



ECO-TEK HOLDINGS LIMITED

環康集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8169)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 APRIL 2013

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 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 six months ended 30 April 2013 amounted to HK\$54,254,000 (2012: HK\$67,649,000), representing a decrease of approximately 20% as compared with corresponding period.
- Loss attributable to owners of the Company for the six months ended 30 April 2013 amounted to HK\$2,233,000 while profits attributable to owners of the Company for the six months ended 30 April 2012 amounted to HK\$1,318,000.
- Basic loss per share for the six months ended 30 April 2013 amounted to approximately HK0.34 cents while basic earnings per share for the six months ended 30 April 2012 amounted to approximately HK0.20 cent.

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 2013 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 April 2013

		Three months ended 30 April		Six months ended 30 April	
		2013	2012	2013	2012
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	27,345	35,030	54,254	67,649
Cost of Sales		(19,254)	(26,752)	(40,583)	(52,684)
Gross Profit		8,091	8,278	13,671	14,965
Other income		529	26	837	288
Selling expense		(803)	(1,198)	(1,845)	(2,096)
Administrative expenses		(5,162)	(6,024)	(10,727)	(11,480)
Other operating expense		(3,885)	–	(3,885)	–
(Loss)/profit from operation	4	(1,230)	1,082	(1,949)	1,677
Finance costs		(23)	–	(72)	–
Share of profit/(loss) of a jointly controlled entity		(45)	(184)	334	440
(Loss)/profit before taxation		(1,298)	898	(1,687)	2,117
Taxation	5	(333)	(535)	(413)	(695)
(Loss)/profit for the period		(1,631)	363	(2,100)	1,422

	<i>Notes</i>	Three months ended		Six months ended	
		2013	2012	2013	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive income for the period					
Exchange gain on translation of financial statements of foreign operations		<u>528</u>	<u>342</u>	<u>835</u>	<u>634</u>
Total comprehensive (expense)/income for the period		<u>(1,103)</u>	<u>705</u>	<u>(1,265)</u>	<u>2,056</u>
(Loss)/profit for the period attributable to:					
Owners of the Company		<u>(1,800)</u>	<u>238</u>	<u>(2,233)</u>	<u>1,318</u>
Non-controlling interests		<u>169</u>	<u>125</u>	<u>133</u>	<u>104</u>
		<u>(1,631)</u>	<u>363</u>	<u>(2,100)</u>	<u>1,422</u>
Total comprehensive (expense)/income for the period attributable to:					
Owners of the Company		<u>(1,273)</u>	<u>551</u>	<u>(1,398)</u>	<u>1,930</u>
Non-controlling interests		<u>170</u>	<u>154</u>	<u>133</u>	<u>126</u>
		<u>(1,103)</u>	<u>705</u>	<u>(1,265)</u>	<u>2,056</u>
(Loss)/earnings per shares for (loss)/profit attributable to owners of the Company during the period					
— Basic	7	<u>HK(0.28) cent</u>	<u>HK0.04 cent</u>	<u>HK(0.34) cent</u>	<u>HK0.20 cent</u>
— Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)*As at 30 April 2013*

		As at 30 April 2013	As at 31 October 2012
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
Non-Current Assets			
Property, plant and equipment	8	122,679	126,421
Interest in leasehold land		5,601	5,570
Interest in a jointly controlled entity		3,368	3,027
Deferred tax assets		1,172	1,250
Pledged bank deposits		9,020	9,020
		141,840	145,288
Current assets			
Inventories	9	26,683	38,288
Accounts receivable	10	31,561	26,414
Deposits, prepayments and other receivables		7,520	10,435
Tax recoverable		4,810	3,270
Cash and bank balances	11	5,136	7,956
		75,710	86,363
Current liabilities			
Accounts and bills payable	12	18,993	27,425
Accrued liabilities and other payables		16,167	16,289
Loan from a third party	14	5,479	7,440
Loans from a shareholder	15	2,000	–
Bank overdraft	13	–	1,287
Provision for tax		495	1,770
		43,134	54,211
Net current assets		32,576	32,152
Total assets less current liabilities		174,416	177,440

	<i>Notes</i>	As at 30 April 2013 HK\$'000 (Unaudited)	As at 31 October 2012 HK\$'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		7,423	7,423
Loan from a third party	14	–	1,759
Loans from a minority shareholder	16	9,526	9,526
		<u>16,949</u>	<u>18,708</u>
Net assets		<u><u>157,467</u></u>	<u><u>158,732</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		6,495	6,495
Share premium		19,586	19,586
Capital reserve		95	95
Exchange translation reserve		20,540	19,705
Capital contribution reserve		7,971	7,971
Retained profits		95,458	97,691
		<u>150,145</u>	<u>151,543</u>
Non-controlling interests		<u>7,322</u>	<u>7,189</u>
Total equity		<u><u>157,467</u></u>	<u><u>158,732</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

		Six months ended 30 April	
	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Net cash generated from operation		45	1,078
Net cash used in investing activities		(350)	(672)
Net cash used in financing activities		<u>(1,720)</u>	<u>(1,860)</u>
Decrease in cash and cash equivalents		(2,025)	(1,454)
Effect of foreign exchange rate changes		492	(1,383)
Cash and cash equivalents at 1 November		<u>6,669</u>	<u>11,642</u>
Cash and cash equivalent at 30 April	<i>11</i>	<u>5,136</u>	<u>8,805</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 April 2013

	Equity attributable to owners of the Company							Non-	Total	
	Share capital	Share premium	Capital reserve	Exchange translation reserve	Capital contribution reserve	Retained profits	Proposed final dividend	controlling interests	equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 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	-	-	-	612	-	1,318	-	1,930	126	2,056
2011 final dividend declared	-	-	-	-	-	-	(1,299)	(1,299)	-	(1,299)
At 30 April 2012	6,495	19,586	95	18,690	7,971	108,104	-	160,941	6,859	167,800
At 1 November 2012	6,495	19,586	95	19,705	7,971	97,691	-	151,543	7,189	158,732
Total comprehensive income for the period	-	-	-	835	-	(2,233)	-	(1,398)	133	(1,265)
At 30 April 2013	6,495	19,586	95	20,540	7,971	95,458	-	150,145	7,322	157,467

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 results for the six months ended 30 April 2013 are presented in Hong Kong dollars (“HK\$”). Other than those subsidiaries established in the PRC whose functional currency is Renminbi (“RMB”), the functional currency of the Company and its subsidiaries are HK\$.

The unaudited consolidated results for the six months ended 30 April 2013 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 Institutes of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the GEM Listing Rules.

The unaudited consolidated results should be read in conjunction with audited financial statements and notes thereto for the year ended 31 October 2012 (“2012 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 2012 Audited Financial Statement. It should be noted that accounting estimates and assumptions are used in preparation of unaudited consolidated results. Although these estimates are based on management’s best knowledge and judgment 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 2012, 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 the net invoiced value of goods sold and services provided, after allowance for returns and trade discounts. An analysis of the Group’s revenue is as follows:

	Three months ended		Six months ended	
	30 April	2012	30 April	2012
	2013	2012	2013	2012
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Water supply plant	5,450	5,306	10,507	10,192
General environmental protection products and services	325	360	635	360
Industrial environmental products	21,570	27,002	42,200	53,338
Production of machines	–	2,362	912	3,759
	<u>27,345</u>	<u>35,030</u>	<u>54,254</u>	<u>67,649</u>

3. SEGMENT INFORMATION

The executive directors have identified the Group's four services lines as reportable segments as follows:

- Water supply plant
- General environmental protection related products and services
- Industrial environmental products
- Production of machines

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		Production of machines		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>10,507</u>	<u>10,192</u>	<u>635</u>	<u>360</u>	<u>42,200</u>	<u>53,338</u>	<u>912</u>	<u>3,759</u>	<u>54,254</u>	<u>67,649</u>
Reportable segment revenue	<u>10,507</u>	<u>10,192</u>	<u>635</u>	<u>360</u>	<u>42,200</u>	<u>53,338</u>	<u>912</u>	<u>3,759</u>	<u>54,254</u>	<u>67,649</u>
Reportable segment profit/(loss)	<u>2,622</u>	<u>2,344</u>	<u>102</u>	<u>90</u>	<u>11,895</u>	<u>10,671</u>	<u>(2,793)</u>	<u>(236)</u>	<u>11,826</u>	<u>12,869</u>
Interest income	-	-	-	(36)	-	(33)	-	-	-	(69)
Depreciation	<u>3,494</u>	<u>4,356</u>	<u>59</u>	<u>83</u>	<u>77</u>	<u>109</u>	<u>2,093</u>	<u>739</u>	<u>5,723</u>	<u>5,287</u>
Write-down of inventories	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,885</u>	<u>-</u>
Reportable segment assets	<u>118,079</u>	<u>125,836</u>	<u>9,740</u>	<u>9,909</u>	<u>50,612</u>	<u>57,825</u>	<u>29,768</u>	<u>46,562</u>	<u>208,199</u>	<u>240,132</u>
Additions to non-current segment assets during the period	<u>243</u>	<u>77</u>	<u>2</u>	<u>416</u>	<u>-</u>	<u>29</u>	<u>105</u>	<u>81</u>	<u>350</u>	<u>603</u>
Reportable segment liabilities	<u>5,812</u>	<u>6,395</u>	<u>420</u>	<u>347</u>	<u>28,431</u>	<u>37,481</u>	<u>496</u>	<u>653</u>	<u>35,159</u>	<u>44,876</u>

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

	Six months ended 30 April 2013 HK\$'000	Six months ended 30 April 2012 HK\$'000
Reportable segment revenue	<u>54,254</u>	<u>67,649</u>
Group revenue	<u><u>54,254</u></u>	<u><u>67,649</u></u>
Reportable segment profit	11,826	12,869
Other corporate expenses	(13,775)	(11,192)
Finance costs	(72)	–
Share of profit of a jointly controlled entity	<u>334</u>	<u>440</u>
(Loss)/profit before taxation	<u><u>(1,687)</u></u>	<u><u>2,117</u></u>
Reportable segment assets	208,199	240,132
Interest in a jointly controlled entity	3,368	2,658
Other corporate assets	<u>5,983</u>	<u>3,134</u>
Group assets	<u><u>217,550</u></u>	<u><u>245,924</u></u>
Reportable segment liabilities	35,159	44,876
Other corporate liabilities	<u>24,924</u>	<u>33,248</u>
Group liabilities	<u><u>60,083</u></u>	<u><u>78,124</u></u>

The Group's revenue 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	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong (domicile)	12,293	19,159	9,793	9,876
PRC	<u>41,961</u>	<u>48,490</u>	<u>132,047</u>	<u>138,630</u>
	<u><u>54,254</u></u>	<u><u>67,649</u></u>	<u><u>141,840</u></u>	<u><u>148,506</u></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 the customers is based on the location at which the services were provided. The geographical location of the non-current assets is based on the physical location of the assets.

The Group has a large number of customers and there is no significant revenue derived from specific external customers for the period ended 30 April 2013 and 2012.

4. (LOSS)/PROFIT FROM OPERATION

(Loss)/profit from operation is arrived at after charging/(crediting):

	Three months ended 30 April		Six months ended 30 April	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Auditor's remuneration	135	228	304	512
Cost of inventories sold	16,306	21,231	34,775	42,311
Depreciation of property, plant and equipment	2,908	2,644	5,723	5,287
Exchange gains/(loss) net	191	67	229	(70)
Operating lease charges in respect of land and buildings	306	558	721	989
Written down of inventories	3,885	–	3,885	–
Staff costs (including directors' remuneration)				
— Wages and salaries	2,794	3,349	6,176	6,105
— Pension scheme contributions	44	74	88	148
Interest income	–	(31)	–	(69)

5. TAXATION

	Three months ended 30 April		Six months ended 30 April	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Current tax				
— Hong Kong tax for the period	11	13	91	13
— PRC tax for the period	322	522	322	682
Total income tax charge for the period	333	535	413	695

Hong Kong profits tax has been provided for at 16.5% (2012: 16.5%) on the estimated assessable profit for the period.

The representative offices of certain group companies established in the PRC are subject to the PRC enterprise income tax at the rate of 25% on operating expenses for the six months ended 30 April 2013 (2012: 25%).

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 six months ended 30 April 2013 (2012: 25%).

Tokawa Precision (Overseas) Company Limited — Macao Commercial Offshore, a subsidiary of the Group established and operating in Macau, was exempted from Macau complementary profits tax for the six months ended 30 April 2013 and 2012 according to the relevant laws and regulation in Macau.

6. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 April 2013 (2012: Nil).

7. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share for the period is based on the unaudited consolidated loss attributable to owners of the Company for the six months ended 30 April 2013 of HK\$2,233,000 (2012: profit of HK\$1,318,000) and the weighted average number of ordinary shares of approximately 649,540,000 in issue during the six months ended 30 April 2013 (2012: 649,540,000).

No diluted (loss)/earnings per share is calculated for the six months ended 30 April 2013 and 2012 as there was no potential dilutive share outstanding in existence.

8. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Plant, molds and machinery <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Building and structure <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 April 2013							
Opening net book value	1,041	386	34,327	95	–	90,572	126,421
Additions	–	20	330	–	–	–	350
Depreciation	(132)	(68)	(3,779)	(53)	–	(1,691)	(5,723)
Translation difference	9	4	404	–	–	1,214	1,631
	<u>918</u>	<u>342</u>	<u>31,282</u>	<u>42</u>	<u>–</u>	<u>90,095</u>	<u>122,679</u>
At 30 April 2013							
Cost	2,199	1,662	58,439	840	629	107,887	171,656
Accumulated depreciation	(1,281)	(1,320)	(27,157)	(798)	(629)	(17,792)	(48,977)
Net book value	<u>918</u>	<u>342</u>	<u>31,282</u>	<u>42</u>	<u>–</u>	<u>90,095</u>	<u>122,679</u>

9. INVENTORIES

	As at 30 April 2013 <i>HK\$'000</i>	As at 31 October 2012 <i>HK\$'000</i>
At cost	37,337	44,984
Provision for slow-moving inventories	<u>(10,654)</u>	<u>(6,696)</u>
	<u>26,683</u>	<u>38,288</u>

10. ACCOUNTS RECEIVABLE

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 credit periods of 60 to 180 days to its trade customers. An aging analysis of accounts receivable as at the reporting date, based on invoice date, is as follows:

	As at 30 April 2013 <i>HK\$'000</i>	As at 31 October 2012 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	24,644	21,037
91–180 days	3,572	2,231
181–365 days	715	216
Over 365 days	2,630	2,930
	<u>31,561</u>	<u>26,414</u>

11. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	As at 30 April 2013 <i>HK\$'000</i>	As at 31 October 2012 <i>HK\$'000</i>
Cash at bank and in hand	14,156	16,976
Less: pledged bank deposit for banking facilities	<u>(9,020)</u>	<u>(9,020)</u>
Cash and bank balances as stated in consolidated statement of financial position	5,136	7,956
Less: bank overdraft	<u>–</u>	<u>(1,287)</u>
Cash and cash equivalent for the purpose of the consolidated statement of cash flows	<u>5,136</u>	<u>6,669</u>
Pledged bank deposits analysed for reporting purposes as non-current assets	<u>9,020</u>	<u>9,020</u>

12. ACCOUNTS AND BILLS PAYABLE

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

	As at 30 April 2013 <i>HK\$'000</i>	As at 31 October 2012 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	15,051	18,516
91–180 days	2,654	8,340
181–365 days	436	87
Over 365 days	852	482
	<u>18,993</u>	<u>27,425</u>

13. BANK OVERDRAFT

	As at 30 April 2013 <i>HK\$'000</i>	As at 31 October 2012 <i>HK\$'000</i>
Bank overdraft repayable on demand — secured	—	1,287

The Group's bank overdraft was denominated in Hong Kong dollars and bore interest at the higher of HIBOR or prime rate. The bank overdraft was part of the Group's banking facilities.

14. LOAN FROM A THIRD PARTY

The loan from a third party was unsecured, interest free and was repayable before 9 January 2014.

15. LOAN FROM A SHAREHOLDER

The loan from a shareholder was unsecured, repayable before 20 January 2014 and bore interest at higher of prevailing prime rate plus 1% or 6% per annum.

16. LOAN FROM A MINORITY SHAREHOLDER

The loan from a minority shareholder was unsecured, interest free and not repayable within twelve months from the reporting date.

17. 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	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	923	1,110	1,784	1,952
Bonuses	—	128	—	128
Pension scheme contributions	11	12	23	24
	<u>934</u>	<u>1,250</u>	<u>1,807</u>	<u>2,104</u>

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation.

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.

Since there were still uncertainties abounding in the world economic situation such as United States fiscal cliff and Cyprus financial crisis caused by proposed bank deposit levy, our customers in the manufacturing sector were hesitate to place orders and resulted in decrease in the revenue of the Group for the six months ended 30 April 2013. We have taken several measures including lowering our operation costs, speeding up market penetration through our retail shops network and sourcing supply of new industrial environment products from Europe. We hope the above mentioned measures would generate positive impacts to the Group's financial results in near future.

Enhancing value added services to existing industrial environmental products and exploring opportunities in new industrial products market remain the strategies of the Group, although we will monitor the situation cautiously and adjust our development plan accordingly under existing unfavorable conditions.

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 China's 12th Five-Year Plan, an area of 15 square kilometers inside Jing-Jin New City and within our water supply plant's coverage area was strategically planned to be Tianjin Financial Valley to provide financial services including training, data backup and outsourcing for the financial institutes located in the Beijing and Tianjin cities. 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 2013 was HK\$54,254,000, a decrease of 20% as compared with the corresponding period (2012: HK\$67,649,000).

The Group recorded a loss attributable to owners of the Company amounted to HK\$2,233,000 for the six months ended 30 April 2013 while it recorded a profit attributable to owners of the Company amounted to HK\$1,318,000 for the six months ended 30 April 2012.

Gross margin

Gross profit for the six months ended 30 April 2013 was HK\$13,671,000, representing a decrease of 9% as compared with the corresponding period (2012: HK\$14,965,000). The gross profit margin of the Group for the six months ended 30 April 2013 was 25% representing an increase of 14% as compared with the last corresponding period due to depreciation of Japanese Yen which is the Group's major purchasing currency.

Expenses

The Group's administrative expenses for the six months ended 30 April 2013 was amounted to HK\$10,727,000, representing a decrease of 7% compared with the last corresponding period (2012: HK\$11,480,000). The Group's selling expenses for the six months ended 30 April 2013 was amounted to HK\$1,845,000, representing a decrease of 12% compared with the last corresponding period (2012: HK\$2,096,000).

The Group's other operating expense for the six months ended 30 April 2013 was amounted to HK\$3,885,000 which represented written down on inventories for production of machines segments.

Liquidity and Finance Resources

During the period under the review, the Group financed its operations by internally generated cash flow and banking facilities provided by banks. As at 30 April 2013, the Group had net current assets of HK\$32,576,000 (31 October 2012: HK\$32,152,000) including bank balances and cash of approximately HK\$5,136,000 (31 October 2012: HK\$7,956,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.8 as at 30 April 2013 (31 October 2012: 1.6).

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) fell from 12.6% as at 31 October 2012 to 10.8% as at 30 April 2013. The decrease was resulted from partial repayment of loan from a third party during the period.

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 2013, the Group had pledged its bank deposits of approximately HK\$9 million (31 October 2012: 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 2013.

Information on Employees

As at 30 April 2013, the Group had 72 employees (2012: 94) 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 2013 amounted to approximately HK\$6.3 million (2012: HK\$6.3 million). The dedication and hard work of the Group's staff during the six months ended 30 April 2013 are generally appreciated and recognized.

Contingent liabilities

The Group had no material contingent liabilities at 30 April 2013 (2012: Nil).

Material Acquisitions, Disposal of subsidiaries and affiliated companies

During the six months ended 30 April 2013, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

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

As at 30 April 2013, 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

Name of Director	Capacity	Number of ordinary shares held as at 30 April 2013	Percentage to the Company's issued share capital as at 30 April 2013
<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 30 April 2013, 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 2013, 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 2013	Percentage to the Company's issued share capital as at 30 April 2013
Cititrust (Cayman) Limited (<i>Note 1</i>)	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management (PTC) 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 Trust Company (Jersey) 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 (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. 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 six months ended 30 April 2013. The Company and its subsidiaries did not redeemed any of its listed securities during the six months ended 30 April 2013.

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 2013.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 April 2013.

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 2013.

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 2013 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 June 2013

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, 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.