



ECO-TEK HOLDINGS LIMITED

環康集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8169)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 OCTOBER 2018

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* For identification purposes only

SUMMARY

- Revenue for the year ended 31 October 2018 amounted to approximately HK\$102,352,000 (2017: HK\$105,454,000), representing a decrease of approximately 3% as compared with preceding year.
- Profit attributable to owners of the Company for the year ended 31 October 2018 amounted to HK\$4,847,000 (profit attributable to owners of the Company for the year ended 31 October 2017: HK\$5,136,000).
- Basic earnings per share for the year ended 31 October 2018 amounted to approximately HK0.75 cent (basic earnings per share for the year ended 31 October 2017: HK0.79 cent).

CONSOLIDATED RESULTS

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	4	102,352	105,454
Cost of Sales		(65,611)	(74,336)
Gross profit		36,741	31,118
Other income	5	812	1,881
Selling expenses		(2,755)	(2,269)
Administrative expenses		(25,713)	(22,540)
Other operating expenses		(67)	(131)
Profit from operations	6	9,018	8,059
Finance costs		(500)	(511)
Share of profit of a joint venture		144	18
Profit before income tax		8,662	7,566
Taxation	7	(2,430)	(1,803)
Profit for the year		6,232	5,763

	<i>Note</i>	2018 HK\$'000	2017 <i>HK\$'000</i>
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		(5,293)	4,147
Share of other comprehensive income of a joint venture		(93)	61
		(5,386)	4,208
Total comprehensive income for the year		846	9,971
Profit for the year attributable to:			
Owners of the Company		4,847	5,136
Non-controlling interests		1,385	627
		6,232	5,763
Total comprehensive income for the year attributable to:			
Owners of the Company		218	8,661
Non-controlling interests		628	1,310
		846	9,971
Earnings per share attributable to owners of the Company			
— Basic	9	HK0.75 cent	HK0.79 cent
— Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		73,958	79,764
Interest in leasehold land		4,385	4,681
Interest in a joint venture		3,422	3,371
Deferred tax assets		514	843
Pledged bank deposits		9,020	9,020
		<hr/> 91,299 <hr/>	<hr/> 97,679 <hr/>
Current assets			
Inventories		20,471	15,150
Accounts receivable	<i>10</i>	15,638	28,367
Deposits, prepayments and other receivables		4,343	4,539
Tax recoverable		3,667	3,945
Cash and cash equivalents		33,895	18,340
		<hr/> 78,014 <hr/>	<hr/> 70,341 <hr/>
Current liabilities			
Accounts and bills payable	<i>11</i>	10,407	10,249
Accrued liabilities, receipts in advance and other payables		26,293	25,833
Provision for tax		156	327
		<hr/> 36,856 <hr/>	<hr/> 36,409 <hr/>
Net current assets		<hr/> 41,158 <hr/>	<hr/> 33,932 <hr/>
Total assets less current liabilities		<hr/> 132,457 <hr/>	<hr/> 131,611 <hr/>
Non-current liabilities			
Deferred tax liabilities		7,570	7,570
Loan from a shareholder	<i>12</i>	9,500	9,500
Loan from a minority shareholder	<i>12</i>	9,526	9,526
		<hr/> 26,596 <hr/>	<hr/> 26,596 <hr/>
Net assets		<hr/> 105,861 <hr/>	<hr/> 105,015 <hr/>

	<i>Note</i>	2018 HK\$'000	2017 <i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>13</i>	6,495	6,495
Share premium		19,586	19,586
Capital reserve		95	95
Exchange translation reserve		10,831	15,460
Capital contribution reserve		7,971	7,971
Retained profits		51,965	47,118
		96,943	96,725
Non-controlling interests		8,918	8,290
Total equity		105,861	105,015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 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	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 year	-	-	-	-	-	5,136	5,136	627	5,763
Other comprehensive income for the year	-	-	-	3,525	-	-	3,525	683	4,208
Total comprehensive income for the year	-	-	-	3,525	-	5,136	8,661	1,310	9,971
At 31 October 2017 and 1 November 2017	6,495	19,586	95	15,460	7,971	47,118	96,725	8,290	105,015
Profit for the year	-	-	-	-	-	4,847	4,847	1,385	6,232
Other comprehensive income for the year	-	-	-	(4,629)	-	-	(4,629)	(757)	(5,386)
Total comprehensive income for the year	-	-	-	(4,629)	-	4,847	218	628	846
At 31 October 2018	6,495	19,586	95	10,831	7,971	51,965	96,943	8,918	105,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Eco-Tek Holdings Limited 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 consolidated financial statements 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 consolidated financial statements for the year ended 31 October 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.

2. ADOPTION OF NEW OR 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 2017.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS12, Disclosure of Interests in Other Entities

The adoption of these new/revised standards and amendments has no significant impact on how the Group's financial performance and financial positions for the current and prior years have been prepared and presented.

At the date of authorisation of these consolidated financial statements, certain new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

The Group is in the process of making an assessment of the potential impact of the 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 consistently applied to all 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.

4. REVENUE AND SEGMENT REPORTING

Revenue, which is also the Group's turnover, recognised during the year comprised the followings:

	2018 HK\$'000	2017 <i>HK\$'000</i>
Sales of goods	78,854	85,123
Supply of water	23,498	20,331
	102,352	105,454

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:

- General environmental protection related products and services : Sale of particulate removal devices and related ancillary services in the PRC
- Industrial environmental products : Sale of hydraulic 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.

	General environmental protection related products and services		Industrial environmental products		Water supply plant		Total	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue from external customers	983	1,138	77,871	83,985	23,498	20,331	102,352	105,454
Reportable segment revenue	983	1,138	77,871	83,985	23,498	20,331	102,352	105,454
Reportable segment profit	413	352	22,809	22,808	10,764	5,689	33,986	28,849
Other segment information								
Interest income	6	2	6	5	57	22	69	29
Depreciation and amortisation	(9)	(25)	(391)	(183)	(3,877)	(5,613)	(4,277)	(5,821)
Reversal of provision for slow-moving inventories, net	25	–	1,254	326	–	–	1,279	326
Impairment loss on accounts receivable	–	–	(698)	–	–	–	(698)	–
Additions to non-current assets	13	5	767	112	351	638	1,131	755
Reportable segment assets	12,151	12,022	45,979	43,432	103,270	104,048	161,400	159,502
Reportable segment liabilities	1,227	1,271	22,818	21,772	7,556	7,616	31,601	30,659

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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Reportable segment revenue	<u>102,352</u>	<u>105,454</u>
Group revenue	<u><u>102,352</u></u>	<u><u>105,454</u></u>
Reportable segment profit	33,986	28,849
Other corporate expenses	(24,968)	(20,790)
Finance costs	(500)	(511)
Share of profit of a joint venture	<u>144</u>	<u>18</u>
Profit before income tax	<u><u>8,662</u></u>	<u><u>7,566</u></u>
Reportable segment assets	161,400	159,502
Interest in a joint venture	3,422	3,371
Tax recoverable	3,667	3,945
Other corporate assets	<u>824</u>	<u>1,202</u>
Group assets	<u><u>169,313</u></u>	<u><u>168,020</u></u>
Reportable segment liabilities	31,601	30,659
Deferred tax liabilities	7,570	7,570
Loan from a shareholder	9,500	9,500
Loan from a minority shareholder	9,526	9,526
Other corporate liabilities	<u>5,255</u>	<u>5,750</u>
Group liabilities	<u><u>63,452</u></u>	<u><u>63,005</u></u>

Other corporate expenses mainly include staff costs, Directors' emoluments and office rental expenses for administration purpose.

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

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	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Hong Kong (domicile)	3,806	9,751	2,448	2,591
PRC	93,358	89,488	74,791	80,746
Other	5,188	6,215	4,526	4,479
	<u>102,352</u>	<u>105,454</u>	<u>81,765</u>	<u>87,816</u>

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.

There is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the year ended 31 October 2018. Revenue derived from the largest customer of the Group's industrial environmental products segment amounted to approximately HK\$11,030,000 or 10% of the Group's total revenue for the year ended 31 October 2017.

5. OTHER INCOME

	2018 HK\$'000	2017 HK\$'000
Government subsidies (<i>note a</i>)	–	267
Bank interest income	69	29
Agency income (<i>note b</i>)	675	1,330
Sundry income	68	255
	<u>812</u>	<u>1,881</u>

Notes:

- Government subsidies represented the subsidies received from the local PRC government in support of the business operation. There was no condition to be fulfilled by the Group in relation to the subsidies.
- Agency income represented agency fee charged to independent service providers for subcontracting the installation service of water meters for the Group's customers.

6. PROFIT FROM OPERATIONS

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Auditor's remuneration		
— Provision for the year	700	680
Amortisation of interest in leasehold land	125	119
Cost of inventories recognised as expense*, including	65,611	74,336
— Reversal of provision for slow-moving inventories, net	(1,279)	(326)
Depreciation of property, plant and equipment	4,152	5,702
Loss on disposal of property, plant and equipment	41	–
Impairment loss on accounts receivable	698	–
Exchange loss/(gain), net	559	(6)
Operating lease charges in respect of land and buildings	2,266	2,060
Staff costs (including Directors' emoluments)		
— Wages, salaries and benefits in kind	14,511	12,873
— Pension scheme contributions	163	157
	<u>14,674</u>	<u>13,030</u>

* Costs of inventories includes a total amount of approximately HK\$2,108,000 (2017: HK\$4,420,000), relating to depreciation, reversal of provision for slow-moving inventories and exchange loss/(gain) for which are also included in the respective total amounts disclosed separately above.

7. TAXATION

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current tax for the year		
— Hong Kong	278	775
— PRC	1,832	1,028
	<u>2,110</u>	<u>1,803</u>
Deferred tax for the year	320	–
	<u>2,430</u>	<u>1,803</u>

Hong Kong profits tax has been provided for at 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

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% (2017: 25%) on the estimated assessable profits arising in the PRC for the year.

A subsidiary of the Group established and operating in Macau was exempted from Macau complementary profits tax for the years ended 31 October 2018 and 2017 according to the relevant laws and regulations in Macau.

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 October 2018 (2017: Nil).

9. EARNINGS PER SHARE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>4,847</u>	<u>5,136</u>
	Number of shares	
	2018 <i>'000</i>	2017 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>649,540</u>	<u>649,540</u>

No diluted earnings per share is calculated for the years ended 31 October 2018 and 2017 as there was no potential ordinary shares in existence.

10. ACCOUNTS RECEIVABLE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Accounts receivable	16,438	28,473
Less: Provision for impairment loss	<u>(800)</u>	<u>(106)</u>
	<u>15,638</u>	<u>28,367</u>

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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	13,387	25,432
91 to 180 days	2,015	1,154
181 to 365 days	149	1,770
Over 365 days	<u>887</u>	<u>117</u>
	<u>16,438</u>	<u>28,473</u>

11. ACCOUNTS AND BILLS PAYABLE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	10,081	9,933
91 to 180 days	54	40
Over 180 days	272	276
	<u>10,407</u>	<u>10,249</u>

12. LOANS FROM A SHAREHOLDER AND A MINORITY SHAREHOLDER

The balances were regarded as amounts due to related parties, of which:

- loan from a shareholder represented amount due to a substantial shareholder of the Company who has control over the Group.
- loan from a minority shareholder represented amount due to a minority shareholder of a subsidiary who has significant influence over the subsidiary.

The loans were unsecured and interest-free except for loan from a shareholder of HK\$9,500,000 which was interest bearing at 5.25% per annum (2017: 5.25% per annum).

They were not repayable within twelve months from the reporting dates as at 31 October 2018 and 2017 respectively.

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

13. SHARE CAPITAL

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Authorised:		
5,000,000,000 (2017: 5,000,000,000) ordinary shares of HK\$0.01 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid:		
649,540,000 (2017: 649,540,000) ordinary shares of HK\$0.01 each	<u>6,495</u>	<u>6,495</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

During the year ended 31 October 2018, revenue of our industrial environmental products business, water supply plant business and general environmental protection related products and services accounted for 76%, 23% and 1% respectively of the Group's revenue (year ended 31 October 2017: 80%, 19% and 1% respectively).

The revenue of the Group for the year ended 31 October 2018 decreased by 3% to HK\$102,352,000 when compared with that of the last year (2017: HK\$105,454,000) as the revenue of our industrial environmental products business decreased under poor market sentiment since China's trade war with United States (the "US") in the second half of year 2018. National Bureau of Statistics of the People's Republic of China (the "**Bureau of Statistics of the PRC**") recently announced that the China's gross domestic product (the "**GDP**") growth for the year of 2018 fell to 6.6% and the manufacturing Purchasing Managers' Index (the "**PMI**") was 49.4 in December 2018 which was below the threshold 50 which indicate the China manufacturers' contraction in purchasing activities.

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.

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. The water supply plant business's revenue for the year ended 31 October 2018 was 16% more than that of last year as our water supply has started to supply water to a newly developed industrial area, namely Baodi Jingjin Guoji ShiCai Zongbu Jidi 寶坻京津國際石材總部基地 within our existing water supply area since year 2018. 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 the Dong Shan water supply plant's future development.

Financial Review

The Group's revenue for the year ended 31 October 2018 was HK\$102,352,000, decreased by 3% when compared with the last year (2017: HK\$105,454,000) as the revenue of our industrial environmental products business decreased under poor market sentiment since China's trade war with US.

The Group's gross profit for the year ended 31 October 2018 was HK\$36,741,000, representing an increase of 18% as compared with last year (2017: HK\$31,118,000) because certain water supply plant business's plant and machinery were fully depreciated in this year. The gross profit of water supply plant business increased from last year HK\$6,179,000 to this year HK\$11,496,000. Moreover, the proportion of the revenue of higher profit margin water supply plant business to the Group revenue increased from last year 19% to this year 23%. As a result, the gross profit margin of the Group for year ended 31 October 2018 increased to 36% (2017: 30%).

The Group's other income for the year ended 31 October 2018 was amounted to HK\$812,000 an decrease of 57% as compared with that of last year (2017: HK\$1,881,000) as there was HK\$267,000 government subsidies in last year but no such item in this year. Besides, the agency income decreased from last year HK\$1,330,000 to this year HK\$675,000.

The Group's selling expenses for the year ended 31 October 2018 was amounted to HK\$2,755,000 which was 21% higher than that of last year (2017: HK\$2,269,000) due to increase of marketing expenses. The Group's administrative expenses for the year ended 31 October 2018 was amounted to HK\$25,713,000, which was 14% more than that of last year (2017: HK\$22,540,000) due to increase of staff related cost, rental expenses and exchange losses. The Group's other operating expenses for the year ended 31 October 2018 was amounted to HK\$67,000 (2017: HK\$131,000).

The Group is subject to taxation in various jurisdictions and judgement is required in determining the amount of provision and the payment of taxation in accordance with the tax laws of the respective jurisdictions. Where the final tax outcome might be different from the amounts that were initially recorded, such difference will impact the income tax provisions. During this financial year ended 31 October 2018, the Group has made further tax provision of HK\$278,000 (2017: HK\$775,000) after taking into account the up-to-date development of the Inland Revenue Department's review.

The Group recorded a profit attributable to owners of the Company amounted to HK\$4,847,000 for the year ended 31 October 2018 (2017: HK\$5,136,000).

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 2018, the Group had net current assets of approximately HK\$41,158,000 (31 October 2017: HK\$33,932,000) including bank balances and cash of approximately HK\$33,895,000 (31 October 2017: HK\$18,340,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.1 as at 31 October 2018 (31 October 2017: 1.9). As at 31 October 2018, the Group's inventory turnover was about 114 days (31 October 2017: 74 days) and the Group's accounts receivable turnover was about 56 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 non-controlling interests) was approximately 18% as at 31 October 2018 (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 Sterling Pounds, Japanese Yen, 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 31 October 2018, the Group had pledged its bank deposits of approximately HK\$9,020,000 (31 October 2017: 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 2018 (2017: Nil).

Information on Employees

As at 31 October 2018, the Group had 69 employees (2017: 65) 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 2018 amounted to approximately HK\$14,674,000 (2017: HK\$13,030,000). The dedication and hard work of the Group's staff during the year ended 31 October 2018 are generally appreciated and recognized.

Material Acquisitions or Disposal of Subsidiaries and Affiliated Companies

During the year ended 31 October 2018, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

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 2018. The Company had not redeemed any of its listed securities during the year ended 31 October 2018.

CORPORATE GOVERNANCE

Throughout the year ended 31 October 2018, 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. 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 year ended 31 October 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 Professional 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 Professional 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, risk management 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 Professional NI Jun, all of them are independent non-executive Directors of the Company.

In the course of the supervision of the financial reporting process and internal controls system of the Group, four meetings were held during the year ended 31 October 2018 to review the operations.

The Group's results for the year ended 31 October 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.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 October 2018 (2017: Nil).

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 October 2018 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Thursday, 11 April 2019 (the "AGM"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 9 April 2018 to Thursday, 11 April 2019, 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 Monday, 8 April 2019.

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

Hong Kong, 22 January 2019

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

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.