

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

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

## Summary

- Revenue for the six months ended 30 April 2018 amounted to HK\$55,133,000 (six months ended 30 April 2017: HK\$48,206,000), representing an increase of approximately 14% as compared with corresponding period.
- Profit attributable to owners of the Company for the six months ended 30 April 2018 amounted to HK\$1,385,000 (six months ended 30 April 2017: HK\$1,298,000).
- Basic earnings per share for the six months ended 30 April 2018 amounted to approximately HK0.21 cent (six months ended 30 April 2017: HK0.2 cent).

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## Unaudited Interim Results

The board of Directors (the "Board") of Eco-Tek Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 April 2018 together with the comparative figures as follows:

### Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 April 2018

	Notes	Three months ended 30 April		Six months ended 30 April	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Revenue</b>	2	<b>23,410</b>	25,397	<b>55,133</b>	48,206
Cost of Sales		<b>(16,139)</b>	(18,496)	<b>(39,396)</b>	(34,713)
<b>Gross profit</b>		<b>7,271</b>	6,901	<b>15,737</b>	13,493
Other income		<b>459</b>	630	<b>524</b>	788
Selling expenses		<b>(866)</b>	(700)	<b>(1,912)</b>	(1,595)
Administrative expenses		<b>(5,328)</b>	(5,269)	<b>(11,120)</b>	(10,482)
<b>Profit from operations</b>	4	<b>1,536</b>	1,562	<b>3,229</b>	2,204
Finance costs		<b>(123)</b>	(123)	<b>(249)</b>	(249)
Share of (loss)/profit of a joint venture		<b>(71)</b>	(288)	<b>146</b>	(81)
<b>Profit before income tax</b>		<b>1,342</b>	1,151	<b>3,126</b>	1,874
Taxation	5	<b>(662)</b>	(177)	<b>(1,543)</b>	(367)
<b>Profit for the period</b>		<b>680</b>	974	<b>1,583</b>	1,507

	Notes	Three months ended 30 April		Six months ended 30 April	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Other comprehensive income for the period</b>					
— Items that may subsequently reclassified to profit and loss					
Exchange gain on translation of financial statements of foreign operations		53	468	1,027	859
Share of other comprehensive income of a joint venture		65	19	195	(73)
		118	487	1,222	786
<b>Total comprehensive income for the period</b>		798	1,461	2,805	2,293
<b>Profit for the period attributable to:</b>					
Owners of the Company		491	836	1,385	1,298
Non-controlling interests		189	138	198	209
		680	974	1,583	1,507
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Company		359	1,257	1,868	1,909
Non-controlling interests		439	204	937	384
		798	1,461	2,805	2,293
<b>Earnings per share attributable to owners of the Company for the period</b>					
— Basic	7	HK0.08 cent	HK0.13 cent	HK0.21 cent	HK0.20 cent
— Diluted		N/A	N/A	N/A	N/A

# Condensed Consolidated Statement of Financial Position

As at 30 April 2018

		As at 30 April 2018 HK\$'000 (Unaudited)	As at 31 October 2017 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	82,442	79,764
Interest in leasehold land		4,910	4,681
Interest in a joint venture		3,712	3,371
Deferred tax assets		884	843
Pledged bank deposits	11	9,020	9,020
		<b>100,968</b>	97,679
<b>Current assets</b>			
Inventories	9	12,861	15,150
Accounts receivable	10	27,960	28,367
Deposits, prepayments and other receivables		5,948	4,539
Tax recoverable		3,799	3,945
Cash and cash equivalents	11	28,448	18,340
		<b>79,016</b>	70,341
<b>Current liabilities</b>			
Accounts and bills payable	12	14,175	10,249
Accrued liabilities receipt in advance and other payables		29,690	25,833
Provision for tax		1,703	327
		<b>45,568</b>	36,409

		<b>As at 30 April 2018</b>	As at 31 October 2017
	<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Audited)
<b>Net current assets</b>		<b>33,448</b>	33,932
<b>Total assets less current liabilities</b>		<b>134,416</b>	131,611
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>7,570</b>	7,570
Loan from a shareholder	13	<b>9,500</b>	9,500
Loans from a minority shareholder	13	<b>9,526</b>	9,526
		<b>26,596</b>	26,596
<b>Net assets</b>		<b>107,820</b>	105,015
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>6,495</b>	6,495
Share premium		<b>19,586</b>	19,586
Capital reserve		<b>95</b>	95
Exchange translation reserve		<b>15,943</b>	15,460
Capital contribution reserve		<b>7,971</b>	7,971
Retained profits		<b>48,503</b>	47,118
		<b>98,593</b>	96,725
<b>Non-controlling interests</b>		<b>9,227</b>	8,290
<b>Total equity</b>		<b>107,820</b>	105,015

## Condensed Consolidated Statement of Cash Flows (Unaudited)

	Six months Ended 30 April	
	2018 HK\$'000	2017 HK\$'000
Net cash generated from/(used in) operating activities	14,949	(1,721)
Net cash used in investing activities	(634)	(335)
Net cash used in financing activities	(249)	(250)
Increase/(decrease) in cash and cash equivalents	14,066	(2,306)
Effect of foreign exchange rate changes	(3,958)	345
Cash and cash equivalents at beginning of the period	18,340	16,796
Cash and cash equivalents at end of the period	28,448	14,835

# Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 April 2018

	Equity attributable to owners of the Company							Non-	Total
	Share capital	Share premium	Capital reserve	Exchange	Capital	Retained profits	Total	controlling interests	equity
				translation reserve	contribution reserve				
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 November 2016	6,495	19,586	95	11,935	7,971	41,982	88,064	6,980	95,044
Profit for the period	-	-	-	-	-	1,298	1,298	209	1,507
Other comprehensive income for the period	-	-	-	611	-	-	611	175	786
<b>Total comprehensive income for the period</b>	-	-	-	611	-	1,298	1,909	384	2,293
<b>At 30 April 2017</b>	<b>6,495</b>	<b>19,586</b>	<b>95</b>	<b>12,546</b>	<b>7,971</b>	<b>43,280</b>	<b>89,973</b>	<b>7,364</b>	<b>97,337</b>
At 1 November 2017	6,495	19,586	95	15,460	7,971	47,118	96,725	8,290	105,015
Profit for the period	-	-	-	-	-	1,385	1,385	198	1,583
Other comprehensive income for the period	-	-	-	483	-	-	483	739	1,222
<b>Total comprehensive income for the period</b>	-	-	-	483	-	1,385	1,868	937	2,805
<b>At 30 April 2018</b>	<b>6,495</b>	<b>19,586</b>	<b>95</b>	<b>15,943</b>	<b>7,971</b>	<b>48,503</b>	<b>98,593</b>	<b>9,227</b>	<b>107,820</b>



# Notes to the Consolidated Financial Statements (Unaudited)

## 1. BASIS OF PREPARATION

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

The unaudited consolidated financial statements for the six months ended 30 April 2018 are presented in Hong Kong dollars ("HK\$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries are HK\$.

The unaudited consolidated financial statements for the six months ended 30 April 2018 are prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institutes of Certified Public Accountants ("HKICPA") and the disclosure requirements of the GEM Listing Rules.

The unaudited consolidated financial statements should be read in conjunction with audited consolidated financial statements and notes thereto for the year ended 31 October 2017 ("2017 Audited Consolidated Financial Statements"). The significant accounting policies that have been used in the preparation of these unaudited consolidated financial statements are consistent with those followed in the preparation of 2017 Audited Consolidated Financial Statements. It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting period beginning on 1 November 2017, the adoption of the new HKFRSs had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group's results and financial position.

## 2. REVENUE

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

	Three months ended 30 April		Six months ended 30 April	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Water supply plant	5,140	4,439	10,627	9,104
General environmental protection related products and services	272	202	696	474
Industrial environmental products	17,998	20,756	43,810	38,628
	<b>23,410</b>	<b>25,397</b>	<b>55,133</b>	<b>48,206</b>

## 3. SEGMENT INFORMATION

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

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

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

	Water supply plant		General environmental protection related products and services		Industrial environmental products		Total	
	Six months ended 30 April		Six months ended 30 April		Six months ended 30 April		Six months ended 30 April	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue from external customers	10,627	9,104	696	474	43,810	38,628	55,133	48,206
Reportable segment revenue	10,627	9,104	696	474	43,810	38,628	55,133	48,206
Reportable segment profit	2,703	2,229	297	126	10,825	9,543	13,825	11,898
Depreciation	2,171	4,151	42	11	118	89	2,331	4,251
Provision of slow moving inventories	-	-	-	-	215	-	215	-
Additions to non-current segment assets during the period	43	330	-	-	591	5	634	335
Reportable segment assets	115,962	97,147	2,329	1,948	51,595	49,479	169,886	148,574
Reportable segment liabilities	15,023	5,413	619	461	28,059	26,924	43,701	32,798

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

	<b>Six months ended 30 April</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Reportable segment revenue	<b>55,133</b>	48,206
Group revenue	<b>55,133</b>	48,206
Reportable segment profit	<b>13,825</b>	11,898
Other corporate expenses	<b>(10,596)</b>	(9,693)
Finance costs	<b>(249)</b>	(250)
Share of profit/(loss) of a joint venture	<b>146</b>	(81)
Profit before income tax	<b>3,126</b>	1,874
Reportable segment assets	<b>169,886</b>	148,574
Interest in a joint venture	<b>3,713</b>	3,138
Tax recoverable	<b>3,799</b>	4,720
Other corporate assets	<b>2,586</b>	2,624
Group assets	<b>179,984</b>	159,056
Reportable segment liabilities	<b>43,701</b>	32,798
Loan from a shareholder	<b>9,500</b>	9,500
Loan from a minority shareholder	<b>9,526</b>	9,526
Other corporate liabilities	<b>9,437</b>	9,895
Group liabilities	<b>72,164</b>	61,719

#### 4. PROFIT FROM OPERATIONS

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

	Three months ended 30 April		Six months ended 30 April	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Auditor's remuneration				
— Provision for the period	250	225	450	450
Amortisation of interest in leasehold land	21	19	42	39
Cost of inventories recognised as expenses, including	15,122	16,362	36,850	30,160
— (Reversal of)/provision for slow-moving inventories	(180)	—	215	—
Depreciation of property, plant and equipment	1,197	2,126	2,331	4,251
Exchange (gain)/loss, net	(7)	8	(31)	302
Operating lease charges in respect of land and buildings	639	493	1,132	972
Staff costs (including directors' remuneration)				
— Wages and salaries	2,775	2,991	6,250	5,894
— Pension scheme contributions	287	310	566	566
	<b>3,062</b>	3,301	<b>6,816</b>	6,460

## 5. TAXATION

	Three months ended 30 April		Six months ended 30 April	
	2018	2017	2018	2017
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current tax for the period:				
— PRC	603	—	1,397	—
— Hong Kong	59	177	146	367
	<b>662</b>	177	<b>1,543</b>	367

Hong Kong profits tax has been provided for at 16.5% on the estimated assessable profit for the six months ended 30 April 2018 and 2017.

The subsidiaries of the Company established in the PRC are subject to the PRC Enterprise Income Tax ("EIT"). EIT has been provided at the rate of 25% on the estimated assessable profits arising in the PRC for the six months ended 30 April 2018 and 2017. No provision for EIT has been made for current and prior periods as the Group has no assessable profit arising in the PRC.

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

A subsidiary of the Group established and operating in Macau, was exempted from Macau complementary profits tax for the six months ended 30 April 2018 and 2017 according to the relevant laws and regulation in Macau.

## 6. INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 April 2018 (2017: Nil).

## 7. EARNINGS PER SHARE

The basic earnings per share for the period are calculated based on the following data:

Three months ended 30 April		Six months ended 30 April	
2018	2017	2018	2017
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	491	836	1,385	1,298
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Number of shares			
Three months ended 30 April		Six months ended 30 April	
2018	2017	2018	2017
'000	'000	'000	'000

Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	649,540	649,540	649,540	649,540
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No diluted earnings per share is calculated for the three months and six months ended 30 April 2018 and 2017 as there was no dilutive potential ordinary share in existence.

## 8. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Office equipment	Plant molds and machinery	Furniture and fixtures	Building and structure	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

### Six months ended 30 April 2018

Opening net book value	471	194	4,249	13	74,837	79,764
Additions	-	554	63	17	-	634
Depreciation	(91)	(30)	(556)	(3)	(1,651)	(2,331)
Translation difference	14	6	227	-	4,128	4,375

Closing net carrying amount	394	724	3,983	27	77,314	82,442
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### At 30 April 2018

Cost	2,617	2,217	40,255	873	114,036	159,998
Accumulated depreciation	(2,223)	(1,493)	(36,272)	(846)	(36,722)	(77,556)

Net carrying amount	394	724	3,983	27	77,314	82,442
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## 9. INVENTORIES

	<b>As at 30 April 2018 HK\$'000 (Unaudited)</b>	<b>As at 31 October 2017 HK\$'000 (Audited)</b>
Merchandise	<b>24,054</b>	26,128
Provision for slow-moving inventories	<b>(11,193)</b>	(10,978)
	<b>12,861</b>	15,150

## 10. ACCOUNTS RECEIVABLE

	<b>As at 30 April 2018 HK\$'000 (Unaudited)</b>	<b>As at 31 October 2017 HK\$'000 (Audited)</b>
Accounts receivables	<b>27,960</b>	28,473
Less: Provision for impairment loss	–	(106)
	<b>27,960</b>	28,367

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

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

	<b>As at 30 April 2018 HK\$'000 (Unaudited)</b>	<b>As at 31 October 2017 HK\$'000 (Audited)</b>
Outstanding balances with ages:		
Within 90 days	<b>22,649</b>	25,432
91–180 days	<b>3,306</b>	1,154
181–365 days	<b>1,169</b>	1,770
Over 365 days	<b>836</b>	117
	<b>27,960</b>	28,473

## 11. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	<b>As at 30 April 2018 HK\$'000 (Unaudited)</b>	<b>As at 31 October 2017 HK\$'000 (Audited)</b>
Cash at bank and in hand	<b>37,468</b>	27,360
Less: pledged bank deposits for banking facilities	<b>(9,020)</b>	(9,020)
Cash and bank equivalents	<b>28,448</b>	18,340
Pledged bank deposits analysed for reporting purposes as non-current assets	<b>9,020</b>	9,020

## 12. ACCOUNTS AND BILLS PAYABLE

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

	<b>As at 30 April 2018 HK\$'000 (Unaudited)</b>	<b>As at 31 October 2017 HK\$'000 (Audited)</b>
Outstanding balances with ages:		
Within 90 days	<b>13,663</b>	9,933
91–180 days	<b>423</b>	40
Over 180 days	<b>89</b>	276
	<b>14,175</b>	10,249



### 13. LOAN FROM A SHAREHOLDER AND A MINORITY SHAREHOLDER

The loans were unsecured and interest-free expect for loan from a shareholder of HK\$9,500,000 which was interest bearing at 5.25% per annum (31 October 2017: 5.25% per annum). They were not repayable within twelve months from the reporting dates as at 30 April 2018 and 31 October 2017 respectively.

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

### 14. RELATED PARTY TRANSACTIONS

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

	Three months ended 30 April		Six months ended 30 April	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Salaries				
Allowances and benefits in kind	945	1,058	2,173	2,074
Pension scheme contributions	14	14	27	27
	<b>959</b>	1,072	<b>2,200</b>	2,101

# Management Discussion and Analysis

## Business Review and Prospects

The revenue of the Group for the six months ended 30 April 2018 increased by 14% to HK\$55,133,000 when compared with that of the last correspondence period (six months ended 30 April 2017: HK\$48,206,000) as the sales of our industrial environmental products business and water supply business increased. According to the announcement from China's National Bureau of Statistics, the Manufacturing Purchasing Managers' Index ("PMI") was 51.9 in May of 2018 which has been the highest PMI figure since October 2017 indicating the expansion of PRC manufacturers' purchasing activities. In the process of transforming the Chinese economy to the "new normal" era with the new growth model emphasizing domestic consumption and quality, there are risks of decline in demand of low-end machinery and equipment but also opportunities under the national strategies of "Energy Conservation and Emission Reduction". Leverage on the Group's past experience in this area, the Group will source supply of new products or services which fulfil the policy of energy conservation and emission reduction in PRC, although we will monitor the situation cautiously and adjust our development plan accordingly.

The water supply plant in Tianjin has the exclusive right to supply processed water to certain areas inside and near Baodi District of Tianjin City including Jing-Jin New City. Under the Beijing-Tangshan Intercity Railways and Tianjin Binhai New Area Intercity Railway (together as the "New Intercity Railways"), the construction works of Baodi Station was started. It was believed that the completion of the New Intercity Railways will promote the integrative and cooperative economic development of the Baodi District and Jing-Jin New City which will benefit our water supply plant. Together with the plan of Tianjin Financial Valley inside Jing-Jin New City and within our water supply plant's coverage area, the Group has confidence that this will be positive for our water supply plant's future development.

## Financial Review

The Group's revenue for the six months ended 30 April 2018 was HK\$55,133,000, an increase of 14% as compared with the corresponding period (six month period ended 30 April 2017: HK\$48,206,000). It was due to the increase in sales of our industrial environmental product business and water supply business.

The gross profit of the Group for the six months ended 30 April 2018 was amounted to HK\$15,737,000 represented an increase of 17% when compared with that of the corresponding period (six months ended 30 April 2017: HK\$13,493,000) under the increase of the revenue of the industrial environmental products business and water supply business. The gross profit margin of the Group for the six months ended 30 April 2018 was 29% which was slightly higher than that of the corresponding period (six months ended 30 April 2017: 28%).

The Group's administrative expenses for the six months ended 30 April 2018 was amounted to HK\$11,120,000, represented an increase of 6% when compared with that of the corresponding period (six months ended 30 April 2017: HK\$10,482,000) due to appreciation of RMB and increase of staff related cost. The Group's selling expenses for six months ended 30 April 2018 was amounted to HK\$1,912,000, represented an increase of 20% compared with that of the corresponding period (six months ended 30 April 2017: HK\$1,595,000) due to appreciation of RMB and increase of marketing and travelling expenses.

The Group recorded a profit attributable to owners of the Company amounted to HK\$1,385,000 for the six months ended 30 April 2018 (six months ended 30 April 2017: HK\$1,298,000).

## Liquidity and Finance Resources

During the period under the review, the Group financed its operations by internally generated cash flow, banking facilities provided by banks and loans from shareholders. As at 30 April 2018, the Group had net current assets of HK\$33,448,000 (31 October 2017: HK\$33,932,000) including bank balances and cash of approximately HK\$28,448,000 (31 October 2017: HK\$18,340,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.7 as at 30 April 2018 (31 October 2017: 1.9). The Group's inventory turnover was about 59 days (31 October 2017: 64 days). The Group's accounts receivable turnover was about 92 days (31 October 2017: 98 days).

## Capital Structure

The shares of the Company were listed on the GEM board of the Stock Exchange on 5 December 2001. Except for the share options under the pre-IPO share option scheme were exercised at the exercise price of HK\$0.01 per share, resulting in the issue of 96,740,000 ordinary shares of HK\$0.01 each for a total consideration of HK\$967,000 in November 2005, there has been no material change in the capital structure of the Company since that date. The capital of the Group comprises only ordinary shares.

## Gearing ratio

The gearing ratio (define as the total borrowing over total equity, including minority interests) as at 30 April 2018 was 18% (31 October 2017: 18%).

## Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement.

## Foreign Exchange Exposure

The Group's purchases are denominated in Japanese Yen, Sterling Pounds, Euro and US Dollars. The sales of the Group are predominantly in RMB and Hong Kong Dollars. The Group will review and monitor from time to time the risk relating to foreign exchanges.

## Charge on Group assets and contingent liabilities

As at 30 April 2018, the Group had pledged its bank deposits of approximately HK\$9 million (31 October 2017: HK\$9 million) to secure its banking facilities. Save as aforesaid, the Group did not have any other significant contingent liabilities as at 30 April 2018 (31 October 2017: Nil).

## **Information on Employees**

As at 30 April 2018, the Group had 65 employees (2017: 65) working in Hong Kong and PRC. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident funds contributions) for the six months ended 30 April 2018 amounted to approximately HK\$6.8 million (for the six months ended 30 April 2017: HK\$6.5 million). The dedication and hard work of the Group's staff during the six months ended 30 April 2018 are generally appreciated and recognized.

## **Contingent liabilities**

The Group had no material contingent liabilities at 30 April 2018 (31 October 2017: Nil).

## **Material acquisitions, disposal of subsidiaries and affiliated companies**

During the six months ended 30 April 2018, the Group did not have any material acquisitions, disposals of subsidiaries and affiliated companies.

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

As at 30 April 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### **Aggregate long positions in ordinary shares and underlying shares of the Company**

As at 30 April 2018, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

So far as is known to the Directors or chief executives of the Company, as at 30 April 2018, the following persons (other than Directors or chief executives of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Long positions in ordinary shares of the Company

Name	Capacity and nature of interest	Number of ordinary shares held as at 30 April 2018	% to the Company's issued shares as at 30 April 2018
Virtue Trustees (Switzerland) AG	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management Limited ( <i>Note 1</i> )	Through a controlled corporation	344,621,200	53.06
Team Drive Limited ( <i>Note 1</i> )	Directly beneficially owned	344,621,200	53.06
BOS Trustee Limited ( <i>Note 2</i> )	Through a controlled corporation	44,224,000	6.81
Crayne Company Limited ( <i>Note 2</i> )	Directly beneficially owned	44,224,000	6.81
Mr. Lee Wai Man	Directly beneficially owned	35,620,000	5.48

#### Notes:

- These shares are held by Team Drive Limited which is wholly-owned by Wide Sky Management Limited, being the trustee of a unit trust of which the entire issued units are held by Virtue Trustees (Switzerland) AG. By virtue of the SFO, Wide Sky Management Limited and Virtue Trustees (Switzerland) AG are deemed to be interested in all the shares held by Team Drive Limited.
- The shares are held by Crayne Company Limited, a company wholly-owned by BOS Trustee Limited as trustee of the Crayne Trust, which is a discretionary trust founded by Dr. Pau Kwok Ping.

## **Purchase, Redemption or Sale of Listed Securities of The Company**

Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the six months ended 30 April 2018. The Company and its subsidiaries did not redeem any of its listed securities during the six months ended 30 April 2018.

## **Code of Conduct Regarding Securities Transactions by Directors**

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors who have confirmed their compliance with required standard set out in the Securities Code during the six months ended 30 April 2018.

## **Corporate Governance**

The Company has complied with all the code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in the Appendix 15 of the GEM Listing Rules throughout the six months ended 30 April 2018 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. Professor NI Jun, the independent non-executive director, was unable to attend the annual general meeting of the Company held on 19 April 2018 (the "AGM") as he was out of Hong Kong.

## **Competition and Conflict of Interest**

None of the directors, the management shareholders or substantial shareholders of the Company or any of its respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during six months ended 30 April 2018.



## Remuneration Committee

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

## Nomination Committee

The Company established a nomination committee in February 2006. The principal duties of the nomination committee are to formulate nomination policy and make recommendation to the Board on nomination and appointment of the directors and board succession. The chairman of the nomination committee is Mr. CHAU Kam Wing Donald and other members include Ms. CHAN Siu Ping Rosa and Professor NI Jun, all of them are independent non-executive directors of the Company.

## Audit Committee

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

The Group's unaudited results for the three months and six months ended 30 April 2018 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By Order of the Board  
**Eco-Tek Holdings Limited**  
**WU Cheng-wei**  
*Chairman*

Hong Kong, 12 June 2018

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