



## Eco-Tek Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8169

### 2021 THIRD QUARTERLY REPORT

Healthy Environment  
Quality Living



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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 nine months ended 31 July 2021 amounted to HK\$92,173,000 (nine months ended 31 July 2020: HK\$65,165,000), representing an increase of approximately 41% as compared with corresponding period.
- Profit attributable to owners of the Company for the nine months ended 31 July 2021 amounted to HK\$3,653,000 while loss attributable to owners of the Company for the nine months ended 31 July 2020 amounted to HK\$8,963,000.
- Basic earnings per share for the nine months ended 31 July 2021 amounted to approximately HK0.56 cent while basic loss per share for the nine months ended 31 July 2020 amounted to approximately HK1.38 cents.



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## UNAUDITED THIRD QUARTERLY 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 nine months ended 31 July 2021 together with the comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the nine months ended 31 July 2021

	Notes	Three months ended 31 July		Nine months ended 31 July	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	2	<b>32,962</b>	25,615	<b>92,173</b>	65,165
Cost of Sales		<b>(22,432)</b>	(20,223)	<b>(65,044)</b>	(47,375)
<b>Gross profit</b>		<b>10,530</b>	5,392	<b>27,129</b>	17,790
Other income		<b>713</b>	3,759	<b>1,653</b>	5,950
Selling expenses		<b>(1,099)</b>	(1,330)	<b>(3,488)</b>	(3,396)
Administrative expenses		<b>(6,431)</b>	(5,836)	<b>(18,556)</b>	(17,664)
<b>Profit from operations</b>		<b>3,713</b>	1,985	<b>6,738</b>	2,680
Finance costs		<b>(177)</b>	(140)	<b>(653)</b>	(421)
Share of loss of a joint venture		<b>(7)</b>	(180)	<b>(34)</b>	(125)
<b>Profit before income tax</b>		<b>3,529</b>	1,665	<b>6,051</b>	2,134
Taxation	3	<b>(1,550)</b>	(989)	<b>(2,398)</b>	(10,979)
<b>Profit/(loss) for the period</b>		<b>1,979</b>	676	<b>3,653</b>	(8,845)

	Note	Three months ended 31 July		Nine months ended 31 July	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Other comprehensive income for the period</b>					
— Items that may be subsequently reclassified to profit or loss					
Exchange gain/(loss) on translation of financial statements of foreign operations		3,723	4,010	6,847	2,008
Share of other comprehensive income of a joint venture		15	(13)	133	(42)
		3,738	3,997	6,980	1,966
<b>Total comprehensive income for the period</b>		5,717	4,673	10,633	(6,879)
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the Company		1,979	676	3,653	(8,963)
Non-controlling interests		–	–	–	118
		1,979	676	3,653	(8,845)
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Company		5,717	4,673	10,633	(7,068)
Non-controlling interests		–	–	–	189
		5,717	4,673	10,633	(6,879)
<b>Earnings/(loss) per share attributable to owners of the Company for the period</b>					
— Basic and diluted	5	HK0.30 cent	HK0.10 cent	HK0.56 cent	HK(1.38) cents



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 31 July 2021

	Equity attributable to owners of the Company								Non-	Total
	Share capital	Share premium	Capital reserve	Other reserve	Exchange translation reserve	Capital contribution reserve	Retained profits	Total	controlling	equity
									interests	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>At 1 November 2019</b>	6,495	19,586	95	4,405	10,023	7,971	51,139	99,714	5,565	105,279
Acquisition of non-controlling interests	-	-	-	5,752	-	-	-	5,752	(5,754)	(2)
Contribution from non-controlling interests	-	-	-	2,790	-	-	-	2,790	-	2,790
(Loss)/profit for the period	-	-	-	-	-	-	(8,963)	(8,963)	118	(8,845)
Other comprehensive income for the period	-	-	-	-	1,895	-	-	1,895	71	1,966
<b>Total comprehensive income for the period</b>	-	-	-	-	1,895	-	(8,963)	(7,068)	189	(6,879)
<b>At 31 July 2020</b>	6,495	19,586	95	12,947	11,918	7,971	42,176	101,188	-	101,188
<b>At 1 November 2020</b>	<b>6,495</b>	<b>19,586</b>	<b>95</b>	<b>13,015</b>	<b>11,770</b>	<b>7,971</b>	<b>43,353</b>	<b>102,285</b>	-	<b>102,285</b>
Profit for the period	-	-	-	-	-	-	3,653	3,653	-	3,653
Other comprehensive income for the period	-	-	-	-	6,980	-	-	6,980	-	6,980
<b>Total comprehensive income for the period</b>	-	-	-	-	6,980	-	3,653	10,633	-	10,633
<b>At 31 July 2021</b>	<b>6,495</b>	<b>19,586</b>	<b>95</b>	<b>13,015</b>	<b>18,750</b>	<b>7,971</b>	<b>47,006</b>	<b>112,918</b>	-	<b>112,918</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (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 condensed consolidated financial statements for the nine months ended 31 July 2021 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 condensed consolidated financial statements for the nine months ended 31 July 2021 are prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institutes of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The unaudited condensed consolidated financial statements for the nine months ended 31 July 2021 should be read in conjunction with audited consolidated financial statements and notes thereto for the year ended 31 October 2020 ("2020 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 2020 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 2020, 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 making an assessment of the potential impact of the new pronouncement.

## 2. REVENUE

Revenue, which is also the Group's turnover, represented during the period comprised the following:

	Three months ended 31 July		Nine months ended 31 July	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Water supply plant	9,542	5,330	22,831	15,582
Environment-friendly products	23,420	20,285	69,342	49,583
	<b>32,962</b>	25,615	<b>92,173</b>	65,165

## 3. TAXATION

	Three months ended 31 July		Nine months ended 31 July	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Under provision for prior period: — Hong Kong	400	–	400	8,400
Current tax: — PRC	1,150	1,025	1,998	2,449
— Hong Kong	–	(36)	–	130
	<b>1,550</b>	989	<b>2,398</b>	10,979

Hong Kong profits tax has been provided for at 8.25% (2020: 8.25%) on the first HK\$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK\$2 million for the nine months ended 31 July 2021 and 2020.

The subsidiaries of the Company established in the PRC are subject to the PRC enterprise income tax. PRC enterprise income tax has been provided at the rate of 25% (2020: 25%) on the estimated assessable profits arising in the PRC for the period.



#### 4. INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 31 July 2021 (2020: Nil).

#### 5. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 31 July		Nine months ended 31 July	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share	1,979	676	3,653	(8,963)

	Number of shares			
	Three months ended 31 July		Nine months ended 31 July	
	2021 '000	2020 '000	2021 '000	2020 '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 per share is calculated for the three months and nine months ended 31 July 2021 and 2020 as there was no dilutive potential ordinary share in existence.

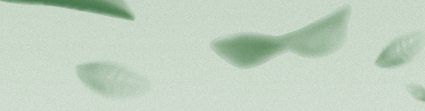
## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review and Prospects**

The total revenue of the Group for the nine months ended 31 July 2021 (this “Period”) increased by 41% to HK\$92,173,000 when compared with that of the last corresponding period for nine months ended 31 July 2020 (“Last Period”) HK\$65,165,000 as the revenue of our environment-friendly products business increased by 40% from the Last Period HK\$49,583,000 to this Period HK\$69,342,000 under China’s positive industrial market sentiment. The revenue of our water supply plant business increased by 47% from the Last Period HK\$15,582,000 to this Period HK\$22,831,000 as the Last Period’s water consumption was reduced by the suspension of schools and factories under the outbreak of COVID-19 but there was no such suspension in this Period and our water supply plant has started to supply processed water to rural area near Jing-Jin New City, Baodi District of Tianjin City to replace their underground water usage in this Period.

The National Bureau of Statistics of the People’s Republic of China (the “Bureau of Statistic of the PRC”) recently announced that the China’s gross domestic product (the “GDP”) growth for the year 2020 fell to 2.3%, the lowest growth rate since year 1976 but the manufacturing Purchasing Managers’ Index (the “PMI”) was 50.1 in August 2021, over threshold 50 indicating more China manufacturers’ purchase expansion. 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 fulfill the policy of energy conservation and emission reduction in China, although we will monitor the situation cautiously and adjust our development plan accordingly. Certain products of our environment-friendly products business were applied in the clean energy sectors such as hydropower and wind power facilities. As the increase of international concerns of environmental protections, we believe that there will be a brighter prospect for our environment-friendly products business.





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. To facilitate the Baodi District government's policy to improve rural area living standard, our water plant in Tianjin has started to supply processed water to rural area near Jing-Jin New City, Baodi District of Tianjin City to replace their underground water usage. 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's future development.

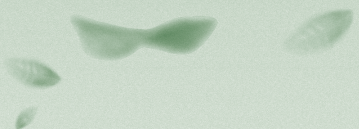
### **Financial Review**

The Group's total revenue for the period ended 31 July 2021 was HK\$92,173,000, representing an increase of 41% as compared with the Last Period (nine months ended 31 July 2020: HK\$65,165,000). It was due to the increase of our environment-friendly products business's revenue under China's positive industrial market sentiment as well as the increase of our water supply plant business's revenue in this Period as the Last Period's water consumption was reduced by the suspension of schools and factories under the outbreak of COVID-19 but there was no such suspension in this Period and our water supply plant has started to supply processed water to rural area near Jing-Jin New City, Baodi District of Tianjin City in this Period.

The gross profit of the Group for the nine months ended 31 July 2021 was amounted to HK\$27,129,000 represented an increase of 52% when compared with that of Last Period (nine months ended 31 July 2020: HK\$17,790,000) due to increase in the Group's total revenue. The gross profit margin of the Group for the nine months ended 31 July 2021 was 29% (nine months ended 31 July 2020: 27%), the increase in the gross profit margin of the Group was due to favorable fluctuation of foreign currencies especially the appreciation of Renminbi which is one of the major currencies for our Group's sales activities.

The Group's administrative expenses for the nine months ended 31 July 2021 was amounted to HK\$18,556,000 which was 5% more than that of the Last Period (nine months ended 31 July 2020: HK\$17,664,000) due to increase of staff cost and the appreciation of Renminbi. The Group's selling expenses for the nine months ended 31 July 2021 was amounted to HK\$3,488,000, representing an increase of 3% compared with the Last Period (nine months ended 31 July 2020: HK\$3,396,000) due to increase of exhibition cost and travelling expenses in this Period.





The Group is subject to taxation in various jurisdictions and judgement is required in determining the amount of provision and the payment of taxation in accordance with the tax laws of the respective jurisdictions. Where the final tax outcome might be different from the amounts that were initially recorded, such difference will impact the income tax provisions. During the nine months ended 31 July 2021, tax provision HK\$2,398,000 (nine months ended 31 July 2020: HK\$10,979,000) was made, of which HK\$400,000 (nine months ended 31 July 2020: HK\$8,400,000) further tax provision was made for prior years' under-provided tax after taking into account the up-to-date development with the Inland Revenue Department.

The Group recorded a profit attributable to owners of the Company for the nine months ended 31 July 2021 amounted to HK\$3,653,000 while a loss attributable to owners of the Company for nine months ended 31 July 2020 amounted to HK\$8,963,000.

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

As at 31 July 2021, 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 31 July 2021, 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 31 July 2021, 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 31 July 2021	% to the Company's issued shares as at 31 July 2021
Lily Chiang (Note 1)	Founder of a discretionary trust	344,621,200	53.06
Virtue Trustees (Switzerland) AG (Note 2)	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management Limited (Note 2)	Through a controlled corporation	344,621,200	53.06
Team Drive Limited (Note 2)	Directly beneficially owned	344,621,200	53.06
Dr. Pau Kwok Ping (Note 3)	Through a controlled corporation	44,224,000	6.81
Crayne Company Limited (Note 3)	Directly beneficially owned	44,224,000	6.81

#### Notes:

1. Lily Chiang is the founder of the Lily Chiang Family Trust which indirectly holds 344,621,200 shares in the Company. Accordingly, Lily Chiang is deemed to be interested in such shares.
2. 344,621,200 shares are directly and beneficially held by Team Drive Limited which is wholly-owned by Wide Sky Management Limited, of which the entire issued shares are held by Virtue Trustees (Switzerland) AG. Wide Sky Management Limited and Virtue Trustees (Switzerland) AG are deemed to be interested in all the shares held by Team Drive Limited.
3. The shares are held by Crayne Company Limited, a company wholly-owned 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 nine months ended 31 July 2021. The Company and its subsidiaries did not redeem any of its listed securities during the nine months ended 31 July 2021.

## 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 nine months ended 31 July 2021.

## 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 nine months ended 31 July 2021.

## MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the nine months ended 31 July 2021, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## 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 nine months ended 31 July 2021.

## 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 nine months ended 31 July 2021 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, 10 September 2021

*As at the date of this report, the Board of Directors comprises Mr. WU Cheng-wei and Mr. LEUNG Wai Lun 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.*