Eco-Tek
環康科技

Eco-Tek Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8169

Healthy Environment
Quality Living

2022 ANNUAL REPORT

CHARACTERISTICS OF 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.

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This annual report is printed on environmentally friendly paper

Corporate Information

BOARD OF DIRECTOR

Executive Directors
WU Cheng-wei *(Chairman)*
LEUNG Wai Lun

Non-Executive Director
LUI Sun Wing

Independent Non-Executive Directors
CHAU Kam Wing Donald
CHAN Siu Ping Rosa
NI Jun

COMPLIANCE OFFICER

LEUNG Wai Lun

COMPANY SECRETARY

YIM Wai Man

AUTHORISED REPRESENTATIVES

LEUNG Wai Lun
YIM Wai Man

CAYMAN ISLANDS ASSISTANT SECRETARY

Codan Trust Company (Cayman) Limited

AUDIT COMMITTEE

CHAU Kam Wing Donald *(Chairman)*
CHAN Siu Ping Rosa
NI Jun

REMUNERATION COMMITTEE

CHAN Siu Ping Rosa *(Chairman)*
CHAU Kam Wing Donald
NI Jun

NOMINATION COMMITTEE

CHAU Kam Wing Donald *(Chairman)*
CHAN Siu Ping Rosa
NI Jun

ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE

WU Cheng-wei *(Chairman)*
LEUNG Wai Lun
CHAU Kam Wing Donald
CHAN Siu Ping Rosa
NI Jun

AUDITOR

BDO Limited
Certified Public Accountants

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2, 9/F, Westlands Centre
20 Westlands Road, Quarry Bay
Hong Kong

REGISTERED OFFICE

Century Yard
Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
The Bank of East Asia, Limited

GEM STOCK CODE

8169

WEBSITE ADDRESS

www.eco-tek.com.hk

Chairman's Statement

I am pleased to report to our valued shareholders and investors the results of Eco-Tek Holdings Limited (the "Company") and its subsidiaries (collectively called the "Group") for the financial year ended 31 October 2022.

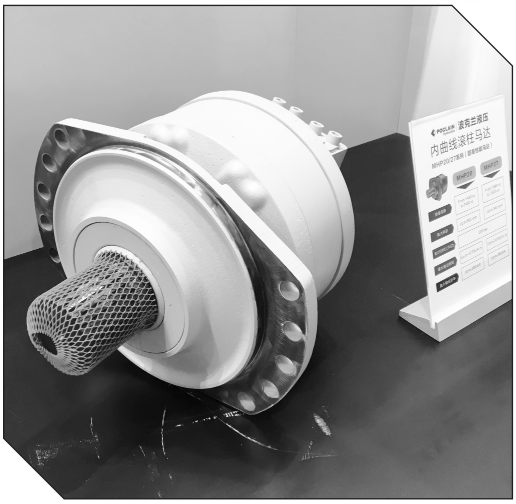
During the year ended 31 October 2022, revenue of our environment-friendly products business and water supply plant business accounted for 67% (2021: 74%) and 33% (2021: 26%) respectively of the Group's total revenue. The revenue of environment-friendly products business for the year ended 31 October 2022 ("This Year") was HK$65,250,000 which is 25% less than that of last year ended 31 December 2021 ("Last Year") (2021: HK$87,268,000) under China's tough industrial market sentiment. The revenue of water supply plant business for This Year was HK$32,345,000, 3% more than that of Last Year (2021: HK$31,252,000) as 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.

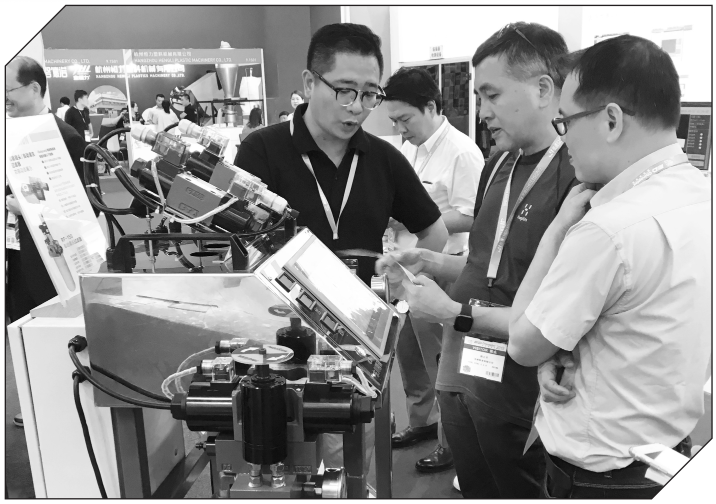
The Group's gross profit for This Year was HK$31,318,000, represented a decrease of 9% when compared with that of Last Year (2021: HK$34,328,000) due to decrease in the Group's total revenue. The Group's gross profit margin for This Year was 32% (2021: 29%). The increase in the Group's gross profit margin was due to favorable fluctuations of foreign currencies especially the depreciation of Japanese Yen, one of the major currencies for our Group's purchase.

The Group recorded a profit attributable to owners of the Company for the year ended 31 October 2022 amounted to HK$4,379,000 (2021: HK$5,062,000).

Our Group puts great effort in environmental management of our business and we fully aware of the greenhouse gas and various wastes are generated during operation. We monitor the environmental performance of our operation in a regulated systematic manner. In order to lighten the load of landfills, we adopt a responsible waste management policy, including wastes avoidance, reducing waste from its sources and reuse, recycling and responsible disposal of waste. Certain place of operations and office area of our Group have been gradually moved to locations with higher energy efficiency and aged fossil fuel vehicles have been gradually replaced by electric cars which not only save operational costs and maintenance fee but also benefit our environment.

Chairman's Statement





Certain products of our environment-friendly products business were applied in the marine machinery sectors and 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. Besides, the completion of the Beijing-Tangshan Intercity Railways and Tianjin Binhai New Area Intercity Railway (together as the "New Intercity Railways") in future will promote the integrative and cooperative economic development of the Baodi District and Jing-Jin New City which will benefit our Group's water supply plant in Tianjin.

On behalf of the board and our management team, I would like to take this opportunity to express my appreciation to the shareholders, customers and business partners for their supports and cooperation. I hereby express my heartfelt gratitude to all the Directors for their supports and contributions, and committed staff for their diligence and effort, which have contributed to the business development of the Group in the past year.

WU Cheng-wei
Chairman

Hong Kong, 13 January 2023

Biographical Details of the Directors and Senior Management

Biographical details of the Directors of the Company and the senior management of the Group are set out as follows:

CHAIRMAN

Mr. WU Cheng-wei, aged 63, is the executive Director. He has over 33 years of experience in the engineering field and extensive experience in developing the Taiwan and international markets. From 1997 to 2003 and from 2009 to 2015, Mr. WU was Chairman of the Plastic & Rubber Machinery Committee of the Taiwan Association of Machinery Industry ("TAMI"), and a director of TAMI from 2003 to 2006. Currently, he is Chairman of the Trade Coordination Committee of TAMI, the Chief Editor of the Plastic and Rubber Machinery, Machinery Monthly Magazine, a member of each of the National Standards & Technologies Committee and the Bureau of Standards, Metrology and Inspection under the Ministry of Economic Affairs, R.O.C. the General Manager of an engineering company. Mr. WU holds an Executive Master degree of Business Administration from the National Central University (Taiwan) and a Master degree of Engineering Manufacturing Management from the University of South Australia. He joined the Company in December 2015 as non-executive Director and re-designated as executive Director in September 2016. Mr. WU took up the role as Chairman from 27 April 2017.

CHIEF EXECUTIVE OFFICER

The position of Chief Executive Officer remains vacant. The responsibilities of the chief executive officer were taken up by executive Directors during the year.

EXECUTIVE DIRECTORS

Mr. LEUNG Wai Lun, aged 63, is an executive Director of the Company. He has over 20 years of experience in operations and employee management and development and over 30 years of experience in the engineering field. He is a Senior Fellow of The Professional Validation Centre of Hong Kong Business Sector and a Fellow of the Association of Chartered and Certified Accountants (UK). Mr. LEUNG holds a degree in Master of Business Administration from the Chinese University of Hong Kong and a degree in Bachelor of Science in Engineering from the University of Hong Kong. He is a member of each of The Hong Kong Institution of Engineers, The Institute of Marine Engineering, Science and Technology (UK), The Institution of Engineering & Technology (UK), and Institute of Industrial and Systems Engineers (USA). Mr. LEUNG joined the Company in September 2015.

Mr. WU Cheng-wei — Please refer to the paragraph under "CHAIRMAN" above for his profile.

Biographical Details of the Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Dr. LUI Sun Wing, aged 72, is the non-executive Director. He is a former Vice-President of The Hong Kong Polytechnic University responsible for partnership development. Dr. LUI was also the former chief executive officer of the Institute for Enterprise, the PolyU Technology and Consultancy Company Limited and the Hong Kong Enterprise Limited. Prior to joining the Hong Kong Polytechnic University, Dr. LUI was the Branch Director of the Hong Kong Productivity Council in charge of the Materials and Process Branch which provides R & D, consultancy and training services in new materials, advanced manufacturing and environmental technologies to the industry. Dr. LUI obtained his degree of doctor of philosophy in mechanical engineering from the University of Birmingham in UK. He is the Founding Chairman of the Society of Automotive Engineers — HK, Former President of the Hong Kong Association for the Advancement of Science and Technology as well as Honorary Presidents and Honorary Advisors of various commercial, industrial and professional associations. Dr. LUI was appointed as a non-executive director of the Company on 16 January 2001. Dr. LUI also sits as an independent and non-executive director of Human Health Holdings Limited (Stock code: 1419) which is listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAU Kam Wing, Donald, aged 59, is an independent non-executive Director. He has over 29 years of experience in auditing, taxation and financial management and has been appointed as financial controller of a number of companies listed in Hong Kong. Mr. CHAU obtained a Master Degree in Business Administration from the University of San Francisco, USA and is a fellow member of the Association of Chartered Certified Accountants and a practicing member of Hong Kong Institute of Certified Chartered Accountants. Mr. CHAU is a finance director of Winox Holdings Limited (Stock Code: 6838), an independent non-executive director of China Water Affairs Group Limited (Stock Code: 855), Carpenter Tan Holdings Limited (Stock Code: 837), Ching Lee Holdings Limited (Stock Code: 3728) and Kangda International Environmental Company Limited (Stock Code: 6136) which are listed on the Main Board of the Stock Exchange. He joined the Company in March 2008. He is also the Chairman of the audit committee and nomination committee of the Company, and a member of the remuneration committee of the Company.

Ms. CHAN Siu Ping Rosa, aged 64, is an independent non-executive Director. She is also the chairman of the remuneration committee and a member of the nomination committee and the audit committee of the Company. She has over 33 years of experience in management, production and marketing in the textiles manufacturing industry. Ms. CHAN holds directorship in several private companies. Ms. CHAN obtained her Bachelor of Arts degree majoring in business administration from the Simon Fraser University in Canada. She joined the Company in August 2002.

Professor NI Jun, aged 60, is an independent non-executive Director. He is now a professor of the Mechanical Engineering Department in the College of Engineering at the University of Michigan, USA. Professor NI graduated from Shanghai Jiaotong University with a Bachelor degree in mechanical engineering in 1982 and graduated from the University of Wisconsin-Madison with a Master degree in mechanical engineering in 1984. He also obtained his Ph.D. in mechanical engineering in 1987 from the University of Wisconsin-Madison. After that, Professor NI joined the University of Michigan as research fellow in 1987 and promoted to the professor in 1997. Currently, he serves as a director in various non-profit research centres such as the S.M. Wu Manufacturing Research Centre. Professor NI joined the Company in February 2003 and is a member of the audit, remuneration and nomination committees of the Company.

Biographical Details of the Directors and Senior Management

SENIOR MANAGEMENT

Mr. CHEUNG Yuk, aged 41, is the director of subsidiaries under the Group's water supply plant business, namely Asian Way International Limited and Tianjin Asian Way Estate Development Co Limited. Mr. CHEUNG has studied in the department of public management study of Xiamen University from year 2003 to 2007 and joined the Group in year 2008.

Mr. ZHENG Xiao Bo, aged 52, is the chief sales officer under the Group's environment-friendly products business. He obtained a degree in Bachelor of Electrical Engineering from the Anhui Agricultural University in year 1994. Mr. ZHENG was the engineer of purchase department, sales engineer of hydraulic components of several private PRC companies and multi-national business before he joined the Group in year 2006.

Mr. WU Wen Qing, aged 50, is the sales manager under the Group's environment-friendly products business. He obtained a degree in Bachelor of Applied Computer Study from the Guangdong University of Technology in year 2002. Mr. WU was the researcher, mechanical engineer and manager of logistic department of several private PRC companies before he joined the Group in year 2008.

Mr. ZHOU Zhi Cong, aged 39, is the sales manager under the Group's environment-friendly products business. He obtained a degree in Bachelor of Civil Engineering from the South China University of Technology in year 2011. Mr. ZHOU was the human resources manager and head of engineering department of several private PRC companies before he joined the Group in year 2010.

Mr. YIM Wai Man, aged 52, is the company secretary and the financial controller of the Group since September 2011. He has over 27 years of experience in auditing, taxation and finance fields. Mr. YIM obtained a degree in Master of Business Administration from The Hong Kong University of Science and Technology. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Management Discussion and Analysis

BUSINESS REVIEW

During the year ended 31 October 2022, revenue of our environment-friendly products business and water supply plant business accounted for 67% (2021: 74%) and 33% (2021: 26%) respectively of the Group's total revenue.

The revenue of the Group for the year ended 31 October 2022 ("This Year") was HK$97,595,000, which was 18% less than that of year ended 31 October 2021 ("Last Year") (2021: HK$118,520,000) as the revenue of our environment-friendly products business decreased by 25% from Last Year HK$87,268,000 to This Year HK$65,250,000 under tough industrial market in China but the revenue of our water supply plant business increased by 3% from Last Year HK$31,252,000 to This Year HK$32,345,000 as 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.

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") in the third quarter of 2022 grew by 3.9%, compared to the same period last year when the manufacturing Purchasing Managers' Index (the "PMI") was 47 in December 2022, below the threshold 50 indicating the contraction of China manufacturers' operations. In the process of transforming the China's 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 experience in this area and deep understanding of the needs of our clients, the Group will source supply of new products or services which fulfil 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 marine machinery sectors and 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.

Our 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"), there will be a railway station in Baodi district near our water supply plant in Tianjin. It was believed that the completion of the New Intercity Railways in future will promote the integrative and cooperative economic development of the Baodi District and Jing-Jin New City which will benefit our Group's water supply plant in Tianjin.

FINANCIAL REVIEW

The Group's revenue for the year ended 31 October 2022 ("This Year") was HK$97,595,000, decreased by 18% when compared with last year ended 31 October 2021 ("Last Year") (2021: HK$118,520,000) as the revenue of our environment-friendly products business decreased by 25% from Last Year of HK$87,268,000 to This Year of HK$65,250,000 under tough China's industrial market sentiment but the revenue of our water supply plant business increased by 3% from Last Year HK$31,252,000 to This Year HK$32,345,000 as 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.

The Group's gross profit for This Year was amounted to HK$31,318,000, represented an decrease of 9% when compared with that of Last Year (2021: HK$34,328,000) due to decrease in the Group's total revenue in This Year. The gross profit margin of the Group for This Year was 32% (2021: 29%), the increase in the gross profit margin of the Group was due to favorable fluctuations of foreign currencies especially the depreciation of Japanese Yen, one of the major currencies for our Group's purchase in This Year.

The Group's other income, gains and losses for This Year was amounted to HK$5,318,000, represented an increase of 34% compared with Last year (2021: HK$3,966,000) as the Group's agency service income increased from Last Year HK$3,264,000 to This Year HK$4,493,000.

The Group's selling expenses for This Year was amounted to HK$2,360,000, represented a decrease of 39% compared with the last year (2021: HK$3,872,000) due to decrease of exhibition cost and travelling expenses in This Year. The Group's administrative expenses for This Year was amounted to HK$27,179,000 which was 3% higher than that of the Last Year (2021: HK$26,467,000) due to increase in staff costs under increase of headcount of the Group.

The Group recorded a profit attributable to owners of the Company for This Year amounted to HK$4,379,000 (2021: HK$5,062,000).

LIQUIDITY AND FINANCE RESOURCES

During the year under the review, the Group financed its operations by internally generated cash flow, banking facilities provided by banks and shareholder loans. As at 31 October 2022, the Group had net current assets of approximately HK$34,020,000 (31 October 2021: HK$33,672,000) including bank balances and cash of approximately HK$41,064,000 (31 October 2021: HK$63,270,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.68 as at 31 October 2022 (31 October 2021: 1.47). As at 31 October 2022, the Group's inventory turnover was about 91 days (31 October 2021: 62 days). The Group's accounts receivable turnover was about 68 days (31 October 2021: 66 days), the increase in inventory turnover and accounts receivable turnover were due to decrease the Group's revenue.

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 (defined as the total borrowing over total equity) was approximately 14% as at 31 October 2022 (31 October 2021: 12%).

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 Sterling Pounds, JPY, Euro and US Dollars. The sales of the Group are predominantly in RMB and HK$. 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 31 October 2022, the Group had pledged its bank deposits of approximately HK$9,020,000 (31 October 2021: HK$9,020,000) to secure its banking facilities. Save as aforesaid, the Group did not have any other significant contingent liabilities as at 31 October 2022 (2021: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 October 2022, the Group had 79 employees (2021: 77) working in Hong Kong, Macau 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 year ended 31 October 2022 amounted to approximately HK$17,267,000 (2021: HK$15,767,000). The dedication and hard work of the Group's staff during the year ended 31 October 2022 are generally appreciated and recognized.

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 October 2022, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Corporate Governance Report

The Company recognises the importance of good corporate governance to safeguard the interest of the Company's shareholders and achieved these by an effective board, segregation of duties with clear accountability, sound internal controls, appropriate risk assessment procedures and transparency to all the shareholders. Throughout the year ended 31 October 2022, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 15 of the GEM Listing Rules 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. The independent non-executive directors, Professor NI Jun was unable to attend the annual general meeting of the Company held on 31 March 2022 as he was out of Hong Kong.

This report describes the corporate governance standards and practices used by the Company to direct and manage its business affairs. It also explains the application of the Code and deviations, if any.

DIRECTORS' SECURITIES TRANSACTIONS

The Company 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. Based on specific enquiry with the Directors, all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance throughout the year under review.

THE BOARD OF DIRECTORS

The board guides and monitors the business and affairs of the Company and ensures that it is managed in the best interests of the shareholders as a whole while taking into account the interest of other stakeholders. The board is primary responsible for formulating the business strategy, reviewing and monitoring the business performance of the Group, approving the financial statements and annual budgets as well as directing and supervising the management of the Company. Execution of operational matters and relevant authority thereof are delegated to the management by the board with clear directions. The board is provided with monthly management update report to give a balanced and understandable assessment of the performance, position, recent development and prospect of the Company and its subsidiaries (the "Group") in sufficient details. The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company expense.

Composition

As at the date of this report, the board of Directors comprises two executive directors namely Mr. WU Cheng-wei (Chairman), Mr. LEUNG Wai Lun, one non-executive director, namely Dr. LUI Sun Wing, and three independent non-executive directors, namely Mr. CHAU Kam Wing Donald, Ms. CHAN Siu Ping Rosa, and Professor NI Jun. Details of the Chairman and the other directors of the Company are set out in the section "Biographical Details of the Directors and Senior Management" of this report.

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence and the Company considers such directors to be independent in accordance with each and the various guidelines set out in Rule 5.09 of the GEM Listing Rules. Mr. CHAU Kam Wing Donald, Ms. CHAN Siu Ping Rosa, and Professor NI Jun have served as independent non-executive directors of the Company for more than 9 years. Consideration was given to the independence of these directors. During the year of appointment, they have demonstrated their abilities to provide an independent view to the Company's matters and were free from any business or other relationship which could interfere with their ability to discharge their duties effectively. Their familiarity with the business and the industry over the year has enabled them to contribute the management of the risks involved as well as add to the diversity of the skills and perspectives of the Board. The Board believes that the long tenure of those independent non-executive director does not compromise their independence but instead brings significant positive qualities.

With the various experience of both the executive Directors and the non-executive Directors and the nature of the Group's business, the board considered that the Directors have a balance of skills and experience for the business of the Group.

The Group has arranged for appropriate insurance cover in respect of legal actions against directors.

Corporate Governance Report

BOARD DIVERSITY POLICY

The Group adopted a board diversity policy (the "Board Diversity Policy") on 28 August 2013. A summary of this policy, together with the measurable objectives set for implementing this policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the board. In designing the board's composition, board diversity has been considered from a number of measurable aspects including gender, age, ethnicity, knowledge and length of services. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the board.

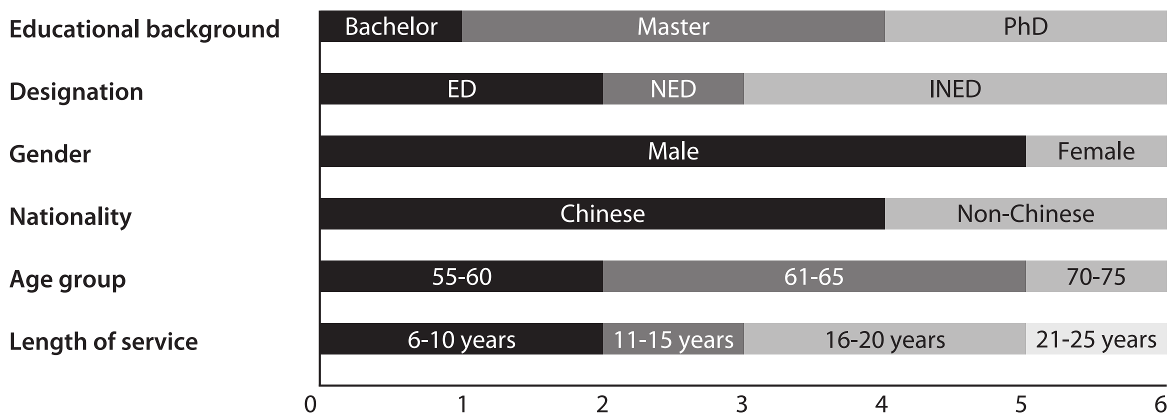
Measurable objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the board.

Implementation and Monitoring

The nomination committee reviewing the board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

As at the date of this report, the Board's composition under diversified perspectives was summarized as follows:



PhD	:	Doctor of Philosophy
Master	:	Master Degree
Bachelor	:	Bachelor Degree
ED	:	Executive Director
NED	:	Non-Executive Director
INED	:	Independent Non-executive Director

The nomination committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy.

NOMINATION POLICY

The Group adopted a nomination policy (the "Nomination Policy") on 22 January 2019. A summary of this policy is disclosed as below.

1. Objective

1.1 The Nomination Committee shall review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

1.2 The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to shareholders of the Company (the "Shareholder(s)") for election as Director at general meetings or appoint him/her to fill casual vacancies.

1.3 The Nomination Policy helps the Nomination Committee and the Board to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business.

2. Selection Criteria

2.1 The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate.

(1) Reputation for integrity;

(2) Commitment in respect of available time and relevant interest; and

(3) Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

3. Nomination Procedures

3.1 Appointment of Directors

(1) The Nomination Committee identifies individual(s) suitably qualified to become Board members, having due regard to the Nomination Policy and the Board Diversity Policy of the Company, and assesses the independence of the proposed independent non-executive Director(s) as appropriate.

(2) The Nomination Committee makes recommendation(s) to the Board.

(3) The Board considers the individual(s) recommended by the Nomination Committee, having due regard to the Nomination Policy and the Board Diversity Policy.

(4) The Board confirms the appointment of the individual(s) as Director(s) or recommends the individual(s) to stand for election at a general meeting. Individual(s) appointed by the Board to fill a casual vacancy will be subject to re-election by Shareholders at the first general meeting after his/her appointment, and individual(s) appointed by the Board as an addition to the Board will be subject to re-election by Shareholders at the next annual general meeting, in accordance with the Company's articles of association.

(5) The Shareholders approve the election of individual(s), who stand(s) for election at general meeting, as Director(s).

3.2 Re-appointment of Directors

(1) The Nomination Committee considers each retiring Director, having due regard to the Nomination Policy and the Board Diversity Policy of the Company, and assesses the independence of each retiring independent non-executive Director.

(2) The Nomination Committee makes recommendation(s) to the Board.

(3) The Board considers each retiring Director recommended by the Nomination Committee, having due regard to the Nomination Policy and the Board Diversity Policy.

(4) The Board recommends the retiring Directors to stand for re-election at the annual general meeting in accordance with the Company's articles of association.

(5) The Shareholders approve the re-election of Directors at the annual general meeting.

3.3 The Board shall have the ultimate responsibility for all matters relating to the selection and appointment of Directors.

4. Review of the Nomination Policy

4.1 The Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

DIVIDEND POLICY

The Group adopted a dividend policy (the "Dividend Policy") on 22 January 2019. A summary of this policy is disclosed as below.

The dividend policy of the Company is to distribute to its shareholder the funds surplus to the operating needs, current and future business development of the Group as determined by the Board. The Company may declare and pay dividends to the shareholders of the Company (the "Shareholders"), subject to the criteria as set out below.

In accordance with the article of Association of the Company (the "Article of Association") and subject to the relevant laws under the Cayman Islands, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholder but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Board determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the relevant laws under the Cayman Islands.

Subject to compliance with applicable laws, rule, regulations and the Articles of Association, in deciding whether to propose an dividend payout, the Board will take into account, among other things, the financial results, the earnings, losses and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effect on the credit lines, the capital requirements, the current and future development plans of the Company, the interests of the Shareholders, dividends received from the Company's subsidiaries and associate companies, and other factors that the Board considered relevant.

The Board will review the dividend policy from time to time and reserve its right in its sole and absolute to update, amend, modify and/or cancel the dividend policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

BOARD MEETING

During regular meetings of the board, either in person or by means of electronic communication, the Directors discuss and formulate the overall strategies of the Group, monitor financial performances and discuss the annual and interim and quarterly results, as well as discuss and decide on other significant matters.

The Company Secretary is responsible to the board for providing with board papers and related materials, for ensuring that all board procedures and all applicable laws, rules and regulations are followed, and for reporting to the Chairman and the board on governance matters. All Directors have unrestricted access to the advice and services of the Company Secretary. The Company Secretary also keeps minutes of all meetings which are available for inspection at any reasonable time on reasonable notice by any Director.

In case where a conflict of interest may arise involving a substantial shareholder or a Director, such matter, will be considered and dealt with the board discussed at a duly convened board meeting. Independent non-executive Directors with no conflict of interest will be presented at meetings dealing with such conflict issues. The board committees, including the audit committee, the remuneration committee and the nomination committee, have all adopted the applicable practices and procedures used in board meetings for all committee meetings. If considered to be necessary and appropriate by the Directors, they may retain independent professional advisors at the Group's expense.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer are separate and not performed by the same individual to avoid power being concentrated in any one individual. Mr. WU Cheng-wei was the Chairman of the board since 27 April 2017. The position of chief executive officer of the Company remains vacant. The responsibilities of the chief executive officer were taken up by executive Directors.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

All the existing non-executive Directors were appointed for specific terms not more than three years. All Directors shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. According to the Company's articles of association, Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by shareholders.

CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors, including non-executive Directors and independent non-executive Directors, should keep abreast of their collective responsibilities as Directors and of the business and activities of the Group. The Company will provide a comprehensive induction to each newly appointed Director on his/her first appointment in order to enable he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibility and obligations under the GEM Listing Rules and relevant regulatory requirements.

Corporate Governance Report

The Company provides continuing briefings and professional development to Directors to update on the latest development in relation to the GEM Listing Rules and other applicable regulatory requirements as well as the Group's business and governance. The relevant materials were also sent to the Directors who were not available to attend the briefing session for their information. A summary of the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group received by the Directors for the year ended 31 October 2022 is as follows:

Directors	Trainings
Executive Directors	**Type of trainings**
Mr. WU Cheng-wei	A
Mr. LEUNG Wai Lun	A
Non-executive Director	
Dr. LUI Sun Wing	A,B
Independent Non-executive Directors	
Mr. CHAU Kam Wing Donald	A,B
Ms. CHAN Siu Ping	A
Professor NI Jun	A

A: attending training session/briefings/seminars/forums/workshops/conference
B: reading materials in relation to regulatory updates, the duties and responsibility of the Directors and the business of the Group

During the year ended 31 October 2022, the Company Secretary has attended relevant professional seminars to update his skills and knowledge as required under the GEM Listing Rules 5.15. He will continue to comply with the GEM Listing Rules to take no less than 15 hours of relevant professional training in each financial year.

BOARD COMMITTEES & CORPORATE GOVERNANCE FUNCTIONS

The board has established four board committees, namely, the remuneration committee, the nomination committee, the environment, social and governance committee and the audit committee, for overseeing particular aspects of the Company's affairs. All board committees have been established with defined written terms of reference, which are posted on the GEM's website www.hkgem.com and the Company's website at www.eco-tek.com.hk. All the board committees should report to the board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of board committees follow in line with, so far as practicable, those of the board meetings set out in above.

All board committees are provided with enough resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The board is responsible for performing the corporate governance duties set out in the Code which included developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the Code and disclosures in this report.

REMUNERATION COMMITTEE

The remuneration committee was established in March 2005. The chairman of the committee is Ms. CHAN Siu Ping Rosa, an independent non-executive Director, and other members included Mr. CHAU Kam Wing Donald and Professor NI Jun, all of them are independent non-executive Directors. The written terms of reference of the remuneration committee are posted on the GEM website and the Company's website.

The remuneration committee has been charged with the responsibility of making recommendations to the board on the appropriated policy and structures for all aspect of Directors and senior management remuneration. The remuneration committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The remuneration committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that are fair and reasonable during the year.

NOMINATION COMMITTEE

The nomination committee was established in February 2006. The chairman of the committee is Mr. CHAU Kam Wing Donald, an independent non-executive Director, and other members included Ms. CHAN Siu Ping Rosa and Professor NI Jun, all of them are independent non-executive Directors. The written terms of reference of the nomination committee are posted on the GEM website and on the Company's website.

The primary duties of the nomination committee are mainly to review the structure, size and composition of the board and make recommendations on any proposed changes to the board to complement the Company's corporate strategy; identify suitable candidates for appointment as directors; make recommendations to the board on appointment or re-appointment of an succession planning for directors; and assess the independence of independent non-executive Directors.

The nomination committee considered the past performance, qualification, general market conditions, the board diversity and the Company's articles of association in selecting and recommending candidates of directorship. The nomination committee discussed and reviewed the re-election of Directors.

ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE

The Company established an environment, social and governance committee ("ESG Committee") in January 2022. The principal duties of the ESG Committee are to advise and assist the Board of directors (the "Director(s)") of in managing matters relating to environment, social and governance. The chairman of the ESG committee is Mr. WU Cheng-wei and other members include Mr. LEUNG Wai Lun, Mr. CHAU Kam Wing Donald, Ms. CHAN Siu Ping Rosa and Professor NI Jun.

AUDIT COMMITTEE

The audit committee was established in December 2001. The chairman of the audit committee is Mr. CHAU Kam Wing Donald, an independent non-executive Director, and other members included Ms. CHAN Siu Ping Rosa and Professor NI Jun, all of them are independent non-executive Directors. The written terms of reference of the audit committee are posted on the GEM website and on the Company's website.

The primary duties of the audit committee are mainly to review the financial information and reporting system, risk management and internal controls system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control, risk managements or other matters of the Company.

The Company has complied with Rules 5.28 of the GEM Listing Rules in that at least one of the members of the audit committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

Corporate Governance Report

The audit committee held six meetings during the year. The Group's unaudited quarterly results for the 3 months ended 31 January 2022, 9 months ended 31 July 2022 and unaudited interim results for the 6 months ended 30 April 2022 as well as audited annual results for the year ended 31 October 2022 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 disclosure have been made.

ATTENDANCE RECORD AT MEETINGS

The attendance record of each Director at board meetings, audit committee meetings, remuneration committee meeting, nomination committee meetings, ESG committee meeting and general meeting during the year ended 31 October 2022 is set out in the following table:

Directors	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	ESG Committee Meeting	General Meeting
Number of meetings held	7	6	2	2	2	1
		Number of meetings attended/Number of meetings held				
Executive Directors						
Mr. WU Cheng-wei	7/7	N/A	N/A	N/A	2/2	1/1
Mr. LEUNG Wai Lun	7/7	N/A	N/A	N/A	2/2	1/1
Non-executive Director						
Dr. LUI Sun Wing	7/7	N/A	N/A	N/A	N/A	1/1
Independent non-executive Directors						
Mr. CHAU Kam Wing Donald	7/7	6/6	2/2	2/2	2/2	1/1
Ms. CHAN Siu Ping Rosa	7/7	6/6	2/2	2/2	2/2	1/1
Professor NI Jun	2/7	2/6	2/2	2/2	1/2	0/1

The Directors acknowledge their responsibility for the preparation of consolidated financial statement that give a true and fair view in accordance with Hong Kong Financial Reporting Standard issued by Hong Kong Institute of Certificated Public Accountants and the disclosure requirement of the Hong Kong Company Ordinance and the GEM Listing Rules. The Directors have selected appropriate account policies and applied them consistently; made judgements and estimate that are prudent and reasonable, and have prepared the financial statements on a going concern basis. The Directors' responsibilities in the preparation of the financial statements and the auditors' responsibilities are set out in the Auditors' Report in this annual report.

INDEPENDENT AUDITORS' REMUNERATION

The fees in respect of audit services provided by the independent auditors to the Group for the year ended 31 October 2022 amounted approximately HK$720,000 (2021: HK$720,000). There was no other significant fee was incurred for non-audit services during the year ended 31 October 2022 (2021: Nil).

RISK MANAGEMENT AND INTERNAL CONTROL

The board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually through the audit committee. The Group has established an organizational structure with defined levels of responsibility and reporting procedures. The management assists the board and/or the audit committee in the review of effectiveness of the Group's risk management and internal control on an ongoing basis. The directors are kept regularly apprised of significant risks that may impact the Group's performance.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. The system and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group's risk management framework and the responsibilities of each delegated group within it are as follows:

Board

— Determine the business strategies and objectives of the Group, and evaluates and determines the nature and extent of risks it is willing to take in achieving the Group's strategic objectives;

— Ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems; and

— Oversees management in the design, implementation and monitoring of the risk management and internal control systems.

Audit Committee

— Assists the Board to perform its responsibilities of risk management and internal control systems;

— Oversees the Group's risk management and internal controls systems on an ongoing basis;

— Reviews the effectiveness of the Group's risk management and internal control systems annually;

— Ensures the adequacy of resources, staff qualifications and experience, training programs and budgets of the Group's accounting, internal control matters and financial reporting functions; and

— Considers major findings on risk management and internal control matters, and reports and makes recommendations to the Board.

Management

— Designs, implements and maintains appropriate and effective risk management and internal control systems;

— Identifies, evaluate and manages the risks that may potentially impact the major process of the operations;

— Monitors risks and takes measures to mitigate risks in day-to-day operations; and

— Follow up the findings on risk management and internal control materials raised by independent external risk advisory firm review and take prompt remedial action to improve the systems.

Independent external risk advisory firm review

— Review the adequacy and effectiveness of the Group's risk management and internal controls system of different operations; and

— Reports to the Audit Committee the findings of the review and make recommendations to the Board and management to improve the material systems deficiencies or control weakness identified.

The Group did not set up its own internal audit team after taking into account the size and complexity of the operations of the Group and potential costs of setting up an internal audit team. Instead of having its own internal audit team, a review of internal controls systems of different operations was conducted by an independent external risk advisory firm (the "Risk Advisory Firm") annually since November 2008 to ensure the effective and adequate internal controls system. The annual review reports from the Risk Advisory Firm were presented to the Board and reviewed by the Audit Committee. The arrangements of appointing the Risk Advisory Firm, instead of having the Group's own internal audit team audit, for reviewing the internal controls systems of different operations have been considered and reviewed annually by the Audit Committee and Board of Director of the Company.

The Audit Committee and the Board were not aware of any area of concern that would have a material impact on the Group's financial position or results of operations and considered the risk management and internal control systems to be generally effective and adequate during the year under review.

DISSEMINATION OF INSIDE INFORMATION

The Group is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Group has adopted a Policy on Disclosure of inside information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted shareholders communication policy with objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(I) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued printed form and are available on the GEM website "www.hkgem.com" and the Company's website at "www.eco-tek.com.hk";

(II) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(III) corporate information is made available on the Company's website;

(IV) annual and special general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

(V) the Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

CONSTITUTIONAL DOCUMENTS

During the year, there were no significant change in the Company's Memorandum and Articles of Association which are available on both the GEM website and the Company's website.

Subsequent to the financial year and as announced in the Company's announcement dated 13 January 2023, the Company proposed to seek the approval of the Shareholders at the forthcoming AGM for certain amendments to the Company's Articles of Association for the purposes of, among others, (i) conforming with the core shareholder protection standards as set out in the revised Appendix 3 to the GEM Listing Rules; (ii) enabling the Company to have general meetings to be held in physical form, hybrid form or electronic form; (iii) introducing house-keeping amendments to the Articles of Association for the purpose of clarifying existing practices pursuant to the relevant laws and regulations of the Cayman Islands; and (iv) rectifying certain typographical errors and formatting in the Articles of Association, and otherwise making consequential amendments in line with the aforesaid proposed amendments to the Articles of Association which will be stated in the circular of the Company dated 30 January 2023.

SHAREHOLDERS' RIGHT

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the GEM website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to Article 58 of the articles of association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

WHISTLEBLOWING POLICY

In compliance with code provision D.2.6 in Part 2 of the Code, the Board adopted a whistleblowing policy (the "Whistleblowing Policy") on 26 September 2022 which provides formal channels and guidance to facilitate the raising of matters of concern by employees of the Group (the "Employee") and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) (the "Third Parties", each a "Whistleblower"), in confidence, without fear of reprisals. Procedures are formulated to enable the Whistleblower to report suspected improprieties in any matters related to the Group directly addressed to the Chairman of the Audit Committee as well as the Company Secretary.

ANTI-CORRUPTION POLICY

In compliance with code provision D.2.7 in Part 2 of the Code, the Board adopted an anti-corruption policy (the "Anti-corruption Policy") on 26 September 2022 which sets out the guidelines and responsibilities of the Employees, the Third Parties and those acting in an agency or fiduciary capacity on behalf of the Group. The Group Is committed to maintaining a high standard of integrity, openness and discipline in its business operations. The Anti-corruption Policy forms an integral part of the framework, including the Code and Whistleblowing Policy, outline the Group's expectations and requirement of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices.

The Anti-corruption Policy demonstrates the Company's commitment to the practice of ethical business conduct and compliance with all applicable laws and regulations related to anti-corruption and anti-bribery. The Board and the Audit Committee will review the anti-corruption mechanism periodically to improve its effectiveness and align with the applicable laws and regulations.

OTHER SPECIFIC DISCLOSURES

Directors have acknowledged their responsibility for preparing all information and representations contained in the consolidated financial statements of the Company for the year ended 31 October 2022.

Directors consider that the consolidated financial statements of the Company for the year ended 31 October 2022 have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates, and reasonable, informed and prudent judgments of the Board and management of the Company with an appropriate consideration to materiality.

Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Company for the year ended 31 October 2022 on a going concern basis.

Directors' Report

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of Eco-Tek Holdings Limited (the "Company") and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 October 2022.

PRINCIPAL ACTIVITIES

The Company was incorporated with limited liability in the Cayman Island. The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 36 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 October 2022 and the state of affairs of the Company and of the Group at that date are set out in the consolidated financial statements on pages 35 to 88. The Directors do not recommend the payment of a final dividend for the year ended 31 October 2022.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Thursday, 30 March 2023 (the "AGM"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 27 March 2023 to Thursday, 30 March 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Union Registrars Limited, Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Friday, 24 March 2023.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on pages 89 to 90 in the annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS SCHEMES

Details of the Company's share capital and share option schemes are set out in notes 26 and 14 to the consolidated financial statements respectively.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 October 2022 are set out in note 32 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the GEM Listing Rules.

DISTRIBUTABLE RESERVES

At 31 October 2022, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK$9,434,000. This includes the Company's share premium in the amount of approximately HK$30,537,000 at 31 October 2022, which may be distributable to the shareholder of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 31% (2021: 25%) of the Group's total sales for the year and the largest customer included therein amounted to approximately 7% (2021: 8%).

Purchases from the Group's five largest suppliers accounted for approximately 82% (2021: 78%) of the Group's total purchases for the year and purchase from the largest supplier included therein amounted to approximately 38% (2021: 51%).

None of the Directors of the Company, or any of his associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers or suppliers.

BUSINESS REVIEW

A review of the Group's business during the year and analysis of the Group's performance using financial key performance indicators and prospectus of the Group's business are provided in sections headed "Chairman's Statement" on pages 3 to 4 and "Management Discussion and Analysis" on pages 8 to 10 of the annual report and the notes to the consolidated financial statements.

RISK AND UNCERTAINTIES

Our Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The followings are the key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

Risk relating to the industry
The environment-friendly products Business of the Group depends substantially on the global economic and market conditions. During period of slowing economic growth or recession and trade conflicts, consumer spending may drop as they are less willing to spend money. As one of the Group's key businesses of environment-friendly products are applied in industrial production lines, a drop in customer spending power could lead to a drop in demand for industrial production lines which in turn lower the demand of our products and thereby adversely affecting our results of operations and financial condition. To manage and reduce the risk, the Board intends to carefully plan and monitor any expansion of environment-friendly products business in caution. Besides, the Group has invested in water supply plant business which was less affected by the global economic and market conditions. The percentage of water supply plant business's revenue to the Group's total revenue had been increased from year 2007 around 2% to around 33% in year 2022.

Risk relating to concentration of suppliers
The largest and top five suppliers of the Group accounted for approximately 38% and 82% of our total purchase (2021: 51% and 78% respectively). There is no assurance that our business relationship with our suppliers will continue in the future. To reduce the risk, the Group has expanded its supplier base for high quality suppliers in which it has achieved an improvement. The Group has also developed its own products which produced through reliable subcontractors to secure sources of products supply.

Risks relating to conducting business in the PRC
Our results, financial condition and prospects are to a significant degree subject to the economic, political and legal developments of the PRC, as substantial part of our assets and business operation are located in PRC. The economic, political and social conditions, as well as government policies, including taxation policies, could affect our business. To manage the risk, the Board has appointed certain senior management to closely monitor economic, political, legal, institutional and social developments in the PRC, and maintained conservative treasury policy in cash management, such as holding cash in Hong Kong and Macau.

Risk relating to products' competitiveness
Under the environment-friendly products business, the Group imported environment-friendly products from foreign suppliers to customers in the PRC. Those imported products' competitiveness was affected by local competition, innovation of technology and fluctuation of foreign currency exchange rate which may affect our results, financial condition and prospects. To manage the risks, the Group focused to import high quality environment-friendly products which are relatively difficult to be substituted by local PRC products. Through exhibitions, the latest products trend and technologies were closely monitored. The Group has developed its own products to enhance its products competitiveness. Through expansion in the Group's supplier base in different countries, the Group has diversified its products mix and alleviated the concentration of particular foreign currency during purchase. If necessary, foreign currency exchange rate of purchase transactions may be locked through hedging.

Financial risks
Details of financial risks are set out in note 33 to the consolidated financial statements.

RELATIONSHIPS WITH STAKEHOLDERS

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. This includes providing the Group's customers with the good quality products, and timely, appropriate pre/after sales services. Similarly, the Group views its suppliers not just vendors but as strategic partners, important links in its supply chain. The Group's procurement policy is to maintain good relationship and communications with suppliers under the principal of mutual trust. The Group considers its employees the key to sustainable business growth. Workplace safety is priority of the Group, and with due awareness of all employees throughout the year, the Group was able to maintain safety workplaces.

Directors' Report

DIRECTORS

The Directors of the Company (the "Board") during the year and up to the date of this report were as follows:

Executive Directors
Mr. WU Cheng-wei *(Chairman)*
Mr. LEUNG Wai Lun

Non-executive Director
Dr. LUI Sun Wing

Independent non-executive Directors
Mr. CHAU Kam Wing Donald
Ms. CHAN Siu Ping Rosa
Professor NI Jun

In accordance with the Company's articles of association, Mr. CHAU Kam Wing Donald and Ms. CHAN Siu Ping Rosa will retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 5 to 7 of the annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the directors of the Company and the five highest paid individuals of the Group are set out in notes 12 and 13 to the consolidated financial statements, respectively.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as the related party transactions and connected transactions disclosed in note 32 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

As at 31 October 2022, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

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 October 2022, 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 October 2022	Percentage to the Company's issued share capital as at 31 October 2022
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	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. These shares are 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" below and the share option scheme disclosures in note 14 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 October 2022, 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 October 2022, 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.

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 year ended 31 October 2022. The Company had not redeemed any of its listed securities during the year ended 31 October 2022.

COMPETITION AND CONFLICT OF INTERESTS

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 year ended 31 October 2022.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 11 to 22 of this annual report.

PENSION SCHEME

The Group has only defined contribution retirement plan and does not have any defined benefit plans. There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) be used to reduce the existing level of contributions during the year ended 31 October 2022.

The Group participates in defined contribution schemes which are registered under the Mandatory Provident Fund Scheme ("MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) ("MPFSO") for the benefits of its employees in Hong Kong. The assets of the schemes are held, separately from those of the Group, in funds under the control of independent trustees. In accordance with the statutory limits prescribed by the MPFSO, for each employee under the MPF Scheme, the Group contributes 5% (2021: 5%) of the relevant income to the MPF Scheme, subject to a cap of monthly contribution at HK$1,500 per employee (2021: HK$1,500), which contribution is matched by the employee. Contributions to the MPF Scheme for the Group's employees are fully and immediately vested in the employees once the contributions are made.

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), the Group has joined defined contribution retirement schemes for the employees in the PRC arranged by local government labour and security authorities ("PRC Retirement Schemes"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government authorities. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees. There were no contributions forfeited by the Group on behalf of its employees who leave the MPF Scheme or the PRC Retirement Schemes (as the case may be). Hence, there is no such an issue whether forfeited contributions may be used by the Group to reduce the existing level of contributions to such schemes respectively as described in Rule 18.34(2) of the GEM Listing Rules.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to enhancing environmental protection to minimize the impact of its activities on the environment, and compliance with applicable environmental laws. It is policy of the Group to promote clean operation and strives to making the most efficient use of resources in its operations, and minimizing wastes and emission. The Group achieves this through actively re-designing its activities and operation that encourage and promote recycling of resources, using environment friendly raw materials and reviewing operations constantly to ensure that the processes are effective and efficient. Various environmental factors were carefully taken into account in the operation and decision-making processes to optimise the use of resources. The Group hopes to develop its business objectives and creates shareholder/investor value, while at the same time protects the ecological environment by fully utilizing resources and minimizing the emission of pollutants during operations. We, as a responsible and visionary corporate, have to balance the relationship between operations and environment by continuously optimizing operations management, business strategies and policies on environmental protection, training and development, and community investments and contribute towards the sustainable development of the globe, human being and our business.

The following principles and policies adopted enable the Group to minimise the impact on the environment from our operations:

- Complying with all relevant environmental regulations and other statutory requirements;

- Monitoring, identifying and reviewing the impact from the Group's operations on the environment on a regular basis; and

- Request our employee to address environmental responsibilities and enhance their environmental awareness.

To counter sewage and sludge generated from our water supply plant business's operation was one of the Group's key environmental performances, we have adopted several sewage and sludge reduction measures to monitor the wastewater and pollutants generated during our water supply plant business's operation and take appropriate measures, so as to comply with the environmental regulations and standards of the PRC. We have built our own waste and sludge sedimentation tanks to collect wastewater generated from our operation, in which the liquid supernatant from the sedimentation tank will be reused as raw water in the operation and sediment (sludge) will be air dried in the sludge drying bed then it would be disposed of in accordance with the instructions of the relevant environmental departments.

Furthermore, our head office and principal place of business in Hong Kong was moved to a new office with higher energy efficiency to reduce power consumption. We strictly select energy-efficient equipment and electrical appliances for use in operation. LED lighting and natural light are deployed in large extent in our office areas. Memos and notices were posted everywhere in our office to encourage our employees to reduce the production of waste and we have introduced waste separation measures from the start. Recently, as one of the critical steps of our Group's management of greenhouse gas emission, we gradually replace aged fossil fuel vehicles to electric cars which not only save operational costs and maintenance fee but also benefit our environment.

The Company believes that the environmental systems and facilities of our office and water supply plant have complied with the relevant national and local regulations on environmental protection.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Mainland China, Macau and Hong Kong, while the Company listed on the GEM of the Stock Exchange. The Group accordingly shall comply with relevant laws and regulations in Mainland China, Macau and Hong Kong and the respective places of incorporation of the Company and its subsidiaries.

During the year and up to the date of this annual report, the Board was unaware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Company is of the view that it has been maintaining a good relationship with the following key stakeholders of the Group:

- employees and workers
- major customers
- major suppliers, and
- bankers

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 October 2022 are disclosed in note 32 to the consolidated financial statements. Some of these transactions also constituted connected transactions but are fully exempt from the usual reporting, announcement and independent shareholders' approval requirement under the GEM Listing rules, as identified below:

(1) Lease Agreement

On 18 July 2022, Gainwise Developments Ltd* (the "Gainwise") as the lessor and Asia Way International Ltd ("Asia Way") ,an indirect wholly-owned subsidiary of the Company in Hong Kong, as the lessee entered into a lease agreement (the "Lease Agreement") for the lease of Room 902, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong with an aggregate gross floor area of 2,408 square feet (the "Premises") for a term of two years commencing on 1 September 2022 to 31 August 2024 for a total rent of approximately HK$1.39 million.

Gainwise (a limited liability company established in the British Virgin Islands) is indirectly wholly-owned by Team Drive Limited (a limited liability company established in the British Virgin Islands) which, held 53.06% % to the Company's issued shares capital, is the Company's substantial shareholder and constitutes a connected person of the Company under the Rule 20.07 of the GEM Listing Rules.

Pursuant to Hong Kong Financial Reporting Standard 16 "Leases", the Premises leased under the Lease Agreement was recognised by the Group as right-of-use assets with the estimated value of approximately HKD1.39 million, and the transaction contemplated under the Lease Agreement is recognised as the acquisition of right-of-use assets which is a de minimis transactions exempt from the connected transaction requirements under the Rule 20.74 of the GEM Listing Rules. It is fully exempt from the usual reporting, announcement and independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

(2) Loan from a related company

On 1 April 2022, Yield Top Limited ("Yield Top") as the lender and Tokawa Precision Co. Limited ("Tokawa"), an indirect wholly-owned subsidiary of the Company in Hong Kong, as the borrower entered into a loan agreement (the "Loan Agreement") under which Tokawa owes Yield Top a loan (the "Related Company Loan") for the total sum approximately HK$14.9 million with a maturity period of 156 months from 1 April 2022. The Related Company Loan is interest-bearing. Tokawa shall pay accrued interest on the Related Company Loan at the Hong Kong Dollar Prime lending rate per annum published by Hong Kong Standard Chartered Bank (the "Prime Rate") from time to time.

Yield Top (a limited liability company established in the British Virgin Islands) is a related company, which is controlled by Wide Sky Management Limited (a limited liability company established in the British Virgin Islands) which, indirectly held 53.06% % to the Company's issued shares capital, is the Company's related company and constitutes a connected person of the Company under the Rule 20.07 of the GEM Listing Rules.

It is a form of financial assistance received by the Company's subsidiary, Tokawa, from a related company, Yield Top, of the Company's substantial shareholder, which is fully exempt from the usual reporting, announcement and independent shareholder's approval requirement under Chapter 20 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors in writing and annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

INDEPENDENT AUDITOR

The consolidated financial statements of the Company for the year ended 31 October 2022 were audited by BDO Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

ON BEHALF OF THE BOARD

Mr. WU Cheng-wei
Chairman

Hong Kong, 13 January 2023

Independent Auditor's Report

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TO THE MEMBERS OF ECO-TEK HOLDINGS LIMITED 環康集團有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Eco-Tek Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 35 to 88, which comprise the consolidated statement of financial position as at 31 October 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition relating to sales of goods
Refer to note 5 to the consolidated financial statements and the significant accounting policies in note 3.5 to the consolidated financial statements.

A substantial portion of the Group's revenue was derived from sales of environment-friendly products.

For sales of environment-friendly products, the amount of revenue recognised during the year is dependent on the point in time the transfer of the control of the goods from the Group to the customers.

We identified the recognition of revenue relating to sales of goods as key audit matter because revenue is one of the key performance indicators of the Group and there is a significant inherent risk over the recognition of revenue by the management to meet specific targets or expectations.

Our response:
Our procedures on the revenue recognition relating to sales of goods included:

(i) Assessing, on a sample basis, whether sales transactions recorded during the financial year had been recognised properly by inspecting the transactions selected with relevant underlying documentations;

(ii) Testing the key controls over the revenue recognition and testing the operating effectiveness of those controls;

(iii) Assessing, on a sample basis, whether sales transactions before and after the financial year end had been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentations; and

(iv) Reviewing if there are any significant adjustments to revenue during the reporting period, understanding the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentations.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of those consolidated financial statements in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Lam Tsz Ka
Practising Certificate Number P06838

Hong Kong, 13 January 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Revenue	*5*	**97,595**	118,520
Cost of sales		**(66,277)**	(84,192)
Gross profit		**31,318**	34,328
Other income, gains and losses	*6*	**5,318**	3,966
Selling expenses		**(2,360)**	(3,872)
Administrative expenses		**(27,179)**	(26,467)
Reversal of provision for expected credit losses on accounts receivable	*7*	**72**	151
Reversal of provision for expected credit losses on other receivables	*7*	**–**	87
Profit from operations	*7*	**7,169**	8,193
Finance costs	*8*	**(816)**	(658)
Share of profit of a joint venture	*17*	**269**	228
Profit before income tax		**6,622**	7,763
Taxation	*9*	**(2,243)**	(2,701)
Profit for the year attributable to owners of the Company		**4,379**	5,062
Other comprehensive income for the year			
— *Items that may be subsequently reclassified to profit or loss:*			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(12,508)**	8,620
Share of other comprehensive income of a joint venture	*17*	**(431)**	271
		(12,939)	8,891
Total comprehensive income for the year attributable to owners of the Company		**(8,560)**	13,953
Earnings per share attributable to owners of the Company	*11*		
— Basic and diluted		**HK0.67 cent**	HK0.78 cent

Consolidated Statement of Financial Position

As at 31 October 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*15*	**69,082**	73,815
Right-of-use assets	*16*	**5,273**	4,801
Interest in a joint venture	*17*	**4,177**	4,339
Deferred tax assets	*18*	**440**	490
Pledged bank deposits	*21*	**9,020**	9,020
		87,992	92,465
Current assets			
Inventories	*19*	**16,435**	14,216
Accounts receivable	*20*	**18,256**	21,312
Deposits, prepayments and other receivables		**8,291**	6,103
Cash and cash equivalents	*21*	**41,064**	63,270
		84,046	104,901
Current liabilities			
Accounts payable	*22*	**18,447**	20,138
Accrued liabilities and other payables	*23*	**14,499**	28,958
Contract liabilities	*24*	**4,343**	6,115
Lease liabilities	*29*	**970**	304
Loan from a shareholder	*25*	**–**	4,391
Loan from a related company	*25*	**1,100**	–
Provision for tax		**10,667**	11,323
		50,026	71,229
Net current assets		**34,020**	33,672
Total assets less current liabilities		**122,012**	126,137
Non-current liabilities			
Lease liabilities	*29*	**570**	214
Other payables	*23*	**–**	185
Loans from a shareholder	*25*	**–**	9,500
Loan from a related company	*25*	**13,764**	–
		14,334	9,899
Net assets		**107,678**	116,238

Consolidated Statement of Financial Position

As at 31 October 2022

	Notes	2022 HK$'000	2021 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*26*	**6,495**	6,495
Share premium	*27(a)*	**19,586**	19,586
Capital reserve	*27(a)*	**95**	95
General reserve	*27(a)*	**13,015**	13,015
Exchange translation reserve	*27(a)*	**7,722**	20,661
Capital contribution reserve	*27(a)*	**7,971**	7,971
Retained profits		**52,794**	48,415
Total equity		**107,678**	116,238

These consolidated financial statements on pages 35 to 88 were approved and authorised for issue by the board of directors on 13 January 2023 and are signed on its behalf by:

Mr. WU Cheng-wei
Director

Mr. LEUNG Wai Lun
Director

Consolidated Statement of Cash Flows

For the year ended 31 October 2022

	Notes	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Profit before income tax		**6,622**	7,763
Adjustments for:			
Interest income	6	**(331)**	(507)
Interest expense	8	**816**	658
Share of profit of a joint venture	17	**(269)**	(228)
Depreciation of property, plant and equipment	7	**4,789**	4,786
Depreciation of right-of-use assets	7	**672**	2,283
Gain on leases modification	7	**–**	(56)
Reversal of provision for expected credit losses on accounts receivable	7	**(72)**	(151)
Reversal of provision for expected credit losses on other receivables	7	**–**	(87)
Provision for/(reversal of provision for) slow-moving inventories, net	7	**336**	(609)
Exchange losses, net	7	**266**	129
Operating profit before working capital changes		**12,829**	13,981
(Increase)/decrease in inventories		**(2,555)**	2,913
Decrease in accounts receivable		**3,128**	2,294
(Increase)/decrease in deposits, prepayments and other receivables		**(2,188)**	3,401
(Decrease)/increase in accounts payable		**(1,691)**	6,830
Decrease in accrued liabilities and other payables		**(14,644)**	(15,233)
(Decrease)/increase in contract liabilities		**(1,772)**	3,679
Cash (used in)/generated from operations		**(6,893)**	17,865
Tax paid		**(2,783)**	(9,876)
Net cash (used in)/generated from operating activities		**(9,676)**	7,989
Cash flows from investing activities			
Purchases of property, plant and equipment		**(7,259)**	(5,478)
Interest received		**331**	508
Net cash used in investing activities		**(6,928)**	(4,970)

Consolidated Statement of Cash Flows

For the year ended 31 October 2022

	Note	**2022 HK$'000**	2021 HK$'000
Cash flows from financing activities			
Interest paid	*31*	**(773)**	(507)
Advance from a shareholder	*31*	**–**	3,000
Repayment to a shareholder	*31*	**(13,891)**	(309)
Advance from a related company	*31*	**14,864**	–
Repayment of principal portion of lease liabilities	*31*	**(553)**	(2,151)
Repayment of interest portion of lease liabilities	*31*	**(43)**	(151)
Net cash used in financing activities		**(396)**	(118)
(Decrease)/increase in cash and cash equivalents		**(17,000)**	2,901
Effect of foreign exchange rate changes		**(5,206)**	4,562
Cash and cash equivalents at beginning of the year		**63,270**	55,807
Cash and cash equivalents at end of the year	*21*	**41,064**	63,270

Consolidated Statement of Changes in Equity

For the year ended 31 October 2022

	Share capital HK$'000 *(Note 26)*	Share premium HK$'000 *(Note 27(a))*	Capital reserve HK$'000 *(Note 27(a))*	General reserve HK$'000 *(Note 27(a))*	Exchange translation reserve HK$'000 *(Note 27(a))*	Capital contribution reserve HK$'000 *(Note 27(a))*	Retained profits HK$'000	Total HK$'000
At 1 November 2020	6,495	19,586	95	13,015	11,770	7,971	43,353	102,285
Profit for the year	–	–	–	–	–	–	5,062	5,062
Other comprehensive income for the year	–	–	–	–	8,891	–	–	8,891
Total comprehensive income for the year	–	–	–	–	8,891	–	5,062	13,953
At 31 October 2021 and 1 November 2021	6,495	19,586	95	13,015	20,661	7,971	48,415	116,238
Profit for the year	–	–	–	–	–	–	4,379	4,379
Other comprehensive income for the year	–	–	–	–	(12,939)	–	–	(12,939)
Total comprehensive income for the year	–	–	–	–	(12,939)	–	4,379	(8,560)
At 31 October 2022	**6,495**	**19,586**	**95**	**13,015**	**7,722**	**7,971**	**52,794**	**107,678**

Notes to the Consolidated Financial Statements

For the year ended 31 October 2022

1. GENERAL INFORMATION

Eco-Tek Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in the Cayman Islands. The address of its registered office is Century Yard, Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Island and its principal place of business is Unit 2, 9/F, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (collectively known as the "Group") are principally involved in the marketing, sales, servicing, research and development of environmental protection related products and services in certain major cities (including Hong Kong and Macau) of the People's Republic of China (the "PRC") as well as operating a water supply operation in Tianjin, PRC.

The directors consider the immediate holding company and ultimate holding company to be Virtue Trustees (Switzerland) AG, a company incorporated in the Switzerland.

The consolidated financial statements on pages 35 to 88 are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

2. ADOPTION OF NEW/REVISED HKFRSs

(a) Adoption of new/revised HKFRSs

In the current year, the Group has applied for the first time the following standards and amendments (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 November 2021.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

The application of these new or amended HKFRSs has no material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

2. ADOPTION OF NEW/REVISED HKFRSs (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 16	Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS Standards	Annual Improvements to HKFRSs 2018–2020[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
HK Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after 1 January 2024
4 Effective for annual periods beginning on or after a date to be determined

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

2. ADOPTION OF NEW/REVISED HKFRSs (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKFRS Standards, Annual Improvements to HKFRSs 2018–2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies to decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations — transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

2. ADOPTION OF NEW/REVISED HKFRSs (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 1, Non-current Liabilities with Covenants

The amendments deal with the classification of long-term loan arrangements with covenants by specifying that covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date. Instead, companies are required to disclose information about these covenants in the notes to the financial statements.

Amendments to HKFRS 16, Lease Liabilities in a Sale and Leaseback

The amendments add subsequent measurement requirements for a sale and leaseback transaction, where the transfer of the asset satisfies the requirements in HKFRS 15, Revenue from Contracts with Customers to be accounted for as a sale. HKFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, HKFRS 16 had not specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in HKFRS 16, thereby supporting the consistent application of the accounting standard.

HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Interpretation 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments introduce new requirements on loss of control over assets in a transaction with an associate or joint venture. These requirements require the full gain to be recognised when the assets transferred meet the definition of a "business" under HKFRS 3, Business combination.

The amendments as originally issued had an effective date of annual periods beginning on or after 1 January 2016. In December 2015, the IASB Board decided to remove the effective date of the equivalent amendments to IFRS 10 and IAS 28 and indicated that the effective date will be determined when its research project on equity accounting is completed. The HKICPA followed the IASB Board's decision and indefinitely deferred the effective date of the amendments to HKFRS 10 and HKAS 28 accordingly.

The Group is in the process of making an assessment of the potential impact of these new pronouncements upon application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis.

It should be noted that accounting estimates and assumptions are used in preparation of the 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.3 Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

(i) Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

(ii) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

(i) The structure of the joint arrangements;

(ii) The legal form of joint arrangements structured through a separate vehicle;

(iii) The contractual terms of the joint arrangement agreement; and

(iv) Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures using the equity method of accounting whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the joint ventures' net assets except that losses in excess of the Group's interest in the joint venture are not recognised unless there is an obligation to make good those losses.

Any premium paid for an investment in a joint venture above the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets, which require a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Revenue recognition

(i) Revenue from contract with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Revenue recognition (Continued)

(i) Revenue from contract with customers (Continued)

Revenue from sales of goods is recognised at a point in time as when the control of the goods has been transferred to the customers and there is no unfulfilling performance obligation after the acceptance of the goods.

Revenue from water supply is recognised at a point in time when control of the asset is transferred to the customer, generally when the customer obtains the physical possession or the legal title of the water and the Group has present right to payment and the collection of the consideration is probable.

Agency service income is recognised at point in time as when the relevant services provided to the customers and there is no unfulfilling performance obligation after services rendering.

(ii) Revenue from other sources

Interest income is recognised on a time-proportion basis using the effective interest rate applicable.

3.6 Property, plant and equipment

(i) Measurement bases

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets if it can be demonstrated that such expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss arising on disposal of an item of property, plant and equipment is the difference between the net sales proceeds and its carrying amount, and is recognised in the profit or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Property, plant and equipment (Continued)

(ii) Depreciation

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The rates per annum are as follows:

Motor vehicles	20%
Office equipment	20%
Plant and machinery	5% to 20%
Furniture and fixtures	20%
Buildings and structure	The shorter of the lease terms and 3.33%

3.7 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, investments in subsidiaries and interest in a joint venture are subject to impairment testing. These assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

Impairment losses recognised for cash-generating units are charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Leasing

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases; and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Leasing (Continued)

(i) *Right-of-use assets*

The right-of-use assets should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use assets that meet the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities.

(ii) *Lease liabilities*

The lease liabilities are recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

3.9 Employee benefits

(i) *Short-term employee benefits*

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

(ii) *Paid leave carried forward*

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the reporting date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the reporting date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Employee benefits (Continued)

(iii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iv) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(v) Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. The value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in profit or loss unless it qualifies for recognition as asset, with a corresponding credit to equity (share option reserve). If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3.10 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Financial instruments

(a) *Financial assets*

A financial asset (unless it is a account receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Account receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as follows:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(b) *Impairment loss on financial assets*

The Group recognises loss allowances for ECLs on accounts receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for accounts receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Financial instruments (Continued)

(b) *Impairment loss on financial assets (Continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(c) *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(d) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(e) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(f) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.13 Income taxes

Income taxes for the year comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and form an integral part of the Group's cash management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Foreign currencies

The consolidated financial statements are presented in Hong Kong Dollars (HK$), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At each of the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rate at the reporting date. Income and expenses have been converted into Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange translation reserve in equity.

3.17 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs, except that:

- share of profit or loss of a joint venture accounted for using the equity method;
- finance costs; and
- corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets except interest in a joint venture. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities include all liabilities except deferred tax liabilities and loan from a shareholder. In addition, corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make judgements, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation

The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful lives, starting from the date on which the assets are available for use. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and other factors that may result in diminution of economic benefits that might be obtained from the assets.

Impairment of non-financial assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of its non-financial assets. Where an impairment trigger exists, the recoverable amount of the non-financial asset is determined at the higher of value-in-use and fair value less costs of disposal. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about the future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the directors take into consideration assumptions that are mainly based on market condition existing at the reporting dates and appropriate market and discount rates. These estimates are regularly compared to actual market and actual transactions entered into by the Group.

Impairment of receivables

The Group's management assesses the collectability of receivables by determining future cash flows. This estimate is based on assumptions about risk of default and expected loss rate. A considerable amount of judgement is required in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates. Management will reassess the provision at the reporting date. Where the expectation is different from the original estimate, such differences will affect the carrying value of receivables and impairment loss in the period in which such estimate is changed.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. Management will reassess the estimates at the reporting date.

Right-of-use assets

The Group uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

5. REVENUE AND SEGMENT REPORTING

The Group's revenues from contracts with customers recognised at a point in time during the year are as follows:

	2022 HK$'000	2021 HK$'000
Sales of goods	**65,250**	87,268
Supply of water	**32,345**	31,252
	97,595	118,520

The chief operating decision-maker is identified as executive directors. The executive directors have identified the Group's two business lines as reportable segments as follows:

Environment-friendly products	:	Sale of general and industrial environment-friendly products, 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.

	For the year ended 31 October 2022		
	Environment-friendly products HK$'000	**Water supply plant HK$'000**	**Total HK$'000**
Revenue from external customers	**65,250**	**32,345**	**97,595**
Reportable segment revenue	**65,250**	**32,345**	**97,595**
Reportable segment profit	**19,344**	**9,614**	**28,958**
Other segment information			
Interest income	**5**	**326**	**331**
Depreciation	**(648)**	**(4,684)**	**(5,332)**
Provision for slow-moving inventories, net	**(336)**	**–**	**(336)**
Reversal for/(provision of) expected credit losses on accounts receivable	**216**	**(144)**	**72**
Additions to non-current assets	**56**	**5,464**	**5,520**
Reportable segment assets	**55,482**	**108,899**	**164,381**
Reportable segment liabilities	**21,380**	**14,301**	**35,681**

5. REVENUE AND SEGMENT REPORTING (Continued)

	For the year ended 31 October 2021		
	Environment-friendly products HK$'000	Water supply plant HK$'000	Total HK$'000
Revenue from external customers	87,268	31,252	118,520
Reportable segment revenue	87,268	31,252	118,520
Reportable segment profit	17,911	12,544	30,455
Other segment information			
Interest income	–	507	507
Depreciation	(2,228)	(4,821)	(7,049)
Reversal of provision for slow-moving inventories, net	609	–	609
Reversal for/(provision for) expected credit losses on accounts receivable	247	(96)	151
(Provision for)/reversal for expected credit losses on other receivables	(42)	136	94
Additions to non-current assets	32	4,947	4,979
Reportable segment assets	57,753	133,490	191,243
Reportable segment liabilities	20,497	31,801	52,298

5. REVENUE AND SEGMENT REPORTING (Continued)

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

	2022 HK$'000	2021 HK$'000
Reportable segment revenue	**97,595**	118,520
Group revenue	**97,595**	118,520
Reportable segment profit	**28,958**	30,455
Other corporate expenses	**(21,789)**	(22,262)
Finance costs	**(816)**	(658)
Share of profit of a joint venture	**269**	228
Profit before income tax	**6,622**	7,763
Reportable segment assets	**164,381**	191,243
Interest in a joint venture	**4,177**	4,339
Other corporate assets	**3,480**	1,784
Group total assets	**172,038**	197,366
Reportable segment liabilities	**35,681**	52,298
Loans from a shareholder	**–**	13,891
Loan from a related company	**14,864**	–
Other corporate liabilities	**13,815**	14,939
Group total liabilities	**64,360**	81,128

Other corporate expenses mainly include staff costs, directors' emoluments and short-term lease expenses for administration purpose.

Other corporate liabilities mainly include accrued directors' emoluments, accrued staff costs and accrued auditor's remuneration.

5. REVENUE AND SEGMENT REPORTING (Continued)

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	
	2022 **HK$'000**	2021 HK$'000	**2022** **HK$'000**	2021 HK$'000
Hong Kong (domicile)	**2,634**	5,256	**6,435**	4,972
PRC	**94,961**	113,264	**72,096**	77,981
Other	**–**	–	**1**	2
	97,595	118,520	**78,532**	82,955

The executive directors determine the Group is domiciled in Hong Kong, which is the location of the Group's principal office.

The geographical location of revenue is based on the location of customers. The geographical location of the non-current assets is based on the physical location of the assets and operation.

There is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the years ended 31 October 2022 and 2021.

6. OTHER INCOME, GAINS AND LOSSES

	2022 **HK$'000**	2021 HK$'000
Bank interest income	**331**	507
Agency service income *(note a)*	**4,493**	3,264
Government grants *(note b)*	**160**	–
Gain on lease modification	**–**	56
Sundry income	**334**	139
	5,318	3,966

Notes:

(a) Agency service income represented agency fee charged to independent service providers for subcontracting the installation service of water meters for the Group's customers.

(b) Government grants represented the subsidies received from the local government in support of the business operation. There was no condition to be fulfilled by the Group in relation to the subsidies.

7. PROFIT FROM OPERATIONS

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

	2022 HK$'000	2021 HK$'000
Auditor's remuneration		
— Provision for the year	**720**	720
Cost of inventories recognised as expense*, including	**66,277**	84,192
— Provision for/(reversal of provision for) slow-moving inventories, net	**336**	(609)
— Exchange gains	**(3,165)**	(443)
Depreciation of property, plant and equipment	**4,789**	4,786
Depreciation of right-of-use assets	**672**	2,283
Reversal of provision for expected credit losses on accounts receivable	**(72)**	(151)
Reversal of expected credit losses on other receivables	**–**	(87)
Exchange losses, net of exchange gains**	**266**	129
Short-term lease expenses	**1,021**	927
Staff costs (including directors' emoluments) *(note 12)*		
— Wages, salaries and benefits in kind	**17,118**	15,634
— Pension scheme contributions	**149**	133
	17,267	15,767

* Costs of inventories includes a total amount of approximately HK$1,732,000 (2021: HK$4,475,000), relating to depreciation, staff costs, provision for/(reversal of provision for) slow-moving inventories, net and exchange gains for which are also included in the respective total amounts disclosed separately above.

** Exchange losses, net of exchange gains is included in administrative expenses.

8. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Bank loan interests	**26**	6
Interest charges on loan from a shareholder *(note 25)*	**290**	501
Interest charges on loan from a related company *(note 25)*	**457**	–
Interest charges on lease liabilities *(note 29)*	**43**	151
	816	658

9. TAXATION

	2022 HK$'000	2021 HK$'000
Current tax		
Current year		
— PRC	**2,127**	2,901
Deferred tax for the year *(note 18)*	**116**	(200)
	2,243	2,701

Hong Kong profits tax has been provided for at 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 years ended 31 October 2022 and 2021. No provision has been provided as the Group has tax losses to set off with assessable profits for the both years.

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% (2021: 25%) on the estimated assessable profits arising in the PRC for the year.

A subsidiary of the Group established and operating in Macau is subject to Macau complementary profits tax for the years ended 31 October 2022 and 2021 at the rate of 12% (2021:12%) according to the relevant laws and regulations in Macau. No provision for Macau complementary profits tax for both years as the Group has no assessable profit arising in Macau.

A reconciliation of the tax expense applicable to profit before income tax using the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates are as follows:

	2022 HK$'000	2021 HK$'000
Profit before income tax	**6,622**	7,763
Tax at the domestic rates applicable to profit in the jurisdictions concerned	**1,500**	2,213
Tax effect of non-deductible expenses for tax purpose	**312**	285
Utilisation of tax loss not recognised in prior year	**(589)**	(336)
Tax effect of tax losses not recognised	**1,020**	539
	2,243	2,701

10. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 October 2022 (2021: Nil).

11. EARNINGS PER SHARE

The basic earnings per share for the year is calculated based on the following data:

	2022 **HK$'000**	2021 HK$'000
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	**4,379**	5,062

	Number of shares	
	2022 **'000**	2021 '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**649,540**	649,540

The diluted earnings per share is the same as the basic earnings per share, as the Group has no dilutive potential ordinary shares during the current and prior years.

12. DIRECTORS' EMOLUMENTS

The remunerations of each director for the year are as follows:

	Fees HK$'000	**Salaries HK$'000**	**Pension scheme contributions HK$'000**	**Total HK$'000**
2022				
Executive directors:				
Mr. WU Cheng-wei	**160**	**–**	**–**	**160**
Mr. LEUNG Wai Lun	**120**	**–**	**–**	**120**
Non-executive director:				
Dr. LUI Sun Wing	**100**	**–**	**–**	**100**
Independent non-executive directors:				
Ms. CHAN Siu Ping Rosa	**100**	**–**	**–**	**100**
Professor NI Jun	**100**	**–**	**–**	**100**
Mr. CHAU Kam Wing Donald	**100**	**–**	**–**	**100**
	680	**–**	**–**	**680**

	Fees HK$'000	Salaries HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2021				
Executive directors:				
Mr. WU Cheng-wei	160	–	–	160
Mr. LEUNG Wai Lun	120	–	–	120
Non-executive director:				
Dr. LUI Sun Wing	100	–	–	100
Independent non-executive directors:				
Ms. CHAN Siu Ping Rosa	100	–	–	100
Professor NI Jun	100	–	–	100
Mr. CHAU Kam Wing Donald	100	–	–	100
	680	–	–	680

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil). None of the directors has waived or agreed to waive any emoluments during the year (2021: Nil).

13. FIVE HIGHEST PAID INDIVIDUALS AND PENSION SCHEMES

Five highest paid individuals

No director (2021: nil) was included in the five highest paid individuals of the Group during the year. The details of the directors' remuneration are set out in note 12 above. Details of the remuneration of the remaining five (2021: five) non-director, highest paid individuals of the Group for the year are as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries, allowances and benefits in kind	**3,905**	3,637
Pension scheme contributions	**88**	88
	3,993	3,725

The emoluments of three non-director highest paid individuals fell within the band of HK$1 to HK$500,000 (2021: three); the emolument of one non-director highest paid individual fell within the band of HK$500,001 to HK$1,000,000 (2021: one), and the emolument of one non-director highest paid individual fell within the band of HK$1,500,001 to HK$2,000,000 (2021: one).

During the year, no emolument was paid by the Group to any of the remaining non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil).

The emolument of four non-director senior management fell within the band of HK$1 to HK$500,000 (2021: four) and the emolument of one non-director senior management fell within the band of HK$500,001 to HK$1,000,000 (2021: one).

Pension schemes

The Group participates in defined contribution schemes which are registered under the Mandatory Provident Fund Scheme ("MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) ("MPFSO") for the benefits of its employees in Hong Kong. The assets of the schemes are held, separately from those of the Group, in funds under the control of independent trustees. In accordance with the statutory limits prescribed by the MPFSO, for each employee under the MPF Scheme, the Group contributes 5% (2021: 5%) of the relevant income to the MPF Scheme, subject to a cap of monthly contribution at HK$1,500 per employee (2021: HK$1,500), which contribution is matched by the employee. Contributions to the MPF Scheme for the Group's employees are fully and immediately vested in the employees once the contributions are made.

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), the Group has joined defined contribution retirement schemes for the employees in the PRC arranged by local government labour and security authorities ("PRC Retirement Schemes"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government authorities. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

There were no contributions forfeited by the Group on behalf of its employees who leave the MPF Scheme or the PRC Retirement Schemes (as the case may be).

14. SHARE OPTION SCHEME

The 2021 Share Option Scheme (the "2021 Scheme")

On 25 March 2021, the 2021 Scheme was approved by shareholders of the Company. The purpose of the 2021 Scheme is to enable the Group to grant share options to eligible persons as incentives or rewards for their contribution to the Group. The board of directors may in its sole and absolute discretion determine whether the eligible persons have made or may make valuable contribution to the business of the Group. The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 Scheme and other share option scheme(s) by the Company must not exceed 30% of the shares in issue from time to time.

The total number of shares which may be issued upon exercise of the share options to be granted under the 2021 Scheme, together with all share options to be granted under any other share option scheme(s) of the Company, must not in aggregate represent more than 10% of the total number of shares in issue as at the date of approval of the 2021 Scheme.

A non-refundable nominal consideration of HK$1.00 is payable by the grantee upon acceptance of an option. The subscription price for shares under the 2021 Scheme may be determined by the board of directors at its absolute discretion but in any event will not be less than the higher of: (i) the closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant of the option, which must be a business day; and (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option.

Any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value based on the closing price of the shares of the Company at the date of grant in excess of HK$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The share options granted may be exercised at any time or times after the date on which the option is deemed to be granted and accepted and expiring on a date to be determined and notified by the board of directors to each grantee, but in any event no later than 10 years from the date of the grant of the share options. The 2021 Scheme remains in force for a period of 10 years with effect from 25 March 2021.

The options under the 2021 Scheme will be vested according to the terms and conditions determined by the board of directors either generally or on a case by case basis and will be stated in the offer letters to each grantee. All share options will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

The Company did not grant any share options of the 2021 Scheme for the year ended 31 October 2022 (2021: Nil).

As at 31 October 2022 and 2021, there is no any outstanding share option.

15. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Buildings and structure HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 November 2020							
Cost	4,220	2,766	38,648	858	106,179	–	152,671
Accumulated depreciation	(2,873)	(2,276)	(34,120)	(848)	(43,105)	–	(83,222)
Net carrying amount	1,347	490	4,528	10	63,074	–	69,449
Year ended 31 October 2021							
Opening net carrying amount	1,347	490	4,528	10	63,074	–	69,449
Additions	816	63	–	–	3,638	961	5,478
Depreciation	(408)	(149)	(197)	(1)	(4,031)	–	(4,786)
Translation differences	74	22	3	–	3,562	13	3,674
Closing net carrying amount	1,829	426	4,334	9	66,243	974	73,815
At 31 October 2021 and 1 November 2021							
Cost	5,116	2,853	38,655	858	113,437	974	161,893
Accumulated depreciation	(3,287)	(2,427)	(34,321)	(849)	(47,194)	–	(88,078)
Net carrying amount	1,829	426	4,334	9	66,243	974	73,815
Year ended 31 October 2022							
Opening net carrying amount	**1,829**	**426**	**4,334**	**9**	**66,243**	**974**	**73,815**
Additions	**351**	**201**	**150**	**1,793**	**4,764**	**–**	**7,259**
Transfer in/(out)	**–**	**–**	**–**	**–**	**953**	**(953)**	**–**
Depreciation	**(551)**	**(143)**	**(198)**	**(46)**	**(3,851)**	**–**	**(4,789)**
Translation differences	**(263)**	**(96)**	**(3,127)**	**–**	**(3,696)**	**(21)**	**(7,203)**
Closing net carrying amount	**1,366**	**388**	**1,159**	**1,756**	**64,413**	**–**	**69,082**
At 31 October 2022							
Cost	**5,167**	**2,950**	**35,661**	**2,651**	**115,145**	**–**	**161,574**
Accumulated depreciation	**(3,801)**	**(2,562)**	**(34,502)**	**(895)**	**(50,732)**	**–**	**(92,492)**
Net carrying amount	**1,366**	**388**	**1,159**	**1,756**	**64,413**	**–**	**69,082**

16. RIGHT-OF-USE ASSETS

The analysis of the net book value of the Group's right-of-use assets by class of underlying assets at the end of the reporting period is as follows:

	Leasehold land HK$'000	Buildings leased for own use HK$'000	Office equipment leased for own use HK$'000	Total HK$'000
Net carrying amount at 1 November 2020	4,208	4,062	86	8,356
Modification	–	(1,538)	–	(1,538)
Depreciation charge for the year	(125)	(2,137)	(21)	(2,283)
Translation differences	234	32	–	266
Net carrying amount at 31 October 2021 and 1 November 2021	4,317	419	65	4,801
Modification	–	1, 598	–	1,598
Depreciation charge for the year	(123)	(525)	(24)	(672)
Translation differences	(433)	(21)	–	(454)
Net carrying amount at 31 October 2022	**3,761**	**1,471**	**41**	**5,273**

As at 31 October 2022, building leased for own use of HK$1,332,000 is leased from a company, which is owned by a beneficial shareholders of the Company.

17. INTEREST IN A JOINT VENTURE

	2022 HK$'000	2021 HK$'000
Unlisted investment, at cost	**2,385**	2,385
Share of post-acquisition reserves	**1,792**	1,954
	4,177	4,339

As at 31 October 2022, the Group has interest in the following joint venture:

Company name	Place of incorporation/ establishment and kind of legal entity	Paid-up capital	Percentage of equity attributable to the Group	Principal activities and place of operation
Jiangsu Kangyuan Environmental Protection Technology Co. Limited # (江蘇康源環保科技有限公司) ("Jiangsu Kangyuan")	PRC, limited liability company	RMB5,000,000	50%	Provision of environmental protection related solutions in the PRC

English translation only

17. INTEREST IN A JOINT VENTURE (Continued)

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Jiangsu Kangyuan. Under HKFRS 11, this joint arrangement is classified as a joint venture and has been accounted for in the consolidated financial statements using equity method.

Summarised financial information in relation to the joint venture extracted from its unaudited management accounts for the year ended 31 October 2022 and 2021 is presented below:

	2022 HK$'000	2021 HK$'000
As at 31 October		
Current assets	**25,979**	34,584
Non-current assets	**180**	235
Current liabilities	**(17,805)**	(26,141)
Net assets	**8,354**	8,678
Reconciliation to the Group's interest in Jiangsu Kangyuan:		
Proportion of the Group's ownership interests	**50%**	50%
Carrying amount of the Group's investment in Jiangsu Kangyuan	**4,177**	4,339
Includes in the net assets are:		
Cash and cash equivalents	**4,486**	4,524
Current financial liabilities (excluding trade and other payable)	**3,635**	13,088

	2022 HK$'000	2021 HK$'000
Year ended 31 October		
Revenue	**45,674**	39,341
Profit for the year	**538**	457
Other comprehensive income for the year	**(862)**	541
Total comprehensive income for the year	**(324)**	998
Reconciliation to the Group's share of results of Jiangsu Kangyuan:		
Proportion of the Group's share of ownership interest	**50%**	50%
Group's share of profit for the year	**269**	228
Group's share of other comprehensive income for the year	**(431)**	271
Share of total comprehensive income for the year	**(162)**	499

18. DEFERRED TAXATION

Deferred taxation is calculated on temporary differences under the liability method using the applicable tax rates at reporting date.

The movement in deferred tax assets arising from temporary differences are as follows:

	Provision for slow-moving inventories HK$'000	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 November 2020	335	(141)	74	268
Charged to profit or loss	133	141	(74)	200
Translation differences	22	–	–	22
At 31 October and 1 November 2021	490	–	–	490
Charged to profit or loss	116	–	–	116
Translation differences	(166)	–	–	(166)
At 31 October 2022	**440**	**–**	**–**	**440**

Deferred tax assets are recognised to the extent the realisation of related tax benefits through the future taxable profits is probable. As at 31 October 2022, the Group has tax losses arising in Hong Kong of approximately HK$49,740,000 (2021: HK$46,248,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 October 2022 and 2021, the aggregate amount of temporary differences associated with the PRC's subsidiaries' undistributed retained profits for which deferred tax liabilities have not been recognised are approximately RMB53,922,000 and RMB49,649,000 respectively. No deferred tax liabilities have been recognised in respect of these temporary differences because the Group is in a position to control the dividend policies of these subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

19. INVENTORIES

	2022 HK$'000	2021 HK$'000
Merchandise	**19,882**	17,713
Less: provision for slow-moving inventories	**(3,447)**	(3,497)
	16,435	14,216

20. ACCOUNTS RECEIVABLE

	2022 HK$'000	2021 HK$'000
Accounts receivable	**19,544**	22,787
Less: provision for loss allowance	**(1,288)**	(1,475)
	18,256	21,312

Accounts receivable are non-interest bearing and they are recognised at their original invoice amounts which represent their fair values at initial recognition.

The Group has a policy of allowing an average credit period of 60 to 120 days to its trade customers. An ageing analysis of accounts receivable as at the reporting date, based on invoice date, is as follows:

	2022 HK$'000	2021 HK$'000
Outstanding balances with ages:		
Within 90 days	**19,049**	21,813
91 to 180 days	**221**	432
181 to 365 days	**4**	18
Over 365 days	**270**	524
	19,544	22,787

The movements in the expected credit losses on accounts receivable during the year are as follows:

	2022 HK$'000	2021 HK$'000
Balance as at 1 November	**1,475**	1,574
Change in expected credit losses on accounts receivable	**(72)**	(151)
Exchange realignment	**(115)**	52
Balance as at 31 October	**1,288**	1,475

The Group did not hold any collateral in respect of accounts receivable.

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2022 HK$'000	2021 HK$'000
Cash at bank and in hand	**50,084**	72,290
Less: pledged bank deposits for banking facilities *(note 28(a))*	**(9,020)**	(9,020)
Cash and cash equivalents	**41,064**	63,270
Pledged bank deposits analysed for reporting purposes as non-current	**9,020**	9,020

The Group had cash and bank balances denominated in RMB of approximately HK$35,233,000(2021: HK$60,703,000) and the remittance of these funds out of the PRC was subject to the exchange control restrictions imposed by the PRC government.

The effective interest rate of pledged bank deposits was 0.01% (2021: 0.01%) per annum as at 31 October 2022. These deposits had no maturity date and were pledged to bank to secure the Group's banking facilities (note 28(a)). The pledge will not be released within twelve months from the reporting date.

22. ACCOUNTS PAYABLE

The credit terms granted by suppliers are generally for a period of 60 to 180 days. The ageing analysis of accounts payable as at the reporting date, based on invoice date, is as follows:

	2022 HK$'000	2021 HK$'000
Outstanding balances with ages:		
Within 90 days	**11,198**	4,876
91 to 180 days	**7,166**	12,100
Over 180 days	**83**	3,162
	18,447	20,138

23. ACCRUED LIABILITIES AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Accrued liabilities	**5,008**	5,377
Other payables	**9,491**	23,766
	14,499	29,143
Less: non-current portion	**–**	(185)
Current portion	**14,499**	28,958

Other payables mainly included construction costs payable related to property, plant and equipment, other taxes liabilities and payable to the constructors regarding the water meter installation.

24. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Contract liabilities arising from		
— Sales of goods	**4,343**	6,115

Movements in contract liabilities

	2022 HK$'000	2021 HK$'000
Opening balance as at 1 November	**6,115**	2,436
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(6,007)**	(2,290)
Increase in contract liabilities as a result of billing in advance	**4,235**	5,969
Closing balance as at 31 October	**4,343**	6,115

The contract liabilities mainly relate to the advance considerations received from customers. The Group will recognise the expected revenue in future when or as the performance obligation has been satisfied, which is expected to occur in the next 12 months. Information related to the aggregated amount of transaction price allocated to the remaining performance obligations has not been disclosed as the Group had applied the practical expedients under HKFRS 15.

25. LOANS FROM A SHAREHOLDER AND A RELATED COMPANY

Loans from a shareholder represented amount due to a substantial shareholder of the Company who has control over the Group. Loan from a related company represented amount due to a related company, which is controlled by a substantial shareholder of the Company. These balances were regarded as amounts due to related parties.

The loan from a related company was unsecured and interest-bearing at 5.25% to 5.375% per annum. The loans from a shareholder were unsecured and interest-bearing at 5.25% (2021: 5.25%) per annum.

Except for the loan from a related company of HK$1,100,000 as at 31 October 2022, they were not repayable within twelve months from the reporting date as at 31 October 2022.

Except for the loan from a shareholder of HK$4,391,000 as at 31 October 2021, they were not repayable within twelve months from the reporting date as at 31 October 2021.

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

26. SHARE CAPITAL

	2022 **HK$'000**	2021 HK$'000
Authorised: 5,000,000,000 (2021: 5,000,000,000) ordinary shares of HK$0.01 each	**50,000**	50,000
Issued and fully paid: 649,540,000 (2021: 649,540,000) ordinary shares of HK$0.01 each	**6,495**	6,495

27. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current year are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Share premium of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued, less amounts of the capitalisation issue and share issue expenses.

Capital reserve of the Group represents the difference between the aggregate nominal value of share capital of the subsidiaries acquired by the Company and the nominal value of share capital of the Company issued as consideration in exchange thereof.

General reserve represents the effects of transactions with non-controlling interests in the prior years.

Exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3.

Capital contribution reserve of the Group represents the contribution made by a minority shareholder shared by the Group.

(b) Company

	Share premium HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 November 2020	30,537	(17,854)	12,683
Loss for the year	–	(1,570)	(1,570)
At 31 October 2021 and 1 November 2021	30,537	(19,424)	11,113
Loss for the year	–	(1,679)	(1,679)
At 31 October 2022	**30,537**	**(21,103)**	**9,434**

Share premium of the Company includes: (i) the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium; and (ii) the excess of the consolidated net assets of the subsidiaries acquired pursuant to the group reorganisation over the nominal value of the Company's shares issued in exchange thereof. Under the Companies Law of the Cayman Islands, share premium is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

28. BANKING FACILITIES

The Group's banking facilities were granted for the purposes of general working capital, trade finance and treasury requirements as at 31 October 2022 and 2021, which were secured by the following:

(a) bank deposits of the Group amounting to approximately HK$9,020,000 (2021: HK$9,020,000) (note 21); and

(b) corporate guarantees executed by the Company.

29. LEASES LIABILITIES

The amount included in the consolidated statement of financial position in respect of the carrying amounts of lease liabilities and the movements during the year is as follows:

	Buildings leased for own use HK$'000	**Office equipment leased for own use** HK$'000	**Total** HK$'000
As at 1 November 2020	4,147	82	4,229
Modification	(1,594)	–	(1,594)
Interest expenses	147	4	151
Lease payments	(2,284)	(18)	(2,302)
Exchange realignment	34	–	34
As at 31 October 2021 and 1 November 2021	450	68	518
Modification	1,598	–	1,598
Interest expenses	40	3	43
Lease payments	(569)	(27)	(596)
Exchange realignment	(23)	–	(23)
As at 31 October 2022	**1,496**	**44**	**1,540**

Future lease payments are due as follows:

	2022 HK$'000	2021 HK$'000
Minimum lease payment due		
— Within one year	**1,021**	323
— In the second to fifth years, inclusive	**579**	218
	1,600	541
Less: future interest expenses	**(60)**	(23)
Present value of lease liabilities	**1,540**	518

29. LEASES LIABILITIES (Continued)

The present value of future lease payments are analysed as:

	2022 HK$'000	2021 HK$'000
Current liabilities	**970**	304
Non-current liabilities	**570**	214
	1,540	518

	2022 HK$'000	2021 HK$'000
Short-term lease expenses	**1,021**	927
Aggregate undiscounted commitments for short-term leases	**–**	549

30. CAPITAL COMMITMENTS

At the reporting date, the Group had the following outstanding commitments:

	2022 HK$'000	2021 HK$'000
Contracted, but not provided for — Purchase of property, plant and equipment	**–**	2,275

31. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Loans from a shareholder (note 25) HK$'000	Loan from a related company (note 25) HK$'000	Lease liabilities (note 29) HK$'000	Total HK$'000
At 1 November 2020	11,200	–	4,229	15,429
Changes from cash flows:				
Advance from a shareholder	3,000	–	–	3,000
Repayment to a shareholder	(309)	–	–	(309)
Repayment of principal portion of lease liabilities	–	–	(2,151)	(2,151)
Interest paid	(501)	–	(151)	(652)
Total changes from financing cash flows	2,190	–	(2,302)	(112)
Other changes:				
Modification	–	–	(1,594)	(1,594)
Interest expenses	501	–	151	652
Exchange realignment	–	–	34	34
Total other changes	501	–	(1,409)	(908)
At 31 October 2021 and 1 November 2021	13,891	–	518	14,409
Changes from cash flows:				
Advance to the Company	–	14,864	–	14,864
Repayment by the Company	(13,891)	–	–	(13,891)
Repayment of principal portion of lease liabilities	–	–	(553)	(553)
Interest paid	(290)	(457)	(43)	(790)
Total changes from financing cash flows	(14,181)	14,407	(596)	(370)
Other changes:				
Modification	–	–	1,598	1,598
Interest expenses	290	457	43	790
Exchange realignment	–	–	(23)	(23)
Total other changes	290	457	1,618	2,365
At 31 October 2022	**–**	**14,864**	**1,540**	**16,404**

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

	2022 HK$'000	2021 HK$'000
Interest expenses *(note (i))*		
Interest expenses paid to a shareholder	**290**	501
Interest expenses paid to a related company	**457**	–
	747	501
Short term lease expenses *(note (ii))*	**520**	58

Notes:

(i) Interest expenses were paid in accordance with the terms as set out in note 25.

(ii) Short term lease expenses were paid to a company, which is owned by a beneficial shareholders of the Company.

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

	2022 HK$'000	2021 HK$'000
Salaries, allowances and benefits in kind	**5,006**	4,981
Pension scheme contributions	**88**	88
	5,094	5,069

33. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which results from its operating, financing and investing activities. The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage the Group's exposure to market risks, including changes in interest rates and currency exchange rates. Generally, the Group introduces conservative strategies on its risk management. The Group's exposure to market risk is kept to minimum level. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not issue derivative financial instruments for trading purposes. The most significant financial risks to which the Group is exposed to are described below.

(a) Credit risk

The credit risk of the Group is primarily attributable to accounts receivable, other receivables and deposits, pledged bank balances and bank balance and cash.

The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition.

33. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

It considers available reasonable and supportive forward looking information. Especially the following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the counterparty
- significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status and operating results of the counterparty

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery.

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information that is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

The credit risk of pledged bank balances and bank balances and cash is limited because the majority of the counterparties are banks with good reputation. No impairment had been provided under 12-month expected credit loss assessment.

For the trade receivables, the Group carries out regular review on these balances and follow-up action on any overdue amounts to minimise exposures to credit risk. The Group measures the lifetime expected credit losses based on the outstanding balances and historical credit loss experience adjusted to reflect the Group's view of current and forecast economic conditions that may affect the ability of the debtors to settle receivables. Amounted to HK$1,288,000 (2021: HK$1,475,000) impairment allowance had been provided under simplified approach.

33. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

The loss allowances as at 31 October 2022 and 2021 were determined for accounts receivable as follows:

	Expected credit loss rate — weighted average (%)	Gross carrying amount HK$'000	Expected credit loss HK$'000	Net amount HK$'000
2022				
Not yet past due	**5%**	**15,661**	**712**	**14,949**
Overdue within 90 days	**7%**	**3,387**	**237**	**3,150**
Over 91 days past due	**10%–100%**	**496**	**339**	**157**
Total		**19,544**	**1,288**	**18,256**
2021				
Not yet past due	4%	13,528	473	13,055
Overdue within 90 days	6%	8,285	497	7,788
Over 91 days past due	10%–100%	974	505	469
Total		22,787	1,475	21,312

For the other debts instruments, given the short term nature of these assets, the ECL had been provided under 12-month expected credit loss assessment. The management considered no additional provision (2021: reversal provision of HK$87,000) would be necessary after the assessments for the year ended 31 October 2022.

(b) Foreign currency risk

The Group's purchases are mainly denominated in Sterling Pounds ("GBP"), Japanese Yen ("JPY") and US Dollars ("USD"). The sales of the Group are predominantly in RMB and HK$. The management monitors foreign exchange exposure and will hedge significant foreign currency exposure should the need arises.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities of the Group at the reporting date that are considered significant by management are as follows:

	Assets		Liabilities	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
JPY	**1,003**	9	**12,021**	14,650
GBP	**7**	7	**2,410**	467
USD	**2,900**	1,604	**2,163**	3,028

33. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Foreign currency sensitivity analysis

Since Hong Kong Dollars are pegged to USD, there is no significant exposure expected on USD transactions and balances whilst the currency peg remains in place.

The following table details the Group's sensitivity to a 5% increase in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% increase in foreign currency rates. A number below indicates an increase/(a decrease) in profit for the year and retained profits where the functional currencies of the relevant group entities strengthen against the relevant foreign currencies. For a 5% weakening of the functional currencies of the relevant group entities against the relevant foreign currencies, there would be (a decrease)/an increase in the loss for the year and retained profits. There is no impact on other components of equity in response to the general change in foreign exchange rates.

	2022		2021	
	HK$'000		HK$'000	
	JPY	**GBP**	JPY	GBP
Increase in foreign exchange rate	**5%**	**5%**	5%	5%
Effect on profit for the year	**(551)**	**(120)**	(732)	(23)
Effect on retained profits	**(551)**	**(120)**	(732)	(23)

(d) Interest rate risk

The Group's interest rate risk arises primarily from bank balances and loans from a shareholder and a related company. Exposure to floating interest rate presents when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no unduly exposures to significant interest rate movements and rates are approximately fixed when necessary. The directors considered that the Group's cash flow interest rate risk is minimal.

33. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements in the short and long terms. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debt obligations.

The following table summarises the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows.

	Less than 1 year or on demand HK$'000	Over 1 year HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 October 2022				
Accounts payable	**18,447**	**–**	**18,447**	**18,447**
Accrued liabilities and other payables	**14,499**	**–**	**14,499**	**14,499**
Lease liabilities	**1,021**	**579**	**1,600**	**1,540**
Loan from a related company	**1,159**	**18,220**	**19,379**	**14,864**
	35,126	**18,799**	**53,925**	**49,350**
As at 31 October 2021				
Accounts payable	20,138	–	20,138	20,138
Accrued liabilities and other payables	28,958	185	29,143	29,143
Lease liabilities	323	218	541	518
Loans from a shareholder	4,391	9,999	14,390	13,891
	53,810	10,402	64,312	63,690

(f) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 October 2022 and 2021 may be categorised as follows:

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets measured at amortised costs	**74,088**	99,518
Financial liabilities		
Financial liabilities measured at amortised cost	**49,350**	63,690

34. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to members by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group sets the amount of equity capital in proportion to its overall financial structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares, or sell assets to reduce debt.

The capital-to-overall financing ratio at the reporting date was as follows:

	2022 **HK$'000**	2021 HK$'000
Capital — Total equity	**107,678**	116,238
Overall financing — Loans from a related company and a shareholder	**14,864**	13,891
Capital-to-overall financing ratio	**7.24 times**	8.37 times

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 HK$'000	2021 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries		**10,957**	10,957
Current assets			
Prepayments and other receivables		**149**	149
Amounts due from subsidiaries		**45,443**	44,967
Cash and cash equivalents		**359**	275
		45,951	45,391
Current liabilities			
Accrued liabilities and other payables		**513**	177
Amounts due to subsidiaries		**40,466**	38,563
		40,979	38,740
Net current assets		**4,972**	6,651
Net assets		**15,929**	17,608
EQUITY			
Equity attributable to owners of the Company			
Share capital	*26*	**6,495**	6,495
Share premium	*27(b)*	**30,537**	30,537
Accumulated losses	*27(b)*	**(21,103)**	(19,424)
Total equity		**15,929**	17,608

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 October 2022 are as follows:

Company name	Place of incorporation/ establishment and kind of legal entity	Issued/ paid-up capital	Percentage of equity attributable to the Group	Principal activities and place of operation
Directly held				
Eco-Tek (BVI) Investment Holdings Limited	British Virgin Islands ("BVI"), limited liability company	30,000 ordinary shares of US$1 each	100%	Investment holding in Hong Kong
Indirectly held				
Asian Way International Limited	Hong Kong, limited liability company	HK$10,000	100%	Investment holding in Hong Kong
Eco-Tek Company Limited	Hong Kong, limited liability company	HK$100,000	100%	Marketing, sale, servicing, research and development of environmental protection related products and services in Hong Kong
Eco-Tek Technology Limited	BVI, limited liability company	101 ordinary shares of US$1 each	100%	Holding of intellectual properties in Hong Kong
East Miles International Limited	BVI, limited liability company	1 ordinary share of US$1	100%	Investment holding in Hong Kong
Elegant Well Investment Limited	Hong Kong, limited liability company	HK$2	100%	Investment holding in Hong Kong
Ningbo Tokawa Precision Hydraulic Equipment Co. Ltd#	PRC, limited liability company	US$100,000	100%	Marketing and sales of environment-friendly products in the PRC
Tianjin Asian Way#	PRC, limited liability company	US$7,000,000	100%	Operation of a water supply plant in the PRC
Tokawa Precision (Overseas) Co. Limited	BVI, limited liability company	1 ordinary share of US$1	100%	Investment holding
Tokawa Precision Co. Limited	Hong Kong, limited liability company	HK$10,000	100%	Marketing and sales of environment-friendly products in Hong Kong

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place of incorporation/ establishment and kind of legal entity	Issued/ paid-up capital	Percentage of equity attributable to the Group	Principal activities and place of operation
Indirectly held (Continued)				
Tokawa Precision (Overseas) Company Limited — Macao Commercial Offshore	Macau, limited liability company	MOP100,000	100%	Marketing and sales of environment-friendly products in Macau
Well Spread Investment Limited	Hong Kong, limited liability company	HK$2	100%	Investment holding in Hong Kong
Dongguan MegaTek Machinery Company Limited#^ (東莞英達朗機械有限公司)	PRC, limited liability company	HK$10,500,000	100%	Marketing and sales of environment-friendly products in the PRC
Well Merit Enterprise Limited	Hong Kong, Limited liability company	HK$100	100%	Investment holding in Hong Kong

These companies are registered as wholly foreign owned enterprise under the law of PRC.

^ English translation only

Summary of Financial Information

For the year ended 31 October 2022

The following is a summary of the consolidated results and of the assets and liabilities of the Group prepared on the basis set out in notes 1 and 2 below:

RESULTS

	Year ended 31 October				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**97,595**	118,520	92,638	96,477	102,352
Cost of sales	**(66,277)**	(84,192)	(63,079)	(66,128)	(65,611)
Gross profit	**31,318**	34,328	29,559	30,349	36,741
Other income, gains and losses	**5,318**	3,966	11,324	1,690	812
Selling expenses	**(2,360)**	(3,872)	(3,611)	(3,475)	(2,755)
Administrative expenses	**(27,179)**	(26,467)	(27,242)	(25,235)	(25,713)
Reversal of/(provision for) expected credit losses on accounts receivable	**72**	151	(581)	5	–
Reversal of/(provision for) expected credit losses on other receivables	**–**	87	(206)	13	–
Other operating expenses	**–**	–	–	(33)	(67)
Profit from operations	**7,169**	8,193	9,243	3,314	9,018
Finance costs	**(816)**	(658)	(717)	(511)	(500)
Share of profit of a joint venture	**269**	228	270	97	144
Profit before income tax	**6,622**	7,763	8,796	2,900	8,662
Taxation	**(2,243)**	(2,701)	(16,464)	(2,205)	(2,430)
Profit/(loss) for the year	**4,379**	5,062	(7,668)	695	6,232

Summary of Financial Information

For the year ended 31 October 2022

	Year ended 31 October				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**87,992**	92,465	91,074	86,992	91,299
Current assets	**84,046**	104,901	105,199	117,615	78,014
Current liabilities	**50,026**	71,229	78,332	72,734	36,856
Net current assets	**34,020**	33,672	26,867	44,881	41,158
Non-current liabilities	**14,334**	9,899	15,656	26,594	26,596
Net assets	**107,678**	116,238	102,285	105,279	105,861

Notes:

1. The consolidated results of the Group for the years ended 31 October 2018, 2019 and 2020 are as set out in the annual reports of the Company for those years. The consolidated results of the Group for the years ended 31 October 2021 and 2022 are as set out on page 35 of the audited consolidated financial statements.

2. The consolidated statement of financial position as at 31 October 2018, 2019 and 2020 are as set out in the annual reports of the Company for those years. The consolidated statement of financial position as at 31 October 2021 and 2022 are as set out on pages 36 to 37 of the audited consolidated financial statements.