



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 2015

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 purpose only

SUMMARY

- Revenue for the nine months ended 31 July 2015 amounted to HK\$63,384,000 (nine months ended 31 July 2014: HK\$70,123,000), representing a decrease of approximately 10% as compared with corresponding period.
- Profit attributable to owners of the Company for the nine months ended 31 July 2015 amounted to HK\$2,545,000 (nine months ended 31 July 2014: HK\$1,379,000), representing an increase of approximately 85% as compared with corresponding period.
- Basic earnings per share for the nine months ended 31 July 2015 amounted to approximately HK0.39 cent (nine months ended 31 July 2014: HK0.21 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 2015 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the nine months ended 31 July 2015

		Three months ended 31 July		Nine months ended 31 July	
		2015	2014	2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CONTINUING OPERATIONS					
Revenue	2	23,386	21,939	63,384	70,123
Cost of Sales		(15,534)	(15,532)	(43,018)	(50,235)
Gross Profit		7,852	6,407	20,366	19,888
Other income		629	129	943	661
Selling expenses		(608)	(619)	(2,121)	(2,079)
Administrative expenses		(6,002)	(5,232)	(16,359)	(16,057)
Profit from continuing operations		1,871	685	2,829	2,413
Finance costs		(126)	(100)	(376)	(247)
Share of (loss)/profit of a joint venture		(13)	(116)	189	220
Profit before taxation		1,732	469	2,642	2,386
Taxation	3	–	(202)	–	(236)
Profit for the period from continuing operations		1,732	267	2,642	2,150

	Notes	Three months ended 31 July		Nine months ended 31 July	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
DISCONTINUED OPERATIONS					
Loss for the period from discontinued operations	4	—	(383)	—	(717)
Profit/(Loss) for the period		1,732	(116)	2,642	1,433
Other comprehensive income for the period					
— Items that may subsequently reclassified to profit and loss					
Exchange (loss)/gain on translation of financial statements of foreign operation		(253)	576	(657)	(1,291)
Share of other comprehensive income of a joint venture		(1)	—	(66)	(51)
		<u>(254)</u>	<u>576</u>	<u>(723)</u>	<u>(1,342)</u>
Total comprehensive income for the period		<u>1,478</u>	<u>460</u>	<u>1,919</u>	<u>91</u>
Profit/(Loss) for the period attributable to:					
Owners of the Company		1,616	(221)	2,545	1,379
Non-controlling interests		116	105	97	54
		<u>1,732</u>	<u>(116)</u>	<u>2,642</u>	<u>1,433</u>
Total comprehensive income for the period attributable to:					
Owners of the Company		1,368	272	1,953	151
Non-controlling interests		110	188	(34)	(60)
		<u>1,478</u>	<u>460</u>	<u>1,919</u>	<u>91</u>

	<i>Notes</i>	Three months ended 31 July		Nine months ended 31 July	
		2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings/(loss) per share attributable to owners of the Company during the period					
From continuing and discontinued operations					
— Basic	6	<u>HK0.25 cent</u>	<u>HK(0.03) cent</u>	<u>HK0.39 cent</u>	<u>HK0.21 cent</u>
— Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
From continuing operations					
— Basic	6	<u>HK0.25 cent</u>	<u>HK0.03 cent</u>	<u>HK0.39 cent</u>	<u>HK0.32 cent</u>
— Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
From discontinued operations					
— Basic	6	<u>N/A</u>	<u>HK(0.06) cent</u>	<u>N/A</u>	<u>HK(0.11) cent</u>
— Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 31 July 2015

	Equity attributable to owners of the Company						Non- controlling interests	Total equity	
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Capital contribution reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 November 2013	6,495	19,586	95	20,051	7,971	70,758	124,956	8,050	133,006
Total comprehensive income for the period	-	-	-	(1,228)	-	1,379	151	(60)	91
At 31 July 2014	<u>6,495</u>	<u>19,586</u>	<u>95</u>	<u>18,823</u>	<u>7,971</u>	<u>72,137</u>	<u>125,107</u>	<u>7,990</u>	<u>132,097</u>
At 1 November 2014	6,495	19,586	95	19,956	7,971	54,443	108,546	8,196	116,742
Total comprehensive income for the period	-	-	-	(592)	-	2,545	1,953	(34)	1,919
At 31 July 2015	<u>6,495</u>	<u>19,586</u>	<u>95</u>	<u>19,364</u>	<u>7,971</u>	<u>56,988</u>	<u>110,499</u>	<u>8,162</u>	<u>118,661</u>

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 financial statements for the nine months ended 31 July 2015 are presented in Hong Kong dollars (“HK\$”). Other than those subsidiaries established in the People Republic of China (the “PRC”) whose functional currency is Renminbi (“RMB”), the functional currency of the Company and its subsidiaries are HK\$.

The unaudited financial statements for the nine months ended 31 July 2015 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 financial statements should be read in conjunction with audited financial statements and notes thereto for the year ended 31 October 2014 (“2014 Audited Financial Statements”). The significant accounting policies that have been used in the preparation of these unaudited financial statements are consistent with those followed in the preparation of 2014 Audited Financial Statement. It should be noted that accounting estimates and assumptions are used in preparation of unaudited 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 2014, 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 31 July		Nine months ended 31 July	
	2015	2014	2015	2014
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Water supply plant	6,200	5,739	15,448	15,481
General environmental protection products and services	305	308	874	852
Industrial environmental products	16,881	15,892	47,062	53,790
	<u>23,386</u>	<u>21,939</u>	<u>63,384</u>	<u>70,123</u>

3. TAXATION

	Three months ended 31 July		Nine months ended 31 July	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
— PRC tax for the period	—	202	—	236
Total income tax charge for the period	<u>—</u>	<u>202</u>	<u>—</u>	<u>236</u>

No income tax expense regarding the discontinued operations has been incurred as there is no assessable profit for the both nine months ended 31 July 2015 and 2014.

Hong Kong profits tax has been provided for at 16.5% on the estimated assessable profit for both the nine months ended 31 July 2015 and 2014. No provision for Hong Kong profit tax has been made for the current period as the Group has no assessable profits arising in Hong Kong.

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 nine months ended 31 July 2015 (2014: 25%).

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 2015 (2014: 25%). No provision for EIT has been made for the current period (nine months ended 31 July 2014: HK\$236,000) as the Group has no assessable profit arising in the PRC.

A subsidiary of the Group established and operating in Macau, was exempted from Macau complementary profits tax for the nine months ended 31 July 2015 and 2014 according to the relevant laws and regulation in Macau.

4. DISCONTINUED OPERATIONS

On 23 December 2013, the Board decided to discontinue the operation of the production of machines. An analysis of the Group’s results of the discontinued production of machines business for the periods ended 31 July 2015 and 2014 is as follows:

	Three months ended 31 July		Nine months ended 31 July	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Administrative expenses	—	(383)	—	(717)
Loss before taxation	—	(383)	—	(717)
Taxation	—	—	—	—
Loss for the period	<u>—</u>	<u>(383)</u>	<u>—</u>	<u>(717)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

China's previous high gross domestic product ("GDP") growth was shifted to sustainable development with more domestic consumption, rather than over-relying on investment and exports. The annual GDP growth target for year 2015 was set at around 7% roughly half a percentage point lower than year 2014. China's manufacturing activity has continuously contracted as demands remained sluggish in the People of Republic China (the "PRC"). The preliminary Caixin China Purchasing Managers' Index fell to 47.1 in August 2015 below the breakeven point of 50 and the lowest for the past 77 months indicating contraction of purchasing activities. PRC mainland factories reduced or delayed machinery and equipment procurement which inevitably affected our industrial environmental products business.

The slow growth in China's GDP suppressed capital investment and brings challenges to the future development of the industrial environmental products sectors. In view of this, the Group will dedicate further efforts to enhance value added services to existing industrial environmental products and exploring opportunities in new products or services through implementation of flexible market strategies, capturing opportunities arising from continuous growth in China, so as to promote the long-term stable developments of the Group's overall business.

"Energy Conservation and Emission Reduction" is one of the China's national strategies. Leverage on the Group's past experience in this area, the Group will source supply of new products or services which fulfill the policy of energy conservation and emission reduction in China, 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. In respect of the severe explosion tragedy in Tianjin on 13 August 2015 (the "Tianjin Explosion"), the operation of our water supply plant was not affected and any contamination from the Tianjin Explosion was not found so far as our water supply plant is located around 89 kilometer far from the Tianjin Explosion site and its major supply of raw water originated from Luan River in Hebei Province. However, we expressed our deep sorrow to the victims and their families of the Tianjin Explosion and we will continue to monitor the situation closely. There will be two new universities and one middle school in Jing-Jin New City and within our water supply plant's coverage area. Together with the planning of Tianjin Financial Valley in Jing-Jin New City, the Group has confidence on future developments of our water supply plant.

Financial Review

The Group's revenue for the nine months ended 31 July 2015 was HK\$63,384,000, a decrease of 10% as compared with the corresponding period (nine months ended 31 July 2014: HK\$70,123,000). It was because our customers in industrial environmental products business reduced their orders significantly under economic uncertainties.

Gross profit for the nine months ended 31 July 2015 was HK\$20,366,000, an increase of 2% as compared with the corresponding period (nine months ended 31 July 2014: HK\$19,888,000) because of the increase of the Group's gross profit margin to 32% for the nine months ended 31 July 2015 (nine months ended 31 July 2014: 28%) under the deprecation of Japanese yen. Since Renminbi is one of the Group's major selling currencies while the Japanese Yen is one of the Group's major purchase currencies, those exchange rates significantly affect the gross margin of the Group, we will cautiously monitor their fluctuations and take measures to hedge if necessary.

The Group's administrative expenses for the nine months ended 31 July 2015 was amounted to HK\$16,359,000, represented an increase of 2% compared with the corresponding period (nine months ended 31 July 2014: HK\$16,057,000). The Group's selling expenses for nine months ended 31 July 2015 was amounted to HK\$2,121,000, represented an increase of 2% compared with the corresponding period (nine months ended 31 July 2014: HK\$2,079,000) due to increase in exhibition costs.

On 23 December 2013, the Board decided to discontinue the operation of the production of machines (the "Discontinued Operations"). There was no loss from the Discontinued Operations for the nine months ended 31 July 2015 while the loss from the Discontinued Operations for the corresponding period ended 31 July 2014 was HK\$717,000.

The Group recorded a profit attributable to owners of the Company amounted to HK\$2,545,000 for the nine months ended 31 July 2015 (nine months ended 31 July 2014: HK\$1,379,000).

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

As at 31 July 2015, 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 31 July 2015	% to the Company's issued share as at 31 July 2015
<i>Non-executive Director and Chairman</i> Ms. HUI Wai Man Shirley	Beneficial owner	3,000,000	0.46

Save as disclosed above, as at 31 July 2015, 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 2015, 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 2015	% to the Company's issued shares as at 31 July 2015
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 nine months ended 31 July 2015. The Company and its subsidiaries did not redeem any of its listed securities during the nine months ended 31 July 2015.

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 2015.

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 2015 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 directors was unable to attend the annual general meeting of the Company held on 23 April 2015 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 2015.

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 control 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 2015 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, 10 September 2015

As at the date of this announcement, the Board of Directors comprises Mr. KWOK Tsun Kee and Mr. LEUNG Wai Lun 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.