



ECO-TEK HOLDINGS LIMITED

環康集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8169)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 JANUARY 2012

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

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This announcement, for which the directors (the “Directors”) of Eco-Tek Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

SUMMARY

- Turnover for the three months ended 31 January 2012 amounted to approximately HK\$32.6 million (2011: HK\$51.6 million), representing a decrease of approximately 37% as compared with last corresponding period.
- Profit attributable to equity holders of the Company for the three months ended 31 January 2012 amounted to approximately HK\$1.1 million (2011: HK\$3.7 million) which represented approximately 71% decrease as compared with last corresponding period.
- Basic earnings per share for the three months ended 31 January 2012 amounted to approximately HK0.17 cents (2011: HK0.56 cents).

UNAUDITED RESULTS

The board of Directors (the “Board”) of Eco-Tek Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 January 2012 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 January 2012

		Three months ended	
		31 January	
	<i>Notes</i>	2012	2011
		HK\$'000	HK\$'000
Revenue	2	32,619	51,584
Cost of sales		(25,932)	(40,853)
Gross profit		6,687	10,731
Other income		262	367
Selling expenses		(898)	(1,034)
Administrative expenses		(5,456)	(5,579)
Profit from operations		595	4,485
Finance costs		—	(229)
Share of profit/(loss) of a jointly controlled entity		624	(11)
Profit before taxation		1,219	4,245
Taxation	3	(160)	(477)
Profit for the period		1,059	3,768
Other comprehensive income for the period			
Exchange gain on translation of financial statements of foreign operations		292	701
Total comprehensive income for the period		1,351	4,469
Profit for the period attributable to:			
Equity holders of the Company		1,080	3,673
Non-controlling interests		(21)	95
		1,059	3,768
Total comprehensive income for the period attributable to:			
Equity holders of the Company		1,379	4,274
Non-controlling interests		(28)	195
		1,351	4,469
Earnings per share for profit attributable to equity holders of the Company during the period			
— Basic	5	HK0.17 cents	HK0.56 cents
— Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 January 2012

	Equity attributable to equity holders of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Capital reserve	Exchange translation reserve	Capital contribution reserve	Retained profits	Proposed final dividend			Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
1 November 2010	6,495	19,586	95	10,825	7,971	102,283	3,897	151,152	5,358	156,510
Total comprehensive income for the period	—	—	—	601	—	3,673	—	4,274	195	4,469
At 31 January 2011	<u>6,495</u>	<u>19,586</u>	<u>95</u>	<u>11,426</u>	<u>7,971</u>	<u>105,956</u>	<u>3,897</u>	<u>155,426</u>	<u>5,553</u>	<u>160,979</u>
1 November 2011	6,495	19,586	95	18,078	7,971	106,786	1,299	160,310	6,733	167,043
Total comprehensive income for the period	—	—	—	299	—	1,080	—	1,379	(28)	1,351
At 31 January 2012	<u>6,495</u>	<u>19,586</u>	<u>95</u>	<u>18,377</u>	<u>7,971</u>	<u>107,866</u>	<u>1,299</u>	<u>161,689</u>	<u>6,705</u>	<u>168,394</u>

Notes:

1. BASIS OF PREPARATION

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

The Group’s unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the GEM Listing Rules. The unaudited consolidated results should be read in conjunction with the audited financial statements and notes thereto for the year ended 31 October 2011 (“2011 Audited Financial Statements”). The significant accounting policies that have been used in the preparation of these unaudited consolidated results are consistent with those followed in the preparation of 2011 Audited Financial Statements. It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated results. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

THE HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 November 2011, the adoption has no material impact on how the results and financial positions of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

2. REVENUE

Revenue, which is also the Group’s turnover, represents the net invoiced value of good sold and service provided, after allowance for returns and trade discount.

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

	Three months ended	
	31 January	
	2012	2011
	HK\$’000	HK\$’000
Industrial environmental products	26,336	42,139
Water supply plant	4,886	5,113
Production of machines	1,397	3,928
General environmental protection related products and services	—	404
	32,619	51,584

3. TAXATION

	Three months ended	
	31 January	
	2012	2011
	HK\$'000	HK\$'000
Current tax		
— Hong Kong	—	179
— The PRC	<u>392</u>	<u>298</u>
	392	477
Deferred tax	<u>(232)</u>	<u>—</u>
Total taxation	<u>160</u>	<u>477</u>

No Hong Kong profits tax has been provided for the three months ended 31 January 2012.

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% on the estimated assessable profits arising in the PRC for the three months ended 31 January 2012 (2011: 25%).

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

4. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 January 2012 (2011: Nil).

5. EARNINGS PER SHARE

The basic earnings per share for the three months ended 31 January 2012 is calculated based on the unaudited consolidated profit attributable to equity holders of the Company for the period of HK\$1,080,000 (2011: HK\$3,673,000) and the weighted average of 649,540,000 (2011: 649,540,000) ordinary shares in issue during the period.

No diluted earnings per share is calculated for the three months ended 31 January 2012 as there were no potential dilutive share outstanding during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

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

Sluggishness in the U.S. economic recovery and escalating sovereign debt crisis in Europe cast a gloomy shadow over international economy. Under the tightening credit and increasing inflation in the China, our customers in the manufacturing sector reduced their orders significantly which resulted in decrease in the turnover of the Group. The Group expects the volatility of the foreign exchange currencies will continue to affect our business and operation. We will continue to take actions including negotiating further discounts from our suppliers in Japan and sourcing supply of new industrial environmental products from the Europe to reduce the Group's concentration in Japanese Yen purchase. As global economic climate clouded with various uncertainties, the Group remains prudent in planning its future strategies and will continue to promote existing industrial environment protection related products through extending the network of our retails shops and explore opportunities in new products markets in PRC. We will monitor the situation cautiously and adjust our development plan accordingly.

The water supply plant in Tianjin has the exclusive right to supply processed water to certain areas inside and near Baodi District of Tianjin City. Under China's 12th Five-Year Plan, an area of 16 square kilometers near Baodi District and within our water supply plant's coverage area was strategically planned to be established as the financial service backup and outsourcing centers to provide services for major financial institutes located in Beijing and Tianjin cities. The Group has confidence that it will have a positive contribution to our water supply plant's future revenue.

Financial review

The Group's turnover for the three months ended 31 January 2012 was HK\$32.6 million, a decrease of 37% as compared with the last corresponding period (2011: HK\$51.6 million) but a slight improvement as compared with the last quarter ended 31 October 2011. It was mainly due to our customers in manufacturing sector reduced their order significantly as global economic climate clouded with various uncertainties.

The Group recorded a net profit attributable to equity shareholders of the Company for the three months ended 31 January 2012 of approximately HK\$1.1 million (2011: HK\$3.7 million).

Gross margin

Gross profit for the three months ended 31 January 2012 was HK\$6.7 million, representing a decrease of 38% as compared with the last corresponding period (2011: HK\$10.7 million). The gross profit margin was 21% for the three months ended 31 January 2012 which maintain stable as compared with the last corresponding period and it was improved slightly as compared with the last quarter ended 31 October 2011.

Expenses

The Group's administrative expenses for the three months ended 31 January 2012 was HK\$5.5 million, representing a decrease of 2% compared with the last corresponding period (2011: HK\$5.6 million). The Group's selling expenses for the three months ended 31 January 2012 was HK\$0.9 million, representing a decrease of 13% compared with the last corresponding period (2011: HK\$1.0 million). There was no finance costs for the three months ended 31 January 2012 (2011: HK\$0.2 million).

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

As at 31 January 2012, 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 POSITION IN ORDINARY SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Capacity	Total Number of ordinary shares held as at 31 January 2012	Percentage of the Company's issued share capital as at 31 January 2012
<i>Non-executive Director and Chairman</i>			
Ms. HUI Wai Man Shirley	Beneficial owner	3,000,000	0.46

Save as disclosed above, as at 31 January 2012, 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 registered required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors or chief executives of the Company, as at 31 January 2012, 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	Percentage of the Company's issued share capital as at 31 January 2012
Cititrust (Cayman) Limited (Note 1)	Through a unit trust and controlled corporation	344,941,200	53.11
Wide Sky Management (PTC) Limited (Note 1)	Through a controlled corporation	344,941,200	53.11
Team Drive Limited (Note 1)	Directly beneficially owned	344,941,200	53.11
The Hong Kong Polytechnic University (Note 2)	Through a controlled corporation	45,360,800	6.98
Advanced New Technology Limited (Note 2)	Directly beneficially owned	45,360,800	6.98
BOS Trust Company (Jersey) Limited (Note 3)	Through a controlled corporation	44,224,000	6.81
Crayne Company Limited (Note 3)	Directly beneficially owned	44,224,000	6.81
Mr. Lee Wai Man	Directly beneficially owned	35,620,000	5.48

Notes:

1. These shares are held by Team Drive Limited which is wholly-owned by Wide Sky Management (PTC) Limited, being the trustee of a unit trust of which the entire issued units are held by Cititrust (Cayman) Limited. By virtue of the SFO, Wide Sky Management (PTC) Limited and Cititrust (Cayman) Limited are deemed to be interested in all the shares held by Team Drive Limited.

2. Advance New Technology Limited is ultimately owned by The Hong Kong Polytechnic University (“PolyU”). By virtue of its interest in Advance New Technology Limited, PolyU is deemed to be interested in all the shares of the Company held by Advance New Technology Limited.
3. The shares are held by Crayne Company Limited, a company wholly-owned by BOS Trust Company (Jersey) Limited as trustee of the Crayne Trust, which is a discretionary trust founded by Dr. Pau Kwok Ping.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased or sold any of the Company’s listed securities during the three months ended 31 January 2012. The Company had not redeemed any of its listed securities during the three months ended 31 January 2012.

COMPETITION AND CONFLICT OF INTEREST

None of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates, as defined in the GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group during the three months ended 31 January 2012.

REMUNERATION COMMITTEE

The Company established a remuneration committee in March 2005. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The remuneration committee comprises four members, Ms. CHAN Siu Ping Rosa, Mr. CHAU Kam Wing Donald, Mr. TAKEUCHI Yutaka and Professor NI Jun, all of them are independent non-executive directors of the Company.

NOMINATION COMMITTEE

The Company established a nomination committee in February 2006. The principal duties of the nomination committee are formulating nomination policy and making recommendations to the Board on nomination and appointment of directors and board succession. The nomination committee comprises four members, Mr. CHAU Kam Wing Donald, Ms. CHAN Siu Ping Rosa, Mr. TAKEUCHI Yutaka and Professor NI Jun, all of them are independent non-executive directors of the Company.

AUDIT COMMITTEE

The Company established an audit committee on 5 December 2001 with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises four members, Ms. CHAN Siu Ping Rosa, Mr. TAKEUCHI Yutaka, Professor NI Jun and Mr. CHAU Kam Wing Donald, who are independent non-executive directors of the Company.

The Group's unaudited results for the three months ended 31 January 2012 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 13 March 2012

As at the date of this announcement, the board of directors comprises Mr. NG Chi Fai and Mr. KWOK Tsun Kee as executive directors; Ms. HUI Wai Man Shirley and Dr. LUI Sun Wing as non-executive directors; Ms. CHAN Siu Ping Rosa, Mr. TAKEUCHI Yutaka, Professor NI Jun and Mr. CHAU Kam Wing Donald as independent non-executive directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the day of its publication and on the Company's website at www.eco-tek.com.hk