Lee Wai Man	Directly beneficially owned	35,620,000	5.48

Notes:

- 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.
- 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 six months ended 30 April 2014. The Company had not redeemed any of its listed securities during the six months ended 30 April 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 six months ended 30 April 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 six months ended 30 April 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 six months ended 30 April 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 and six months ended 30 April 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, 12 June 2014

As at the date of this report, 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.