



Eco-Tek Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8169



2015 Interim Report

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 2015 amounted to HK\$39,998,000 (six months ended 30 April 2014: HK\$48,184,000), representing a decrease of approximately 17% as compared with corresponding period.
- Profit attributable to owners of the Company for the six months ended 30 April 2015 amounted to HK\$929,000 (six months ended 30 April 2014: HK\$1,600,000), representing a decrease of approximately 42% as compared with corresponding period.
- Basic earnings per share for the six months ended 30 April 2015 amounted to approximately HK0.14 cent (six months ended 30 April 2014: HK0.25 cent).

Unaudited Interim 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 and six months ended 30 April 2015 together with the comparative figures as follows:

Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 April 2015

	Notes	Three months ended 30 April		Six months ended 30 April	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
CONTINUING OPERATIONS					
Revenue	2	19,117	22,936	39,998	48,184
Cost of Sales		(13,088)	(16,042)	(27,484)	(34,703)
Gross Profit		6,029	6,894	12,514	13,481
Other income		299	456	314	532
Selling expenses		(663)	(667)	(1,513)	(1,460)
Administrative expenses		(4,960)	(5,289)	(10,357)	(10,825)
Profit from continuing operations	4	705	1,394	958	1,728
Finance costs		(124)	(147)	(250)	(147)
Share of profit of a jointly controlled entity		158	6	202	336
Profit before taxation		739	1,253	910	1,917
Taxation	5	-	(2)	-	(34)
Profit for the period from continuing operations		739	1,251	910	1,883



	Notes	Three months ended		Six months ended	
		30 April		30 April	
		2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
DISCONTINUED OPERATIONS					
Loss for the period from discontinued operations	6	-	(182)	-	(334)
Profit for the period		739	1,069	910	1,549
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		276	(3,076)	(404)	(1,867)
Share of other comprehensive income of a joint venture		14	(116)	(65)	(51)
		290	(3,192)	(469)	(1,918)
Total comprehensive income for the period		1,029	(2,123)	441	(369)
Profit/(loss) for the period attributable to:					
Owners of the Company		620	905	929	1,600
Non-controlling interests		119	164	(19)	(51)
		739	1,069	910	1,549
Total comprehensive income for the period attributable to:					
Owners of the Company		859	(1,929)	585	(121)
Non-controlling interests		170	(194)	(144)	(248)
		1,029	(2,123)	441	(369)



	Notes	Three months ended		Six months ended	
		30 April		30 April	
		2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings/(loss) per share attributable to owners of the Company during the period					
From continuing and discontinued operations					
— Basic	8	HK0.09 cent	HK0.14 cent	HK0.14 cent	HK0.25 cent
— Diluted		N/A	N/A	N/A	N/A
From continuing operations					
— Basic	8	HK0.09 cent	HK0.17cent	HK0.14 cent	HK0.30 cent
— Diluted		N/A	N/A	N/A	N/A
From discontinued operation					
— Basic	8	N/A	HK(0.03) cent	N/A	HK(0.05) cent
— Diluted		N/A	N/A	N/A	N/A

Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 April 2015

		As at 30 April 2015 HK\$'000 (Unaudited)	As at 31 October 2014 HK\$'000 (Audited)
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-Current Assets			
Property, plant and equipment	9	99,503	104,225
Interest in leasehold land		5,321	5,422
Interest in a jointly controlled entity		3,524	3,387
Deferred tax assets		887	894
Pledged bank deposits	12	9,020	9,020
		118,255	122,948
Current assets			
Inventories	10	13,796	14,913
Accounts receivable	11	23,759	18,528
Deposits, prepayments and other receivables		7,307	5,818
Tax recoverable		16,454	16,454
Cash and cash equivalent	12	12,369	15,567
		73,685	71,280
Current liabilities			
Accounts and bills payable	13	18,756	20,748
Accrued liabilities and other payables		26,329	26,841
Provision for tax		3,076	3,301
		48,161	50,890
Net current assets		25,524	20,390
Total assets less current liabilities		143,779	143,338



		As at 30 April 2015 HK\$'000 (Unaudited)	As at 31 October 2014 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current liabilities			
Deferred tax liabilities		7,570	7,570
Loan from a shareholder	14	9,500	9,500
Loans from a minority shareholder	14	9,526	9,526
		26,596	26,596
Net assets		117,183	116,742
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		19,612	19,956
Capital contribution reserve		7,971	7,971
Retained profits		55,372	54,443
		109,131	108,546
Non-controlling interests		8,052	8,196
Total equity		117,183	116,742



Condensed Consolidated Statement of Cash Flows (Unaudited)

	Six months Ended 30 April	
	2015 HK\$'000	2014 HK\$'000
Net cash used in operating activities	(2,306)	(8,390)
Net cash used in investing activities	(100)	(921)
Net cash (used in)/generated from financing activities	(250)	7,888
Decrease in cash and cash equivalents	(2,656)	(1,423)
Effect of foreign exchange rate changes	(542)	(42)
Cash and cash equivalents at 1 November	15,567	15,356
Cash and cash equivalent at 30 April	12,369	13,891

Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 April 2015

	Equity attributable to owners of the Company						Non-	Total	
	Share capital	Share premium	Capital reserve	Exchange translation reserve	Capital contribution reserve	Retained profits	controlling interests	equity	
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
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
At 1 November 2014	6,495	19,586	95	19,956	7,971	54,443	108,546	8,196	116,742
Total comprehensive income	-	-	-	(344)	-	929	585	(144)	441
At 30 April 2015	6,495	19,586	95	19,612	7,971	55,372	109,131	8,052	117,183

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 financial statements for the six months ended 30 April 2015 are presented in Hong Kong dollars ("HK\$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries are HK\$.

The unaudited financial statements for the six months ended 30 April 2015 are 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 financial statements should be read in conjunction with audited financial statements and notes thereto for the year ended 31 October 2014 ("2014 Audited Financial Statements"). The significant accounting policies that have been used in the preparation of these unaudited financial statements are consistent with those followed in the preparation of 2014 Audited Financial Statement. It should be noted that accounting estimates and assumptions are used in preparation of unaudited financial statements. 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 2014, 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, 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 30 April		Six months ended 30 April	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Continuing operations				
Water supply plant	4,273	4,850	9,248	9,742
General environmental protection related products and services	240	250	569	544
Industrial environmental products	14,604	17,836	30,181	37,898
	19,117	22,936	39,998	48,184

3. SEGMENT INFORMATION

The chief operating decision-maker is identified as executive director. The executive director has 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.

The Board has decided to discontinue the operation of production of machines on 23 December 2013. In accordance with HKFRS 5, the segment of production of machines for the period was classified as discontinued operations.

Continuing operation	Water Supply Plant		General environmental protection related products and services		Industrial environmental products		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue from external customers	9,248	9,742	569	544	30,181	37,898	39,998	48,184
Reportable segment revenue	9,248	9,742	569	544	30,181	37,898	39,998	48,184
Reportable segment profit/(loss)	1,889	1,729	(442)	(102)	9,812	10,396	11,259	12,023
Depreciation	4,468	4,449	65	64	122	159	4,655	4,672
Additions to non-current segment assets during the period	84	2,841	6	107	10	506	100	3,454
Reportable segment assets	111,931	116,592	6,177	12,744	52,967	51,628	171,075	180,964
Reportable segment liabilities	7,428	9,346	868	207	31,521	35,690	39,817	45,243

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 2015 HK\$'000 (Unaudited)	Six months ended 30 April 2014 HK\$'000 (Unaudited)
Reportable segment revenue	39,998	48,184
Group revenue	39,998	48,184
Reportable segment profit	11,259	12,023
Other corporate expense	(10,301)	(10,295)
Finance costs	(250)	(147)
Share of profit of a jointly controlled entity	202	336
Profit before taxation	910	1,917
Taxation	-	(34)
Profit for the period from continuing operation	910	1,883
Loss for the period from a discontinued operation	-	(334)
Profit for the period	910	1,549
Reportable segment assets	171,075	180,964
Interest in a jointly controlled entity	3,524	3,558
Tax recoverable	16,454	24,050
Other corporate assets	1,062	947
Group assets	192,115	209,519
Reportable segment liabilities	39,817	45,243
Loan from a shareholder	9,500	9,500
Loan from a minority shareholder	9,526	9,526
Other corporate liabilities	15,942	12,613
Group liabilities	74,785	76,882

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	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Hong Kong (domicile)	5,725	9,965	9,885	10,134
PRC	34,273	38,219	98,463	104,820
	39,998	48,184	108,348	114,954

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 2015 and 2014.

4. PROFIT FROM OPERATION

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

	Three months ended 30 April		Six months ended 30 April	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Auditor's remuneration	201	135	336	270
Cost of inventories recognises as expenses including	13,088	16,042	27,484	34,703
— Provision of inventories	—	1,559	1,220	1,559
Depreciation of property, plant and equipment	2,328	2,335	4,655	4,672
Exchange gains/(loss), net	243	(11)	258	47
Operating lease charges in respect of land and buildings	459	342	898	1,151
Loss on disposal of fixed assets	—	180	—	180
Bad debt recovery	—	(374)	—	(374)
Staff costs (including directors' remuneration)				
— Wages and salaries	3,092	2,666	5,950	5,723
— Pension scheme contributions	161	32	454	352

5. TAXATION

	Three months ended 30 April		Six months ended 30 April	
	2015	2014	2015	2014
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current tax				
— Hong Kong tax for the period	—	—	—	—
— PRC tax for the period	—	2	—	34
Total income tax charge for the period	—	2	—	34

No income tax expense regarding the discontinued operations has been incurred as there is no assessable profit for both the six months ended 30 April 2015 and 2014.

Hong Kong profits tax has been provided for at 16.5% on the estimated assessable profit for both the six months ended 30 April 2015 and 2014. No provision for Hong Kong profit tax has been made for the current period as the Group has no assessable profits arising in Hong Kong.

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 2015 (2014: 25%).

The subsidiaries of the Company established in the PRC are subject to the PRC enterprise income tax ("EIT"). 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 2015 (2014: 25%). No provision for EIT has been made for the current period (for the six months ended 30 April 2014: HK\$34,000) as the Group has no assessable profit arising in the PRC.

A subsidiary of the Group established and operating in Macau, was exempted from Macau complementary profits tax for the six months ended 30 April 2015 and 2014 according to the relevant laws and regulation in Macau.

6. DISCONTINUED OPERATIONS

On 23 December 2013, the Board decided to discontinue the operation of the production of machines. Analysis of the Group's results of the discontinued production of machines business for the periods ended 30 April 2015 and 2014 is as follows:

	Three months ended 30 April		Six months ended 30 April	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Administrative expense	–	(182)	–	(334)
Loss before taxation	–	(182)	–	(334)
Taxation	–	–	–	–
Loss for the period	–	(182)	–	(334)

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 April 2015 (2014: 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 30 April		Six months ended 30 April	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share				
— Continuing operations	620	1,087	929	1,934
— Discontinued operations	–	(182)	–	(334)
Total profit from continuing and discontinued operations	620	905	929	1,600



	Number of shares			
	Three months ended		Six months ended	
	2015 '000	2014 '000	2015 '000	2014 '000

Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share

649,540	649,540	649,540	649,540
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No diluted earnings/(loss) per share is calculated for the six months ended 30 April 2015 and 2014 as there was no dilutive potential ordinary share in existence.

9. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles HK\$'000 (Unaudited)	Office equipment HK\$'000 (Unaudited)	Plant, moulds and machinery HK\$'000 (Unaudited)	Furniture and fixtures HK\$'000 (Unaudited)	Building and structure HK\$'000 (Unaudited)	Construction in progress HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
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Six months ended 30 April 2015

Opening net book value	1,183	251	13,051	12	89,482	246	104,225
Additions	-	100	-	-	-	-	100
Depreciation	(207)	(61)	(1,775)	(6)	(2,606)	-	(4,655)
Translation difference	(4)	(2)	(25)	-	(120)	(9)	(160)
	972	288	11,251	6	86,756	237	99,510

At 30 April 2015

Cost	2,397	1,584	38,056	845	112,408	237	155,527
Accumulated depreciation	(1,425)	(1,296)	(26,805)	(839)	(25,652)	-	(56,017)
Net book value	972	288	11,251	6	86,756	237	99,510

10. INVENTORIES

	As at 30 April 2015 HK\$'000 (Unaudited)	As at 31 October 2014 HK\$'000 (Audited)
At cost	26,114	26,150
Provision for slow-moving inventories	(12,318)	(11,237)
	13,796	14,913

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 a credit period of 60 to 120 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 2015 HK\$'000 (Unaudited)	As at 31 October 2014 HK\$'000 (Audited)
Outstanding balances with ages:		
Within 90 days	17,870	15,046
91–180 days	4,984	914
181–365 days	611	1,419
Over 365 days	294	1,149
	23,759	18,528

12. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 30 April 2015 HK\$'000 (Unaudited)	As at 31 October 2014 HK\$'000 (Audited)
Cash at bank and in hand	21,389	24,587
Less: pledged bank deposits for banking facilities	(9,020)	(9,020)
Cash and bank equivalents	12,369	15,567
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 2015 HK\$'000 (Unaudited)	As at 31 October 2014 HK\$'000 (Audited)
Outstanding balances with ages:		
Within 90 days	14,656	18,765
91–180 days	3,957	1,601
181–365 days	–	7
Over 365 days	143	375
	18,756	20,748

14. LOAN FROM A SHAREHOLDER AND A MINORITY SHAREHOLDER

The loans were unsecured and interest-free expect for loan from a shareholder of HK\$9,500,000 which was interest bearing at 5.25% per annum (2014: 5.25%).

They were not repayable within twelve months from the reporting date.

The directors of the Company consider that the fair values of the loans are not materially different from their carrying amounts.

15. RELATED PARTY TRANSACTIONS

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

	Three months ended 30 April		Six months ended 30 April	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries				
Allowances and benefits in kind	749	1,103	1,490	2,033
Pension scheme contributions	9	20	18	37
	758	1,123	1,508	2,070



Management Discussion and Analysis

Business Review and Prospects

China's economic rise over the past two decades relied on enormous capital investment and exports backed by a huge and cheap labor force, but the economy was steered onto a more sustainable track with more domestic consumption, rather than over-relying on investment and exports. Previous high gross domestic product ("GDP") growth was shifted to sustainable development. The annual GDP growth target for year 2015 was set at around 7% roughly half a percentage point lower than year 2014. According to the announcement from China's National Bureau of Statistics, China's GDP in the first quarter of year 2015 only rose 7.0% which was lower than that of the last quarter in year 2014. China's manufacturing activity reflected by HSBC's China Manufacturing purchasing managers' index in April 2015 fell to a year low of 48.9 with the new order declining at strong paces and the production levels stagnated because of relatively weak domestic demands. As a result, mainland factories reduced or delayed machinery and equipment procurement which affected our industrial environmental business.

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 2015 was HK\$39,998,000, a decrease of 17% as compared with the corresponding period (six months ended 30 April 2014: HK\$48,184,000). It was because our customers in industrial environmental products business reduced their orders significantly under economic uncertainties.

Gross profit for the six months ended 30 April 2015 was HK\$12,514,000, a decrease of 4% as compared with the corresponding period (six months ended 30 April 2014: HK\$13,481,000) because of decrease in the Group's revenue. The gross profit margin of the Group for the six months ended 30 April 2015 was 31% which was higher than that of corresponding period (six months ended 30 April 2014: 28%) due to the benefit of recent further depreciation of Japanese yen against US dollar.

The Group's administrative expenses for the six months ended 30 April 2015 was amounted to HK\$10,357,000, represented a decrease of 4% compared with the corresponding period (six months ended 30 April 2014: HK\$10,825,000). The Group's selling expenses for six months ended 30 April 2015 was amounted to HK\$1,513,000, represented an increase of 4% compared with the corresponding period (six months ended 30 April 2014: HK\$1,460,000) due to increase in exhibition costs.

On 23 December 2013, the Board decided to discontinue the operation of the production of machines (the "Discontinued Operation"). There was no loss from the Discontinued Operations for the six months ended 30 April 2015 while the loss from the Discontinued Operations for the corresponding period ended 30 April 2014 was HK\$334,000.

The Group recorded a profit attributable to owners of the Company amounted to HK\$929,000 for the six months ended 30 April 2015 (six months ended 30 April 2014: HK\$1,600,000).



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 2015, the Group had net current assets of HK\$25,524,000 (31 October 2014: HK\$20,390,000) including bank balances and cash of approximately HK\$12,369,000 (31 October 2014: HK\$15,567,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.5 as at 30 April 2015 (31 October 2014: 1.4). The Group's inventory turnover was about 90 days (31 October 2014: 78 days). The Group's accounts receivable turnover was about 107 days (31 October 2014: 70 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 2015.

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 (define as the total borrowing over total equity, including minority interests) as at 30 April 2015 was 16% (31 October 2014: 16%).

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 2015, the Group had pledged its bank deposits of approximately HK\$9 million (31 October 2014: 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 2015 (31 October 2014: Nil).

Information on Employees

As at 30 April 2015, the Group had 70 employees (2014: 70) 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 six months ended 30 April 2015 amounted to approximately HK\$6.4 million (for the six months ended 30 April 2014: HK\$6.1 million). The dedication and hard work of the Group's staff during the six months ended 30 April 2015 are generally appreciated and recognized.

Contingent Liabilities

The Group had no material contingent liabilities at 30 April 2015 (31 October 2014: Nil).

Material Acquisitions, Disposal of Subsidiaries and Affiliated Companies

During the six months ended 30 April 2015, 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 2015, 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 2015	% to the Company's issued share as at 30 April 2015
<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 2015, 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 2015, 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 2015	% to the Company's issued shares as at 30 April 2015
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:

- 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 2015. The Company and its subsidiaries did not redeem any of its listed securities during the six months ended 30 April 2015.

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 2015.

Corporate Governance

The Company has complied with all the code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in the Appendix 15 of the GEM Listing Rules throughout the six months ended 30 April 2015 except the following:

The code provision A.6.7 of the Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the view of shareholders. Professor Ni Jun, the independent non-executive directors was unable to attend the annual general meeting of the Company held on 23 April 2015 as he was out of Hong Kong.

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 2015.



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 Professor 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 Professor 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 Professor 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 2015 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 2015

As at the date of this report, the Board of Directors comprises Mr. KWOK Tsun Kee as executive director; 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.