



## **ECO-TEK HOLDINGS LIMITED**

**環康集團有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8169)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 JULY 2018**

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

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

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

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*This 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 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 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 purposes only

## SUMMARY

- Revenue for the nine months ended 31 July 2018 amounted to HK\$84,260,000 (nine months ended 31 July 2017: HK\$78,703,000), representing an increase of approximately 7% as compared with corresponding period.
- Profit attributable to owners of the Company for the nine months ended 31 July 2018 amounted to HK\$2,917,000 (nine months ended 31 July 2017: HK\$2,887,000).
- Basic earnings per share for the nine months ended 31 July 2018 amounted to approximately HK0.45 cent (nine months ended 31 July 2017: HK0.44 cent).

## UNAUDITED THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of Eco-Tek Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 July 2018 together with the comparative figures as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

*For the nine months ended 31 July 2018*

	Notes	Three months ended 31 July		Nine months ended 31 July	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Revenue</b>	2	<b>29,127</b>	30,497	<b>84,260</b>	78,703
Cost of Sales		<b>(20,322)</b>	(22,579)	<b>(59,718)</b>	(57,292)
<b>Gross profit</b>		<b>8,805</b>	7,918	<b>24,542</b>	21,411
Other income		<b>697</b>	347	<b>1,221</b>	1,135
Selling expenses		<b>(1,348)</b>	(747)	<b>(3,260)</b>	(2,342)
Administrative expenses		<b>(5,524)</b>	(5,271)	<b>(16,644)</b>	(15,753)
<b>Profit from operations</b>		<b>2,630</b>	2,247	<b>5,859</b>	4,451
Finance costs		<b>(124)</b>	(124)	<b>(373)</b>	(373)
Share of (loss)/profit of a joint venture		<b>(130)</b>	(215)	<b>16</b>	(296)
<b>Profit before income tax</b>		<b>2,376</b>	1,908	<b>5,502</b>	3,782
Taxation	3	<b>(517)</b>	(107)	<b>(2,060)</b>	(474)
<b>Profit for the period</b>		<b>1,859</b>	1,801	<b>3,442</b>	3,308

	Three months ended		Nine months ended	
	31 July		31 July	
	2018	2017	2018	2017
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other comprehensive income for the period</b>				
— Items that may subsequently reclassified to profit and loss				
Exchange (loss)/gain on translation of financial statements of foreign operations	(2,718)	280	(1,691)	1,139
Share of other comprehensive income of a joint venture	(220)	80	(25)	7
	<u>(2,938)</u>	<u>360</u>	<u>(1,716)</u>	<u>1,146</u>
<b>Total comprehensive income for the period</b>	<b><u>(1,079)</u></b>	<b><u>2,161</u></b>	<b><u>1,726</u></b>	<b><u>4,454</u></b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	1,532	1,589	2,917	2,887
Non-controlling interests	327	212	525	421
	<u>1,859</u>	<u>1,801</u>	<u>3,442</u>	<u>3,308</u>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	(557)	1,667	1,311	3,576
Non-controlling interests	(522)	494	415	878
	<u>(1,079)</u>	<u>2,161</u>	<u>1,726</u>	<u>4,454</u>
<b>Earnings per share attributable to owners of the Company for the period</b>				
— Basic	5 <b>HK0.24 cent</b>	HK0.24 cent	<b>HK0.45 cent</b>	HK0.44 cent
— Diluted	<b>N/A</b>	N/A	<b>N/A</b>	N/A

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

*For the nine months ended 31 July 2018*

	Equity attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange translation reserve	Capital contribution reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'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	-	-	-	-	-	2,887	2,887	421	3,308
Other comprehensive income for the period	-	-	-	689	-	-	689	457	1,146
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>689</b>	<b>-</b>	<b>2,887</b>	<b>3,576</b>	<b>878</b>	<b>4,454</b>
<b>At 31 July 2017</b>	<b>6,495</b>	<b>19,586</b>	<b>95</b>	<b>12,624</b>	<b>7,971</b>	<b>44,869</b>	<b>91,640</b>	<b>7,858</b>	<b>99,498</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	-	-	-	-	-	2,917	2,917	525	3,442
Other comprehensive income for the period	-	-	-	(1,606)	-	-	(1,606)	(110)	(1,716)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,606)</b>	<b>-</b>	<b>2,917</b>	<b>1,311</b>	<b>415</b>	<b>1,726</b>
<b>At 31 July 2018</b>	<b>6,495</b>	<b>19,586</b>	<b>95</b>	<b>13,854</b>	<b>7,971</b>	<b>50,035</b>	<b>98,036</b>	<b>8,705</b>	<b>106,741</b>

## NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (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 nine months ended 31 July 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 nine months ended 31 July 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:

	<b>Three months ended 31 July</b>		<b>Nine months ended 31 July</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>HK\$’000</b>	HK\$’000	<b>HK\$’000</b>	HK\$’000
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Water supply plant	<b>7,149</b>	5,963	<b>17,776</b>	15,067
General environmental protection related products and services	<b>227</b>	237	<b>923</b>	711
Industrial environmental products	<b>21,751</b>	24,297	<b>65,561</b>	62,925
	<b>29,127</b>	30,497	<b>84,260</b>	78,703

### 3. TAXATION

	Three months ended 31 July		Nine months ended 31 July	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax for the period:				
— PRC	425	—	1,822	—
— Hong Kong	92	107	238	474
	<u>517</u>	<u>107</u>	<u>2,060</u>	<u>474</u>

Hong Kong profits tax has been provided for at 16.5% on the estimated assessable profit for the nine months ended 31 July 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 nine months ended 31 July 2018 and 2017. No provision for EIT has been made for prior period 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 nine months ended 31 July 2018 and 2017 according to the relevant laws and regulation in Macau.

### 4. INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 31 July 2018 (2017: Nil).

### 5. EARNINGS PER SHARE

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

	Three months ended 31 July		Nine months ended 31 July	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>1,532</u>	<u>1,589</u>	<u>2,917</u>	<u>2,887</u>
	<b>Number of shares</b>			
	Three months ended 31 July		Nine months ended 31 July	
	2018	2017	2018	2017
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>649,540</u>	<u>649,540</u>	<u>649,540</u>	<u>649,540</u>

No diluted earnings per share is calculated for the three months and nine months ended 31 July 2018 and 2017 as there was no dilutive potential ordinary share in existence.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Prospects

The revenue of the Group for the nine months ended 31 July 2018 increased by 7% to HK\$84,260,000 when compared with that of the last correspondence period (nine months ended 31 July 2017: HK\$78,703,000) as the sales of our industrial environmental product business and water supply business both were increased.

The Caixin Manufacturing Purchasing Managers' Index ("Caixin PMI") decreased to 50.6 in August from July's 50.8, matching economists' forecasts. Though the Caixin PMI remained above the 50-point mark that separates growth from contraction for the 15th consecutive month, it was the weakest since June 2017. Under the slow-down in global economic and the liquidity tightening policy in China, domestic demands becomes the major driving forces for China's economy. The future growth in domestic economy is uncertain under the recent trade war between China and United State. 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. The water supply business's revenue increased because our water supply plant has started to supply water to a new area, namely Baodi Jingjin Guoji ShiCai Zongbu Jidi 寶坻京津國際石材總部基地. 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 nine months ended 31 July 2018 was HK\$84,260,000, an increase of 7% as compared with the corresponding period (nine month period ended 31 July 2017: HK\$78,703,000). It was due to the increase in the sales of our industrial environmental product business and water supply business.

The gross profit of the Group for the nine months ended 31 July 2018 was amounted to HK\$24,542,000 represented an increase of 15% when compared with that of the corresponding period (nine months ended 31 July 2017: HK\$21,411,000) 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 nine months ended 31 July 2018 was 29% which was higher than that of the corresponding period (nine months ended 31 July 2017: 27%) due to the depreciation of Japanese yen, one of major currency adopted in purchasing activities under our industrial environmental product business.

The Group's selling expenses for nine months ended 31 July 2018 was amounted to HK\$3,260,000, represented an increase of 39% compared with that of the corresponding period (nine months ended 31 July 2017: HK\$2,342,000) due to increase of marketing expenses. The Group's administrative expenses for the nine months ended 31 July 2018 was amounted to HK\$16,644,000, represented an increase of 6% when compared with that of the corresponding period (nine months ended 31 July 2017: HK\$15,753,000) due to increase of staff related cost and rental expense.

The Group recorded a profit attributable to owners of the Company amounted to HK\$2,917,000 for the nine months ended 31 July 2018 (nine months ended 31 July 2017: HK\$2,887,000).

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

As at 31 July 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 31 July 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 31 July 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 31 July 2018	% to the Company's issued shares as at 31 July 2018
Virtue Trustees (Switzerland) AG ( <i>Note 1</i> )	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:

1. 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.
2. 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 nine months ended 31 July 2018. The Company and its subsidiaries did not redeem any of its listed securities during the nine months ended 31 July 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 nine months ended 31 July 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 nine months ended 31 July 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 nine months ended 31 July 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 nine months ended 31 July 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, 11 September 2018

*As at the date of this announcement, 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.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website for 7 days from the date of publication and on the Company's website at [www.eco-tek.com.hk](http://www.eco-tek.com.hk).*