



ECO-TEK HOLDINGS LIMITED

環康集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8169)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 APRIL 2016

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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 purpose only

SUMMARY

- Revenue for the six months ended 30 April 2016 amounted to HK\$36,277,000 (six months ended 30 April 2015: HK\$39,998,000), representing a decrease of approximately 9% as compared with corresponding period.
- Loss attributable to owners of the Company for the six months ended 30 April 2016 amounted to HK\$1,620,000 while profit attributable to owners of the Company for the six months ended 30 April 2015 amounted to HK\$929,000.
- Basic loss per share for the six months ended 30 April 2016 amounted to approximately HK\$0.25 cent while basic earnings per share for the six months ended 30 April 2015 amounted to HK 0.14 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 2016 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 April 2016

		Three months ended 30 April		Six months ended 30 April	
		2016	2015	2016	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	19,208	19,117	36,277	39,998
Cost of Sales		(14,008)	(13,088)	(25,788)	(27,484)
Gross Profit		5,200	6,029	10,489	12,514
Other income		48	299	106	314
Selling expense		(756)	(663)	(1,428)	(1,513)
Administrative expenses		(5,253)	(4,960)	(10,418)	(10,357)
(Loss)/profit from operations	4	(761)	705	(1,251)	958
Finance costs		(123)	(124)	(250)	(250)
Share of profit/(loss) of a joint venture		25	158	(75)	202
(Loss)/profit before taxation		(859)	739	(1,576)	910
Taxation	5	–	–	–	–
(Loss)/profit for the period		(859)	739	(1,576)	910

	<i>Notes</i>	Three months ended		Six months ended	
		30 April		30 April	
		2016	2015	2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income for the period					
— Items that may subsequently reclassified to profit and loss:					
Exchange gain/(loss) on translation of financial statements of foreign operations		382	276	(498)	(404)
Share of other comprehensive income of a joint venture		25	14	(70)	(65)
		<u>407</u>	<u>290</u>	<u>(568)</u>	<u>(469)</u>
Total comprehensive income for the period		<u>(452)</u>	<u>1,029</u>	<u>(2,144)</u>	<u>441</u>
(Loss)/profit for the period attributable to:					
Owners of the Company		(801)	620	(1,620)	929
Non-controlling interests		(58)	119	44	(19)
		<u>(859)</u>	<u>739</u>	<u>(1,576)</u>	<u>910</u>
Total comprehensive income for the period attributable to:					
Owners of the Company		(493)	859	(1,766)	585
Non-controlling interests		41	170	(378)	(144)
		<u>(452)</u>	<u>1,029</u>	<u>(2,144)</u>	<u>441</u>
(Loss)/earnings per share attributable to owners of the Company during the period					
— Basic	7	<u>HK(0.12) cent</u>	<u>HK0.09 cent</u>	<u>HK(0.25) cent</u>	<u>HK0.14 cent</u>
— Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 April 2016

	<i>Notes</i>	As at 30 April 2016 HK\$'000 (Unaudited)	As at 31 October 2015 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-Current Assets			
Property, plant and equipment	8	90,004	94,697
Interest in leasehold land		4,978	5,105
Interest in a joint venture		3,373	3,527
Deferred tax assets		856	868
Pledged bank deposits	11	9,020	9,020
		108,231	113,217
Current assets			
Inventories	9	11,355	15,022
Accounts receivable	10	21,621	18,134
Deposits, prepayments and other receivables		5,303	5,436
Tax recoverable		16,454	16,454
Cash and cash equivalents	11	16,064	12,819
		70,797	67,865
Current liabilities			
Accounts and bills payable	12	10,060	9,579
Accrued liabilities, receipts in advance and other payables		26,839	26,007
Provision for tax		283	1,506
		37,182	37,092
Net current assets		33,615	30,773
Total assets less current liabilities		141,846	143,990
Non-current liabilities			
Deferred tax liabilities		7,570	7,570
Loan from a shareholder	13	9,500	9,500
Loans from a minority shareholder	13	9,526	9,526
		26,596	26,596
Net assets		115,250	117,394

	As at 30 April 2016 HK\$'000 (Unaudited)	As at 31 October 2015 HK\$'000 (Audited)
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	16,890	17,036
Capital contribution reserve	7,971	7,971
Retained profits	56,803	58,423
	<hr/>	<hr/>
	107,840	109,606
Non-controlling interests	7,410	7,788
	<hr/>	<hr/>
Total equity	115,250	117,394
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)*For the six months ended 30 April 2016*

		Six months ended 30 April	
		2016	2015
	<i>Note</i>	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities		3,935	(2,306)
Net cash used in investing activities		–	(100)
Net cash used in financing activities		<u>(250)</u>	<u>(250)</u>
Increase/(decrease) in cash and cash equivalents		3,685	(2,656)
Effect of foreign exchange rate changes		(440)	(542)
Cash and cash equivalents at 1 November		<u>12,819</u>	<u>15,567</u>
Cash and cash equivalent at 30 April	<i>11</i>	<u>16,064</u>	<u>12,369</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 April 2016

	Equity attributable to owners of the Company						Non- controlling interests	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>
At 1 November 2014	6,495	19,586	95	19,956	7,971	54,443	108,546	8,196	116,742
Total comprehensive income for the period	-	-	-	(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
At 1 November 2015	6,495	19,586	95	17,036	7,971	58,423	109,606	7,788	117,394
Total comprehensive income for the period	-	-	-	(146)	-	(1,620)	(1,766)	(378)	(2,144)
At 30 April 2016	6,495	19,586	95	16,890	7,971	56,803	107,840	7,410	115,250

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 2016 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 2015 (“2015 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 2015 Audited Financial Statements. It should be noted that accounting estimates and assumptions are used in preparation of the 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 2015, 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 service 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	
	2016 <i>HK\$’000</i> (Unaudited)	2015 <i>HK\$’000</i> (Unaudited)	2016 <i>HK\$’000</i> (Unaudited)	2015 <i>HK\$’000</i> (Unaudited)
Water supply plant	4,285	4,273	9,168	9,248
General environmental protection products and services	180	240	375	569
Industrial environmental products	14,743	14,604	26,734	30,181
	<u>19,208</u>	<u>19,117</u>	<u>36,277</u>	<u>39,998</u>

3. SEGMENT INFORMATION

The chief operating decision-maker is identified as executive directors. 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.

	Water Supply Plant		General environmental protection related products and services		Industrial environmental products		Total	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue from external customers	<u>9,168</u>	<u>9,248</u>	<u>375</u>	<u>569</u>	<u>26,734</u>	<u>30,181</u>	<u>36,277</u>	<u>39,998</u>
Reportable segment revenue	<u>9,168</u>	<u>9,248</u>	<u>375</u>	<u>569</u>	<u>26,734</u>	<u>30,181</u>	<u>36,277</u>	<u>39,998</u>
Reportable segment profit/(loss)	<u>2,263</u>	<u>1,889</u>	<u>9</u>	<u>(442)</u>	<u>6,789</u>	<u>9,812</u>	<u>9,061</u>	<u>11,259</u>
Depreciation	<u>4,371</u>	<u>4,468</u>	<u>12</u>	<u>65</u>	<u>126</u>	<u>122</u>	<u>4,509</u>	<u>4,655</u>
Additions to non-current segment assets during the period	-	84	-	6	-	10	-	100
Reportable segment assets	<u>103,909</u>	<u>111,931</u>	<u>1,838</u>	<u>6,177</u>	<u>51,991</u>	<u>52,967</u>	<u>157,738</u>	<u>171,075</u>
Reportable segment liabilities	<u>6,714</u>	<u>7,428</u>	<u>238</u>	<u>868</u>	<u>25,227</u>	<u>31,521</u>	<u>32,179</u>	<u>39,817</u>

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 2016 HK\$'000 (Unaudited)	Six months ended 30 April 2015 HK\$'000 (Unaudited)
Reportable segment revenue	<u>36,277</u>	<u>39,998</u>
Group revenue	<u><u>36,277</u></u>	<u><u>39,998</u></u>
Reportable segment profit	9,061	11,259
Other corporate expense	(10,312)	(10,301)
Finance costs	(250)	(250)
Share of (loss)/profit of a joint venture	(75)	202
(Loss)/profit before taxation	<u>(1,576)</u>	<u>910</u>
Reportable segment assets	157,738	171,075
Interest in a joint venture	3,373	3,524
Tax recoverable	16,454	16,454
Other corporate assets	1,463	1,062
Group assets	<u>179,028</u>	<u>192,115</u>
Reportable segment liabilities	32,179	39,817
Loan from a shareholder	9,500	9,500
Loan from a minority shareholder	9,526	9,526
Other corporate liabilities	12,573	15,942
Group liabilities	<u>63,778</u>	<u>74,785</u>

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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Hong Kong (domicile)	3,947	5,725	2,960	9,885
PRC	32,330	34,273	95,395	98,463
	<u>36,277</u>	<u>39,998</u>	<u>98,355</u>	<u>108,348</u>

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 2016 and 2015.

4. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is arrived at after charging/(crediting):

	Three months ended 30 April		Six months ended 30 April	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Auditor's remuneration	165	201	330	336
Amortisation of interest in leasehold land	21	33	42	66
Cost of inventories sold	11,753	10,760	21,279	22,829
Depreciation of property, plant and equipment	2,255	2,328	4,509	4,655
Exchange loss/(gains) net	654	(243)	703	(258)
Operating lease charges in respect of land and buildings	415	459	846	898
Staff costs (including directors' remuneration)				
— Wages and salaries	3,086	3,092	6,092	5,950
— Pension scheme contributions	203	161	406	454

5. TAXATION

Hong Kong profits tax has been provided for at 16.5% on the estimated assessable profit for the six months ended 30 April 2016 and 2015. 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 subsidiaries of the Company established in the PRC are subject to the PRC enterprise income tax ("EIT"). EIT has been provided at the rate of 25% on the estimated assessable profits arising in the PRC for the period. No provision for EIT has been made for current and prior periods as the Group has no assessable profits 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 2016 and 2015 according to the relevant laws and regulation in Macau.

6. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 April 2016 (2015: Nil).

7. BASIC (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 April		Six months ended 30 April	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
(Loss)/profit attributable to owners of the Company for the purpose of calculating basic (loss)/earnings per share	<u>(801)</u>	<u>620</u>	<u>(1,620)</u>	<u>929</u>

	Number of shares			
	Three months ended 30 April		Six months ended 30 April	
	2016 '000	2015 '000	2016 '000	2015 '000
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>649,540</u>	<u>649,540</u>	<u>649,540</u>	<u>649,540</u>

No diluted (loss)/earnings per share is calculated for the three months and six months ended 30 April 2016 and 2015 as there was no dilutive potential ordinary share in existence.

8. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles HK\$'000 (Unaudited)	Office equipment HK\$'000 (Unaudited)	Plant, molds 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)
Six months ended 30 April 2016							
Opening net book value	930	176	9,222	15	83,808	546	94,697
Depreciation	(165)	(20)	(1,829)	(1)	(2,494)	-	(4,509)
Translation difference	(2)	-	(18)	-	(163)	(1)	(184)
	<u>763</u>	<u>156</u>	<u>7,375</u>	<u>14</u>	<u>81,151</u>	<u>545</u>	<u>90,004</u>
At 30 April 2016							
Cost	2,381	1,503	37,703	855	110,111	545	153,098
Accumulated depreciation	(1,618)	(1,347)	(30,328)	(841)	(28,960)	-	(63,094)
Net Book Value	<u>763</u>	<u>156</u>	<u>7,375</u>	<u>14</u>	<u>81,151</u>	<u>545</u>	<u>90,004</u>

9. INVENTORIES

	As at 30 April 2016 <i>HK\$'000</i> (Unaudited)	As at 31 October 2015 <i>HK\$'000</i> (Audited)
Merchandise	21,994	26,364
Provision for slow-moving inventories	<u>(10,639)</u>	<u>(11,342)</u>
	<u>11,355</u>	<u>15,022</u>

10. 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 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 2016 <i>HK\$'000</i> (Unaudited)	As at 31 October 2015 <i>HK\$'000</i> (Audited)
Outstanding balances with ages:		
Within 90 days	17,405	11,470
91–180 days	2,799	4,268
181–365 days	1,394	1,668
Over 365 days	<u>23</u>	<u>728</u>
	<u>21,621</u>	<u>18,134</u>

11. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 30 April 2016 <i>HK\$'000</i> (Unaudited)	As at 31 October 2015 <i>HK\$'000</i> (Audited)
Cash at bank and in hand	25,084	21,839
Less: pledged bank deposits for banking facilities	<u>(9,020)</u>	<u>(9,020)</u>
Cash and bank equivalents	<u>16,064</u>	<u>12,819</u>
Pledged bank deposits analysed for reporting purposes as non-current assets	<u>9,020</u>	<u>9,020</u>

12. 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 2016 HK\$'000 (Unaudited)	As at 31 October 2015 HK\$'000 (Audited)
Outstanding balances with ages:		
Within 90 days	8,182	8,262
91–180 days	1,719	1,034
181–365 days	–	–
Over 365 days	159	283
	10,060	9,579

13. LOAN FROM A SHAREHOLDER AND A MINORITY SHAREHOLDER

The loans were unsecured and interest-free except for loan from a shareholder of HK\$9,500,000 which was interest bearing at 5.25% per annum (2015: 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.

14. 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	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries				
Allowances and benefits in kind	775	749	1,611	1,490
Pension scheme contributions	9	9	18	18
	784	758	1,629	1,508

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Although it was believed that China's supply-side reform will unlock new sources of growth to help the economy fend off downward pressures amid a fading global economic recovery, China's economy expanded only 6.7 percent year on year in the first quarter of this year, slowing further from the previous quarter. Despite the gradual recovery of United State ("US") economy, the US Federal Reserve had started raising interest rate since December 2015, more fluctuation in global markets were expected. According to the announcement from China's National Bureau of Statistics, the Manufacturing Purchasing Managers' Index (the "PMI") was 50.1 in May of 2016 which was oscillated around the threshold 50 indicating China manufacturer's hesitation in purchasing. Those weakened the demand for machinery and equipment which in turn lead to reduced sales revenue of our industrial environmental products business. As a result, mainland factories reduced or delayed machinery and equipment procurement which affected our industrial environmental business. We have taken several measures including lowering our operation costs, enhancing value added services to existing industrial environmental products as well as promoting new industrial environmental products to meet customers new requirements but it takes time for those mentioned activities to generate positive effects to the Group.

Since Renminbi is one of the Group's major selling currencies while Japanese yen is one of the Group's major purchasing currencies, those exchange rates significantly affect the gross margin of the Group, we shall continuously monitor foreign currency exposure and will take measures to minimize the foreign currency risk if necessary.

Looking forward, global economy remains uncertain, and the business environment will be tough and challenging. Although growth of economy of China slowed down and demand remained weak, the government of the China has stepped up efforts to implement reform measures in different industries and different business sectors, so as to stimulate the economy of China to maintain medium-to-high speed growth. In the process of transforming the Chinese economy to the "new normal" era with the new growth model emphasizes domestic consumption and quality, there are risks of decline in demand of low-end machinery and equipment but also opportunities under the national strategies of "Energy Conservation and Emission Reduction". 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 the Beijing-Tangshan Intercity Railways and Tianjin Binhai New Area Intercity Railway (together as the “New Intercity Railways”), the construction works of Baodi Station was started in December 2015 and the construction of the whole New Intercity Railways will be started in this year. Completion of the New Intercity Railways will promote the integrative and cooperative economic development of the Baodi District and Jing-Jin New City which will benefit our water supply plant. Together with the plan of Tianjin Financial Valley inside Jing-Jin New City and within our water supply plant’s coverage area, 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 2016 was HK\$36,227,000, a decrease of 9% as compared with the corresponding period (six month period ended 30 April 2015: HK\$39,998,000). It was due to the decrease of our industrial environmental product business under machinery market downturn and economic slowdown in China.

The gross profit margin of the Group for the six months ended 30 April 2016 was 29% which was lower than that of corresponding period (six months ended 30 April 2015: 31%) due to recent appreciation of Japanese yen against US dollar.

The Group’s administrative expenses for the six months ended 30 April 2016 was amounted to HK\$10,418,000, which is similar to that in the corresponding period (six months ended 30 April 2015: HK\$10,357,000). The Group’s selling expenses for six months ended 30 April 2016 was amounted to HK\$1,428,000, represented a decrease of 6% compared with the corresponding period (six months ended 30 April 2015: HK\$1,513,000).

The Group recorded a loss attributable to owners of the Company amounted to HK\$1,620,000 for the six months ended 30 April 2016 while the Group recorded a profit attributable to owners of the Company amounted to HK\$929,000 for the six months ended 30 April 2015.

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 2016, the Group had net current assets of HK\$33,615,000 (31 October 2015: HK\$30,773,000) including bank balances and cash amounted to HK\$16,064,000 (31 October 2015: HK\$12,819,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.9 as at 30 April 2016 (31 October 2015: 1.8). The Group’s inventory turnover was about 81 days (31 October 2015: 102 days). The Group’s accounts receivable turnover was about 109 days (31 October 2015: 78 days). The increase in accounts receivable turnover was due to decrease in the Group’s revenue for the six months ended 30 April 2016.

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 2016 was 17% (31 October 2015: 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 2016, the Group had pledged its bank deposits of approximately HK\$9 million (31 October 2015: 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 2016 (31 October 2015: Nil).

Information on Employees

As at 30 April 2016, the Group had 66 employees (2015: 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 2016 amounted to approximately HK\$6.4 million (for the six months ended 30 April 2015: HK\$6.4 million). The dedication and hard work of the Group's staff during the six months ended 30 April 2016 are generally appreciated and recognized.

Contingent liabilities

The Group had no material contingent liabilities at 30 April 2016 (31 October 2015: Nil).

Material Acquisitions, Disposal of subsidiaries and affiliated companies

During the six months ended 30 April 2016, 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 2016, 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 2016	% to the Company's issued share as at 30 April 2016
<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 2016, 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 2016, 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 2016	% to the Company's issued shares as at 30 April 2016
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 six months ended 30 April 2016. The Company and its subsidiaries did not redeem any of its listed securities during the six months ended 30 April 2016.

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 2016.

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 2016 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 director, Ms. CHAN Siu Ping Rosa the independent non-executive director, and Mr. WU Cheng-wei, the non-executive director, were unable to attend the annual general meeting of the Company held on 23 April 2016 as they were 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 2016.

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 2016 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 June 2016

As at the date of this announcement, the Board of Directors comprises Mr. KWOK Tsun Kee and Mr. LEUNG Wai Lun as executive directors; Ms. HUI Wai Man Shirley, Dr. LUI Sun Wing and Mr. WU Cheng-wei 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.