



Eco-Tek Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8169

Interim Report **2011**

HEALTHY environment
Quality life



For the six months ended 30 April 2011

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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 (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL SUMMARY

- Turnover for the six months ended 30 April 2011 amounted to HK\$102.7 million (2010: HK\$83.7 million), representing an increase of 22.7% as compared with last corresponding period.
- Profits attributable to equity holders of the company for the six months ended 30 April 2011 amounted to HK\$7.4 million (2010: HK\$8.1 million), representing a decrease of 8.6% as compared with last corresponding period. Total comprehensive income attributable to equity holders of the company for the six months ended 30 April 2011 amounted to HK\$9.1 million (2010: HK\$8.7 million), representing an increase of 4.6% as compared with last corresponding period.
- Basic earnings per share for the six months ended 30 April 2011 amounted to HK1.14 cents (2010: HK1.25 cents).

UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) of Eco-Tek Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 April 2011 together with the comparative figures for the corresponding periods in last financial year.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	Three months ended 30 April		Six months ended 30 April	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenue	3	51,087	40,092	102,671	83,707
Cost of sales		(40,260)	(27,244)	(81,113)	(61,722)
Gross profit		10,827	12,848	21,558	21,985
Other income		28	98	395	522
Selling expenses		(644)	(722)	(1,678)	(1,682)
Administrative expenses		(5,686)	(5,019)	(11,265)	(10,074)
Other operating income		—	20	—	104
Profit from operations		4,525	7,225	9,010	10,855
Finance costs		(17)	(273)	(246)	(585)
Share of (loss)/profit of a jointly controlled entity		(317)	(196)	(328)	56
Profit before taxation		4,191	6,756	8,436	10,326
Taxation	6	(332)	(2,080)	(809)	(2,152)
Profit for the period		3,859	4,676	7,627	8,174
Other comprehensive income for the period					
Exchange gain on translation of financial statements of foreign operations		1,531	256	2,232	625
Total comprehensive income for the period		5,390	4,932	9,859	8,799
Profit for the period attributable to:					
Equity holders of the Company		3,729	4,624	7,402	8,148
Non-controlling interests		130	52	225	26
		3,859	4,676	7,627	8,174
Total comprehensive income for the period attributable to:					
Equity holders of the Company		4,859	4,844	9,133	8,663
Non-controlling interests		531	88	726	136
		5,390	4,932	9,859	8,799
Earnings per share for the profit attributable to equity holders of the Company during the period	8				
Basic		HK0.57 cent	HK0.71 cent	HK1.14 cents	HK1.25 cents
Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 April 2011	As at 31 October 2010
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	132,930	133,148
Interest in leasehold land		5,572	5,464
Interest in a jointly controlled entity		2,582	2,910
Deferred tax assets		1,839	1,839
Pledged bank deposits	12	9,020	9,020
		151,943	152,381
Current assets			
Inventories	10	44,514	43,158
Accounts receivable	11	40,613	42,506
Deposits, prepayments and other receivables		13,779	7,638
Tax recoverable		2,332	1,755
Cash and cash equivalents	12	20,984	27,603
		122,222	122,660
Current liabilities			
Accounts and bills payable	13	54,342	56,804
Accrued liabilities and other payables		19,491	18,345
Provision for tax		4,135	3,140
Bank loans	14	1,997	8,514
		79,965	86,803
Net current assets		42,257	35,857
Total assets less current liabilities		194,200	188,238

	As at 30 April 2011	As at 31 October 2010
<i>Notes</i>	HK\$'000 (Unaudited)	<i>HK\$'000 (Audited)</i>
Non-current liabilities		
Loan from a third party	14,779	14,779
Deferred tax liabilities	7,423	7,423
Loans from minority shareholders	9,526	9,526
	31,728	31,728
Net Assets	162,472	156,510
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	6,495	6,495
Share premium	19,586	19,586
Capital reserve	95	95
Exchange translation reserve	12,556	10,825
Capital contribution reserve	7,971	7,971
Retained profits	109,685	102,283
Proposed final dividend	—	3,897
	156,388	151,152
Non-controlling interests	6,084	5,358
Total equity	162,472	156,510

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 April	
	2011 HK\$'000	2010 HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	4,533	9,812
NET CASH USED IN INVESTING ACTIVITIES	(738)	(533)
NET CASH USED IN FINANCING ACTIVITIES	(10,414)	(2,304)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,619)	6,975
CASH AND CASH EQUIVALENTS AT 1 NOVEMBER	27,603	11,214
CASH AND CASH EQUIVALENTS AT 30 APRIL	20,984	18,189

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to equity holders of the Company								Non-controlling interests	Total equity	
	Share capital	Share premium	Capital reserve	Exchange translation reserve	Capital contribution reserve	Share option reserve	Retained profits	Proposed final dividend			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000
At 1 November 2009	6,495	19,586	95	8,023	7,971	326	87,376	1,949	131,821	11,247	143,068
Total comprehensive income for the period	—	—	—	515	—	—	8,148	—	8,663	136	8,799
Further acquire 37.5% share of a subsidiary from a minority shareholder	—	—	—	2,002	—	—	5,333	—	7,335	(7,335)	—
2009 final dividend paid	—	—	—	—	—	—	—	(1,949)	(1,949)	—	(1,949)
At 30 April 2010	6,495	19,586	95	10,540	7,971	326	100,857	—	145,870	4,048	149,918
At 1 November 2010	6,495	19,586	95	10,825	7,971	—	102,283	3,897	151,152	5,358	156,510
Total comprehensive income for the period	—	—	—	1,731	—	—	7,402	—	9,133	726	9,859
2010 final dividend paid	—	—	—	—	—	—	—	(3,897)	(3,897)	—	(3,897)
At 30 April 2011	6,495	19,586	95	12,556	7,971	—	109,685	—	156,388	6,084	162,472

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The Group's unaudited condensed consolidated interim results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"). The unaudited interim results should be read in conjunction with the audited financial statements and notes thereto for the year ended 31 October 2010 ("2010 Audited Financial statements").

2. Principal accounting policies

The unaudited condensed financial statements for the six months ended 30 April 2011 are prepared under the historical cost convention and the accounting policies used in the preparation of the unaudited consolidated results are consistent with those used in the 2010 Audited Financial Statements. The condensed consolidated accounts have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period and prior periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. Revenue

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's turnover is as follows:

	Three months ended 30 April 2011	Three months ended 30 April 2010	Six months ended 30 April 2011	Six months ended 30 April 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Water supply plant	5,100	4,027	10,213	7,708
General environmental protection related products and services	266	193	670	409
Industrial environmental products	44,284	33,869	86,423	72,612
Production of machines	1,437	2,003	5,365	2,978
	51,087	40,092	102,671	83,707

4. Segment Information

The executive directors have identified the Group's four services lines as operating segments as follows:

- Water Supply Plant
- General environmental protection related products and services
- Industrial environmental products
- Production of machines

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		Production of machines		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue										
From external customers	10,213	7,708	670	409	86,423	72,612	5,365	2,978	102,671	83,707
Reportable segment revenue	10,213	7,708	670	409	86,423	72,612	5,365	2,978	102,671	83,707
Reportable segment Profit	2,797	1,687	141	94	16,710	17,846	232	576	19,880	20,303
Interest income	(116)	—	(1)	(24)	(47)	(54)	—	—	(164)	(78)
Depreciation and amortisation	3,319	3,940	89	80	110	95	689	192	4,207	4,307
Reportable segment assets	133,998	130,231	12,485	18,924	74,853	76,886	46,076	42,362	267,412	268,403
Additions to non-current segment assets during the year	653	5,935	13	90	126	81	—	1,748	792	7,854
Reportable segment liabilities	5,867	5,562	2,181	9,306	65,837	64,022	1,803	4,465	75,688	83,355

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

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment revenue	102,671	83,707
Group revenue	102,671	83,707
Reportable segment Profit	19,880	20,303
Other corporate expenses	(10,870)	(9,448)
Finance costs	(246)	(585)
Share of (loss)/profit of a jointly controlled entity	(328)	56
Profit before taxation	8,436	10,326
Reportable segment assets	267,412	268,403
Interest in a jointly controlled entity	2,582	2,910
Other corporate assets	4,171	3,728
Group assets	274,165	275,041
Reportable segment liabilities	75,688	83,355
Other corporate liabilities	36,005	35,176
Group liabilities	111,693	118,531

The Group's revenues 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	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Hong Kong (domicile)	6,744	7,994	9,610	9,648
The PRC	95,927	75,713	140,474	140,886
Other	—	—	20	8
	102,671	83,707	150,104	150,542

The country of domicile is determined by referring to the country which the Group regards as its home country, has the majority of operations and centre of management.

The geographical location of 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 asset.

The Group has a large number of customers, and there is no significant revenue derived from specific external customers for the period ended 2010 and 2011.

5. Profit from operations

	Three months ended 30 April		Six months ended 30 April	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
The Group's profit from operations is arrived at after charging/(crediting):				
Cost of inventories sold	32,413	30,195	68,283	57,663
Depreciation	2,098	2,150	4,207	4,307
Exchange (gains), net	(98)	(1,325)	(242)	(601)
Operating lease charges in respect of land and buildings	442	465	870	780
Staff costs (including Directors' remunerations)				
Wages and salaries	3,365	2,683	5,811	5,077
Pension scheme contributions	52	38	102	75
Write back of provision for warranty	—	(241)	—	(241)
Interest income	(92)	(64)	(164)	(78)

6. Taxation

	Three months ended 30 April		Six months ended 30 April	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Current tax				
— Hong Kong				
Tax for the period	215	733	394	733
Under provision in respect of prior years	—	1,351	—	1,351
	215	2,084	394	2,084
— PRC				
Tax for the period	117	(4)	415	68
Total income tax charge for the period	332	2,080	809	2,152

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the periods.

Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

At 30 April 2011, there was no significant unrecognised deferred tax liability (30 April 2010: nil) for taxes that would be payable on unremitted earnings of certain of the Group's subsidiaries.

7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 April 2011 (six months ended 30 April 2010: Nil).

8. Earnings per share

The earnings per share amount for the six months ended 30 April 2011 is calculated based on the unaudited consolidated profit attributable to equity holders of the Company for the period of HK\$7,402,000 and the weighted average of 649,540,000 ordinary shares in issue during the period.

The earnings per share amount for the six months ended 30 April 2010 is calculated based on the unaudited consolidated profit attributable to equity holders of the Company for the period of HK\$8,148,000 and the weighted average of 649,540,000 ordinary shares in issue during the period.

No diluted earnings per share is calculated for the six months ended 30 April 2011 since no Company's share options was outstanding during the period.

9. Property, plant and equipment

	Motor vehicles HK\$'000	Office equipment HK\$'000	Plant, moulds and machinery HK\$'000	Furniture and fixtures HK\$'000	Leasehold improvements HK\$'000	Building and structure HK\$'000	Total HK\$'000
Six months ended							
30 April 2011							
Opening net book value	336	452	41,530	325	—	90,505	133,148
Additions	—	117	294	10	—	371	792
Depreciation	(98)	(80)	(2,366)	(63)	—	(1,600)	(4,207)
Translation differences	5	7	990	—	—	2,195	3,197
	243	496	40,448	272	—	91,471	132,930
At 30 April 2011							
Cost	1,726	1,503	56,997	869	628	102,558	164,281
Accumulated depreciation	(1,483)	(1,007)	(16,549)	(597)	(628)	(11,087)	(31,351)
Net book amount	243	496	40,448	272	0	91,471	132,930

10. Inventories

	As at 30 April 2011 HK\$'000	As at 31 October 2010 HK\$'000
At cost	54,543	53,187
Provision for slow-moving inventories	(10,029)	(10,029)
	44,514	43,158

11. Accounts receivable

The Group has a policy of allowing an average credit period of 90 days to its trade customers, except for one customer. This customer's repayment term is to pay (i) 70% to 80% of the invoice amount to the Group one month after the invoice date; (ii) another 10% of the invoice amount to the Group three months or twelve months after the invoice date; and (iii) the remaining 10% to 20% of the invoice amount to the Group after expiry of warranty period if no complaints are received in respect of the products sold to the customer. An ageing analysis of accounts receivable as at the balance sheet date, based on invoice date, is as follows:

	As at 30 April 2011 HK\$'000	As at 31 October 2010 HK\$'000
Outstanding balances with ages:		
Within 90 days	34,016	30,779
91 — 180 days	2,524	9,004
181 — 365 days	3,492	2,339
Over 365 days	581	384
	<hr/> 40,613	42,506
Provision for impairments	—	—
	<hr/> 40,613	42,506
Included in current assets	<hr/> 40,613	42,506

Notes:

Accounts receivable with carrying amount of approximately HK\$0.1 million (2010: HK\$6.1 million) was pledged to secure a bank loan of the Group.

12. Cash and cash equivalents and pledged deposits

	As at 30 April 2011	As at 31 October 2010
	HK\$'000	HK\$'000
Cash and bank balances	20,984	27,603
Bank deposits	9,020	9,020
	30,004	36,623
<i>Less: Pledged bank deposits for performance bond facilities</i>	(9,020)	(9,020)
Cash and cash equivalents	20,984	27,603
Pledged deposits analysed for reporting purposes as: non-current	9,020	9,020

13. Accounts and bills payable

An ageing analysis of accounts and bills payable as at the balance sheet date, based on invoice date, is as follows:

	As at 30 April 2011	As at 31 October 2010
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Within 90 days	39,235	47,898
91 — 180 days	14,917	6,831
181 — 365 days	4	95
Over 365 days	186	1,980
	54,342	56,804

14. Bank loans

Bank loans were denominated in Hong Kong dollars and bore interest at variable rates at 2% over one to three months HIBOR, (2010: 2% over one to three months). These bank loans were secured by certain bank deposits of the Group, corporate guarantee and assignment of certain of the Group's accounts receivables.

15. Contingent liabilities

The Group concluded totally 7 (2010: 7) non-exclusive contracts with the Environmental Protection Department of the Government of the Hong Kong Special Administrative Region (the "Government"). Pursuant to the terms of the contracts, the Group has procured a bank to provide 7 (2010: 7) performance bonds with an aggregate amount of approximately HK\$9 million (2010: HK\$9 million) to the Government for the performance of supply and installation of particulate removal devices to reduce particulate from the pre-Euro emission standard diesel vehicles. The aforesaid performance bond facilities were secured by the Group's pledged bank deposits.

Save as aforesaid, the Group did not have any other significant contingent liabilities at 30 April 2011.

16. 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	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Salaries, allowances and benefits in kind	942	941	1,884	1,882
Bonuses	68	—	68	—
Pension scheme contributions	14	17	30	34
	1,024	958	1,982	1,916

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's turnover for the period ended 30 April 2011 was HK\$102.7 million, an increase of 22.7% as compared with the last corresponding period (2010: HK\$83.7 million). It was mainly due to the increase in the business of industrial environmental products. Net profits attributable to equity holders amounted to HK\$7.4 million (2010: HK\$8.1 million), represented a decrease of 8.6% to that of the last corresponding period.

Gross profits for the six months ended 30 April 2011 amounted to HK\$21.6 million, representing a decrease of approximately 2% compared to that of last corresponding period. Gross profit ratio had been decreased from 26.2% to 21%. It was mainly due to the fluctuation of the foreign currency.

Selling expenses for the six months ended 30 April 2011 amounted to HK\$1.7 million (2010: HK\$1.7 million), which maintained stable compared to that of the last corresponding period. Administrative expenses for the six months ended 30 April 2011 increased 12% from HK\$10.1 million in the last corresponding period to HK\$11.3 million.

Business review and prospect

The Group is continuously engaged in the marketing, sales, servicing, research and development of the environmental protection and quality health related products and services.

The turnover of the sales of the industrial environmental products to the machinery and the construction industries remain stable in the reporting period. The Group had just participated in the Plastics and Rubber Industries Exhibition in Guangzhou, PRC with new industrial environmental products introduced. These new industrial environmental products will be ready for the market by the end of this year. The Tokawa Precision hydraulic retail shops in Foshan and Changsha have commenced business and the Group will continue to look for the new locations to open the retail shops as to promote and achieve higher market penetration of the industrial environmental products in PRC.

The severe earthquake that hit Japan in mid-March had affected the production and the supply chain of our suppliers of the industrial environmental products in Japan. We were notified by the suppliers that the production capacities will be resumed to the pre-disaster levels shortly. However, we will continue to monitor the situation as well as the fluctuation of the Japanese Yen closely. The Group will also keep a close contact and communication with the suppliers.

With the continuous development of the Baodi District of Tainjin City, the revenue generated from the water supply plant in Tianjin has continued to increase gradually in the reporting period. The Group has confidence that this optimistic situation will be continued in the second half of 2011.

LIQUIDITY AND FINANCIAL RESOURCES

For the period review, the Group financed its operations with its own available funding. Taking into account the existing financial resources available to the Group, it is anticipated that the Group should have adequate financial resources to meet its ongoing operating and development requirement.

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.

EMPLOYEE INFORMATION

As at 30 April 2011, the Group had 101 employees (2010: 107) working in Hong Kong and in the PRC. The total of employee remuneration, including that of the Directors and mandatory provident funds contributions, for the period under review amounted to approximately HK\$5.3 million (2010: 4.6 million). The dedication and hard work of the Group's staff during the period ended 30 April 2011 are greatly appreciated and recognized.

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. In addition, the Group also provides mandatory provident fund scheme for the staff in Hong Kong and central pension scheme for the staff in the PRC.

CAPITAL STRUCTURE

The shares of the Company were listed on the GEM board of the Stock Exchange on 5 December 2001. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises only ordinary shares.

CHARGE ON GROUP ASSETS AND CONTINGENT LIABILITIES

As at 30 April 2011, the Group has pledged its bank deposits of approximately HK\$9 million to secure for the performance bond facilities and has pledged its accounts receivables of approximately HK\$0.1 million to secure for the bank loan.

Save as aforesaid, the Group did not have any other significant contingent liabilities as at 30 April 2011.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's purchases are denominated in Euros, Sterling Pounds, Japanese Yen 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.

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

As at 30 April 2011, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures 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' INTERESTS 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 2011, the following persons (other than a Director or chief executive 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	Percentage of the Company's issued share capital as at 30 April 2011
Substantial shareholders			
Cititrust (Cayman) Limited (Note 1)	Through a unit trust and controlled corporation	344,941,200	53.11
Wide Sky Management (PTC) Limited (Note 1)	Through a controlled corporation	344,941,200	53.11
Team Drive Limited	Directly beneficially owned	344,941,200	53.11
The Hong Kong Polytechnic University (Note 2)	Through a controlled corporation	51,770,800	7.97
Advance New Technology Limited (Note 2)	Directly beneficially owned	51,770,800	7.97
BOS Trust Company (Jersey) Limited (Note 3)	Through a controlled corporation	44,224,000	6.81
Crayne Company Limited (Note 3)	Directly beneficially owned	44,224,000	6.81
Other shareholder			
Mr. LEE Wai Man	Directly beneficially owned	35,620,000	5.49

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. Advance New Technology Limited is ultimately owned by The Hong Kong Polytechnic University ("PolyU"). By virtue of its interest in Advance New Technology Limited, PolyU is deemed to be interested in all the shares of the Company held by Advance New Technology Limited.
3. 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 period ended 30 April 2011. The Company had not redeemed any of its listed securities during the period ended 30 April 2011.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with the code provision of the Code on Corporate Governance Practice (the "CG Code") set out in Appendix 15 of the GEM Listing Rules for the review period.

COMPETITION AND CONFLICT OF INTEREST

None of the directors, the management shareholders or substantial shareholders of the Company or any of their 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 the three months and six months ended 30 April 2011.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 10 March 2005 with written terms of reference in compliance with the Code on Corporate Governance Practices set out in the Listing Rules. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The remuneration committee comprises four members, Ms. CHAN Siu Ping Rosa, Mr. CHAU Kam Wing Donald, Mr. TAKEUCHI Yutaka and Professor NI Jun, all of them are independent non-executive directors of the Company.

NOMINATION COMMITTEE

The Company established a nomination committee on 27 February 2006 with written terms of reference according to the Code on Corporate Governance Practices set out in the Listing Rules. The principal duties of the nomination committee are to identify and nominate suitable candidates for the appointment of the directors. The nomination committee comprises four members, Mr. CHAU Kam Wing Donald, Ms. CHAN Siu Ping Rosa, Mr. TAKEUCHI Yutaka 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 control system of the Group. The audit committee comprises four members, Ms. CHAN Siu Ping Rosa, Mr. TAKEUCHI Yutaka, Professor NI Jun and Mr. CHAU Kam Wing Donald, 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 2011 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each director had confirmed that during the six months ended 30 April 2011, they had fully complied with the required standard of dealings and there was no event of non-compliance.

As at the date of this report, the directors of the Company are as follows:

Ms. Hui Wai Man Shirley (***Chairman and non-executive director***)

Executive directors:

Mr. Ng Chi Fai (*Chief Executive Officer*)

Mr. Kwok Tsun Kee

Non-executive directors:

Dr. Lui Sun Wing

Independent non-executive directors:

Mr. Chau Kam Wing Donald

Ms. Chan Siu Ping Rosa

Mr. Takeuchi Yutaka

Professor Ni Jun

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

Hong Kong, 14 June 2011