

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

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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 2017 amounted to HK\$48,206,000 (six months ended 30 April 2016: HK\$36,277,000), representing an increase of approximately 33% as compared with corresponding period.
- Profit attributable to owners of the Company for the six months ended 30 April 2017 amounted to HK\$1,298,000 while loss attributable to owners of the Company for the six months ended 30 April 2016 amounted to HK\$1,620,000.
- Basic earnings per share for the six months ended 30 April 2017 amounted to approximately HK 0.2 cent while basic loss per share for the six months ended 30 April 2016 amounted approximately HK 0.25 cent.



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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 2017 together with the comparative figures as follows:

Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 April 2017

| | Notes | Three months ended 30 April | | Six months ended 30 April | |
|--|-------|--------------------------------|------------------|------------------------------|------------------|
| | | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 |
| Revenue | 2 | 25,397 | 19,208 | 48,206 | 36,277 |
| Cost of Sales | | (18,496) | (14,008) | (34,713) | (25,788) |
| Gross profit | | 6,901 | 5,200 | 13,493 | 10,489 |
| Other income | | 630 | 48 | 788 | 106 |
| Selling expenses | | (700) | (756) | (1,595) | (1,428) |
| Administrative expenses | | (5,269) | (5,253) | (10,482) | (10,418) |
| Profit/(loss) from operation | 4 | 1,562 | (761) | 2,204 | (1,251) |
| Finance costs | | (123) | (123) | (249) | (250) |
| Share of (loss)/profit of a joint venture | | (288) | 25 | (81) | (75) |
| Profit/(loss) before income tax | | 1,151 | (859) | 1,874 | (1,576) |
| Taxation | 5 | (177) | - | (367) | - |
| Profit/(loss) for the period | | 974 | (859) | 1,507 | (1,576) |
| 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 operation | | 468 | 382 | 859 | (498) |
| Share of other comprehensive income of a joint venture | | 19 | 25 | (73) | (70) |
| | | 487 | 407 | 786 | (568) |

| | Notes | Three months ended 30 April | | Six months ended 30 April | |
|---|-------|--------------------------------|------------------|------------------------------|------------------|
| | | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 |
| Total comprehensive income for the period | | 1,461 | (452) | 2,293 | (2,144) |
| Profit/(loss) for the period attributable to: | | | | | |
| Owners of the Company | | 836 | (801) | 1,298 | (1,620) |
| Non-controlling interests | | 138 | (58) | 209 | 44 |
| | | 974 | (859) | 1,507 | (1,576) |
| Total comprehensive income for the period attributable to: | | | | | |
| Owners of the Company | | 1,257 | (493) | 1,909 | (1,766) |
| Non-controlling interests | | 204 | 41 | 384 | (378) |
| | | 1,461 | (452) | 2,293 | (2,144) |
| Earnings/(loss) per share attributable to owners of the Company for the period | | | | | |
| — Basic | 7 | HK0.13 cent | HK(0.12) cent | HK0.20 cent | HK(0.25) cent |
| — Diluted | | N/A | N/A | N/A | N/A |

Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 April 2017

| | | As at 30 April 2017 HK\$'000 (Unaudited) | As at 31 October 2016 HK\$'000 (Audited) |
|--|----|--|--|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 78,470 | 82,543 |
| Interest in leasehold land | | 4,568 | 4,667 |
| Interest in a joint venture | | 3,138 | 3,292 |
| Deferred tax assets | | 814 | 823 |
| Pledged bank deposits | 11 | 9,020 | 9,020 |
| | | 96,010 | 100,345 |
| Current assets | | | |
| Inventories | 9 | 13,497 | 13,272 |
| Accounts and bills receivable | 10 | 24,567 | 17,364 |
| Deposits, prepayments and other receivables | | 5,427 | 3,790 |
| Tax recoverable | | 4,720 | 4,720 |
| Cash and cash equivalents | 11 | 14,835 | 16,796 |
| | | 63,046 | 55,942 |
| Current liabilities | | | |
| Accounts and bills payable | 12 | 9,918 | 10,440 |
| Accrued liabilities and other payables | | 24,838 | 24,207 |
| Provision for tax | | 367 | – |
| | | 35,123 | 34,647 |
| Net current assets | | 27,923 | 21,295 |
| Total assets less current liabilities | | 123,933 | 121,640 |

| | | As at 30 April 2017 HK\$'000 (Unaudited) | As at 31 October 2016 HK\$'000 (Audited) |
|---|----|---|--|
| 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 | | 97,337 | 95,044 |
| 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 | | 12,546 | 11,935 |
| Capital contribution reserve | | 7,971 | 7,971 |
| Retained profits | | 43,280 | 41,982 |
| | | 89,973 | 88,064 |
| Non-controlling interests | | 7,364 | 6,980 |
| Total equity | | 97,337 | 95,044 |

Condensed Consolidated Statement of Cash Flows (Unaudited)

| | Six months Ended 30 April | |
|--|------------------------------|------------------|
| | 2017 HK\$'000 | 2016 HK\$'000 |
| Net cash (used in)/generated operating activities | (1,721) | 3,935 |
| Net cash used in investing activities | (335) | – |
| Net cash used in financing activities | (250) | (250) |
| (Decrease)/increase in cash and cash equivalents | (2,306) | 3,685 |
| Effect of foreign exchange rate changes | 345 | (440) |
| Cash and cash equivalents at beginning of the period | 16,796 | 12,819 |
| Cash and cash equivalents at end of the period | 14,835 | 16,064 |

Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 April 2017

| | Equity attributable to owners of the Company | | | | | | | Non- | Total |
|--|--|---------------|-----------|---------------|--------------|---------------|----------------|--------------|----------------|
| | Share | Share | Capital | Exchange | Capital | Retained | Total | controlling | equity |
| | capital | premium | reserve | translation | contribution | profits | | interests | |
| HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 |
| At 1 November 2015 | 6,495 | 19,586 | 95 | 17,036 | 7,971 | 58,423 | 109,606 | 7,788 | 117,394 |
| Loss for the period | - | - | - | - | - | (1,620) | (1,620) | 44 | (1,576) |
| Other comprehensive income for the period | - | - | - | (146) | - | - | (146) | (422) | (568) |
| 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 |
| At 1 November 2016 | 6,495 | 19,586 | 95 | 11,935 | 7,971 | 41,982 | 88,064 | 6,980 | 95,044 |
| Profit for the period | - | - | - | - | - | 1,298 | 1,298 | 209 | 1,507 |
| Other comprehensive income for the period | - | - | - | 611 | - | - | 611 | 175 | 786 |
| Total comprehensive income for the period | - | - | - | 611 | - | 1,298 | 1,909 | 384 | 2,293 |
| At 30 April 2017 | 6,495 | 19,586 | 95 | 12,546 | 7,971 | 43,280 | 89,973 | 7,364 | 97,337 |

Notes to the Consolidated Financial Results (Unaudited)

1. BASIS OF PREPARATION

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

The unaudited consolidated financial statements for the six months ended 30 April 2017 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 consolidated financial statements for the six months ended 30 April 2017 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 consolidated financial statements should be read in conjunction with audited consolidated financial statements and notes thereto for the year ended 31 October 2016 ("2016 Audited Consolidated Financial Statements"). The significant accounting policies that have been used in the preparation of these unaudited consolidated financial statements are consistent with those followed in the preparation of 2016 Audited Consolidated Financial Statements. It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial statements. Although these estimates are based on management's best knowledge and judgement 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 2016, 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 | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Water supply plant | 4,439 | 4,285 | 9,104 | 9,168 |
| General environmental protection related products and services | 202 | 180 | 474 | 375 |
| Industrial environmental products | 20,756 | 14,743 | 38,628 | 26,734 |
| | 25,397 | 19,208 | 48,206 | 36,277 |

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:

- General environmental protection related products and services : Sales of particulate removal devices and related ancillary services in the PRC
 Industrial environmental products : Sales of hydraulic components and other related accessories
 Water supply plant : Supply of processed water in the PRC

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

| | General environmental protection related products and services | | | | Industrial environmental products | | Total | |
|---|--|-------------|------------------|-------------|-----------------------------------|-------------|------------------|----------|
| | Water supply plant | | Six months ended | | Six months ended | | Six months ended | |
| | 30 April | | 30 April | | 30 April | | 30 April | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | |
| Revenue from external customers | 9,104 | 9,168 | 474 | 375 | 38,628 | 26,734 | 48,206 | 36,277 |
| Reportable segment revenue | 9,104 | 9,168 | 474 | 375 | 38,628 | 26,734 | 48,206 | 36,277 |
| Reportable segment profit | 2,229 | 2,263 | 126 | 9 | 9,543 | 6,789 | 11,898 | 9,061 |
| Depreciation | 4,151 | 4,371 | 11 | 12 | 83 | 126 | 4,251 | 4,509 |
| Additions to non-current segment assets during the period | 330 | - | - | - | 5 | - | 335 | - |
| Reportable segment assets | 97,147 | 103,909 | 1,948 | 1,838 | 49,479 | 51,991 | 148,574 | 157,738 |
| Reportable segment liabilities | 5,413 | 6,714 | 461 | 238 | 26,924 | 25,227 | 32,798 | 32,179 |

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

| | Six months ended | |
|----------------------------------|-------------------------|-------------|
| | 30 April | |
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Reportable segment revenue | 48,206 | 36,277 |
| Group revenue | 48,206 | 36,277 |
| Reportable segment profit | 11,898 | 9,061 |
| Other corporate expenses | (9,693) | (10,312) |
| Finance costs | (250) | (250) |
| Share of loss of a joint venture | (81) | (75) |
| Profit/(loss) before income tax | 1,874 | (1,576) |
| Reportable segment assets | 148,574 | 157,738 |
| Interest in a joint venture | 3,138 | 3,373 |
| Tax recoverable | 4,720 | 16,454 |
| Other corporate assets | 2,624 | 1,463 |
| Group assets | 159,056 | 179,028 |
| Reportable segment liabilities | 32,798 | 32,179 |
| Loan from a shareholder | 9,500 | 9,500 |
| Loan from a minority shareholder | 9,526 | 9,526 |
| Other corporate liabilities | 9,895 | 12,573 |
| Group liabilities | 61,719 | 63,778 |

4. PROFIT/(LOSS) FROM OPERATION

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

| | Three months ended 30 April | | Six months ended 30 April | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Auditor's remuneration | 225 | 165 | 450 | 330 |
| Amortisation of interest in leasehold land | 19 | 21 | 39 | 42 |
| Cost of inventories sold | 16,362 | 11,753 | 30,160 | 21,279 |
| Depreciation of property, plant and equipment | 2,126 | 2,255 | 4,251 | 4,509 |
| Exchange loss, net | 8 | 654 | 302 | 703 |
| Operating lease charges in respect of land and buildings | 493 | 415 | 972 | 846 |
| Staff costs (including directors' remuneration) | | | | |
| — Wages and salaries | 2,991 | 3,086 | 5,894 | 6,092 |
| — Pension scheme contributions | 310 | 203 | 566 | 406 |
| | 3,301 | 3,289 | 6,460 | 6,498 |

5. TAXATION

| | Three months ended 30 April | | Six months ended 30 April | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Current tax for the period: — Hong Kong | 177 | — | 367 | — |

Hong Kong profits tax has been provided for at 16.5% on the estimated assessable profit for the six months ended 30 April 2017 and 2016.

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 six months ended 30 April 2017 and 2016. No provision for EIT has been made for current and prior periods as the Group has no assessable profit arising in the PRC.

Under the current general provision of the PRC enterprise income tax law and published tax circulars, a subsidiary of the Group would be subject to PRC withholding tax at the rate of 10% in respect of its PRC sourced income earned, including interest income.

A subsidiary of the Group established and operating in Macau, was exempted from Macau complementary profits tax for the six months ended 30 April 2017 and 2016 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 2017 (2016: Nil).

7. BASIC 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 | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share | 836 | (801) | 1,298 | (1,620) |

| | Number of shares | | | |
|---|--------------------------------|--------------|------------------------------|--------------|
| | Three months ended 30 April | | Six months ended 30 April | |
| | 2017 '000 | 2016 '000 | 2017 '000 | 2016 '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 |

No diluted earnings/(loss) per share is calculated for the three months and six months ended 30 April 2017 and 2016 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) | Total HK\$'000 (Unaudited) |
|---------------------------------------|---|---|--|---|---|----------------------------------|
| Six months ended 30 April 2017 | | | | | | |
| Opening net book value | 536 | 186 | 5,410 | 15 | 76,396 | 82,543 |
| Additions | - | 5 | 330 | - | - | 335 |
| Depreciation | (105) | (85) | (219) | (1) | (3,841) | (4,251) |
| Translation difference | (3) | (2) | (12) | (1) | (139) | (157) |
| Closing net carrying amount | 428 | 104 | 5,509 | 13 | 72,416 | 78,470 |
| At 30 April 2017 | | | | | | |
| Cost | 3,227 | 1,844 | 40,650 | 856 | 106,277 | 152,854 |
| Accumulated depreciation | (2,799) | (1,740) | (35,141) | (843) | (33,861) | (74,384) |
| Net carrying amount | 428 | 104 | 5,509 | 13 | 72,416 | 78,470 |

9. INVENTORIES

| | As at 30 April 2017 HK\$'000 (Unaudited) | As at 31 October 2016 HK\$'000 (Audited) |
|---------------------------------------|---|---|
| Merchandise | 24,874 | 24,576 |
| Provision for slow-moving inventories | (11,377) | (11,304) |
| | 13,497 | 13,272 |

10. ACCOUNTS AND BILLS RECEIVABLE

| | As at 30 April 2017 HK\$'000 (Unaudited) | As at 31 October 2016 HK\$'000 (Audited) |
|-------------------------------------|---|---|
| Accounts and bills receivables | 24,567 | 17,476 |
| Less: Provision for impairment loss | – | (112) |
| | 24,567 | 17,364 |

Accounts and bills 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 150 days to its trade customers. An ageing analysis of accounts and bills receivable as at the reporting date, based on invoice date, is as follows:

| | As at 30 April 2017 HK\$'000 (Unaudited) | As at 31 October 2016 HK\$'000 (Audited) |
|---------------------------------|---|---|
| Outstanding balances with ages: | | |
| Within 90 days | 22,320 | 13,201 |
| 91–180 days | 1,180 | 2,858 |
| 181–365 days | 73 | 1,171 |
| Over 365 days | 994 | 246 |
| | 24,567 | 17,476 |

11. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

| | As at 30 April 2017 HK\$'000 (Unaudited) | As at 31 October 2016 HK\$'000 (Audited) |
|---|---|---|
| Cash at bank and in hand | 23,855 | 25,816 |
| Less: pledged bank deposits for banking facilities | (9,020) | (9,020) |
| Cash and bank equivalents | 14,835 | 16,796 |
| Pledged bank deposits analysed for reporting purposes as non-current assets | 9,020 | 9,020 |

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 2017 HK\$'000 (Unaudited) | As at 31 October 2016 HK\$'000 (Audited) |
|---------------------------------|---|---|
| Outstanding balances with ages: | | |
| Within 90 days | 9,512 | 10,128 |
| 91–180 days | 133 | 41 |
| Over 180 days | 273 | 271 |
| | 9,918 | 10,440 |

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 (2016: 5.25% per annum). They were not repayable within twelve months from the reporting dates as at 30 April 2017 and 31 October 2016 respectively.

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 | |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Salaries | | | | |
| Allowances and benefits in kind | 862 | 775 | 1,699 | 1,611 |
| Pension scheme contributions | 9 | 9 | 18 | 18 |
| | 871 | 784 | 1,717 | 1,629 |

Management Discussion and Analysis

Business Review and Prospects

The revenue of the Group for the six months ended 30 April 2017 increased by 33% to HK\$48,206,000 when compared with that of the last correspondence period (six months ended 30 April 2016: HK\$36,277,000) as the sales volume of our industrial environmental products business increased under a relatively better environment for the PRC industrial market during this period. According to the announcement from China's National Bureau of Statistics, the Manufacturing Purchasing Managers' Index was 51.2 in May of 2017 which has been higher than the threshold 50 for continuous ten months indicating the expansion of PRC manufacturers' purchasing activities. In the process of transforming the Chinese economy to the "new normal" era with the new growth model emphasizing 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 fulfil the policy of energy conservation and emission reduction in PRC, 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. It was believed that the 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 2017 was HK\$48,206,000, an increase of 33% as compared with the corresponding period (six month period ended 30 April 2016: HK\$36,277,000). It was due to the increase in sales volume of our industrial environmental product business under a relatively better PRC industrial market during this period.

The gross profit of the Group for the six months ended 30 April 2017 was amounted to HK\$13,493,000 represented an increase of 29% when compared with that of the corresponding period (six months ended 30 April 2016: HK\$10,489,000) under the increase of the revenue of the industrial environmental products business.

The Group's administrative expenses for the six months ended 30 April 2017 was amounted to HK\$10,482,000 which was similar to that of the corresponding period (six months ended 30 April 2016: HK\$10,418,000). The Group's selling expenses for six months ended 30 April 2017 was amounted to HK\$1,595,000, represented an increase of 12% compared with that of the corresponding period (six months ended 30 April 2016: HK\$1,427,000) due to increase in exhibition costs.

The Group recorded a profit attributable to owners of the Company amounted to HK\$1,298,000 for the six months ended 30 April 2017 while the Group recorded a loss attributable to owners of the Company amounted to HK\$1,621,000 for the six months ended 30 April 2016.

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 2017, the Group had net current assets of HK\$27,923,000 (31 October 2016: HK\$21,295,000) including bank balances and cash of approximately HK\$14,835,000 (31 October 2016: HK\$16,796,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.8 as at 30 April 2017 (31 October 2016: 1.6). The Group's inventory turnover was about 71 days (31 October 2016: 80 days). The Group's accounts receivable turnover was about 93 days (31 October 2016: 78 days).

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 2017 was 20% (31 October 2016: 20%).

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 2017, the Group had pledged its bank deposits of approximately HK\$9 million (31 October 2016: 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 2017 (31 October 2016: Nil).

Information on Employees

As at 30 April 2017, the Group had 65 employees (2016: 66) 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 2017 amounted to approximately HK\$6.5 million (for the six months ended 30 April 2016: HK\$6.5 million). The dedication and hard work of the Group's staff during the six months ended 30 April 2017 are generally appreciated and recognized.

Contingent liabilities

The Group had no material contingent liabilities at 30 April 2017 (31 October 2016: Nil).

Material acquisitions, disposal of subsidiaries and affiliated companies

During the six months ended 30 April 2017, the Group did not have any material acquisitions, disposals of subsidiaries and affiliated companies.

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

As at 30 April 2017, 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

As at 30 April 2017, 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 2017, 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 2017 | % to the Company's issued shares as at 30 April 2017 |
|---|---|--|--|
| 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 Trustee 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:

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 Trustee 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 2017. The Company and its subsidiaries did not redeem any of its listed securities during the six months ended 30 April 2017.

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 2017.

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 2017 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. Ms. CHAN Siu Ping, Rosa and Professor NI Jun, the independent non-executive directors were unable to attend the annual general meeting of the Company held on 23 April 2017 (the "AGM") as Ms. CHAN was busy for other business while Professor NI 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 2017.

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 2017 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
WU Cheng-wei
Chairman

Hong Kong, 13 June 2017

As at the date of this report, the Board of Directors comprises Mr. WU Cheng-wei and Mr. LEUNG Wai Lun and as executive directors; Dr. LUI Sun Wing as non-executive director; Ms. CHAN Siu Ping Rosa, Professor NI Jun and Mr. CHAU Kam Wing Donald as independent non-executive directors.