



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 2016

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 year ended 31 October 2016 amounted to approximately HK\$81,231,000 (2015: HK\$84,324,000), representing a decrease of approximately 4% as compared with preceding year.
- Loss attributable to owners of the Company for the year ended 31 October 2016 amounted to HK\$16,441,000 (profit attributable to owners of the Company for the year ended 31 October 2015: HK\$3,980,000).
- Basic loss per share for the year ended 31 October 2016 amounted to approximately HK2.53 cents (basic earnings per share for the year ended 31 October 2015: HK0.61 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 2016 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Revenue	4	81,231	84,324
Cost of Sales		<u>(60,291)</u>	<u>(53,725)</u>
Gross profit		20,940	30,599
Other income		1,205	621
Selling expenses		(2,203)	(2,184)
Administrative expenses		(23,459)	(23,529)
Other operating expenses		<u>(185)</u>	<u>(415)</u>
(Loss)/profit from operations	5	(3,702)	5,092
Finance costs		(519)	(500)
Share of (loss)/profit of a joint venture		<u>(1)</u>	<u>270</u>
(Loss)/profit before income tax		(4,222)	4,862
Taxation	6	<u>(11,939)</u>	<u>(854)</u>
(Loss)/profit for the year		<u>(16,161)</u>	<u>4,008</u>

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Other comprehensive income for the year			
— Items that may be subsequently reclassified to profit and loss:			
Exchange loss on translation of financial statements of foreign operations		(5,955)	(3,226)
Share of other comprehensive income of a joint venture		(234)	(130)
		<u>(6,189)</u>	<u>(3,356)</u>
Total comprehensive income for the year		<u>(22,350)</u>	<u>652</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(16,441)	3,980
Non-controlling interests		280	28
		<u>(16,161)</u>	<u>4,008</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(21,542)	1,060
Non-controlling interests		(808)	(408)
		<u>(22,350)</u>	<u>652</u>
(Loss)/earnings per share attributable to owners of the Company			
— Basic	8	(HK2.53) cents	HK0.61 cent
— Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		82,543	94,697
Interest in leasehold land		4,667	5,105
Interest in a joint venture		3,292	3,527
Deferred tax assets		823	868
Pledged bank deposits		9,020	9,020
		<hr/> 100,345	<hr/> 113,217
Current assets			
Inventories		13,272	15,022
Accounts receivable	9	17,364	18,134
Deposits, prepayments and other receivables		3,790	5,436
Tax recoverable		4,720	16,454
Cash and cash equivalents		16,796	12,819
		<hr/> 55,942	<hr/> 67,865
Current liabilities			
Accounts and bills payable	10	10,440	9,579
Accrued liabilities, receipts in advance and other payables		24,207	26,007
Provision for tax		–	1,506
		<hr/> 34,647	<hr/> 37,092
Net current assets		<hr/> 21,295	<hr/> 30,773
Total assets less current liabilities		<hr/> 121,640	<hr/> 143,990
Non-current liabilities			
Deferred tax liabilities		7,570	7,570
Loan from a shareholder	11	9,500	9,500
Loan from a minority shareholder	11	9,526	9,526
		<hr/> 26,596	<hr/> 26,596
Net assets		<hr/> 95,044	<hr/> 117,394

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>12</i>	6,495	6,495
Share premium		19,586	19,586
Capital reserve		95	95
Exchange translation reserve		11,935	17,036
Capital contribution reserve		7,971	7,971
Retained profits		41,982	58,423
		88,064	109,606
Non-controlling interests		6,980	7,788
Total equity		95,044	117,394

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2016

	Equity attributable to owners of the Company						Non-	Total	
	Share capital	Share premium	Capital reserve	Exchange translation reserve	Capital contribution reserve	Retained profits	controlling interests	equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 November 2014	6,495	19,586	95	19,956	7,971	54,443	108,546	8,196	116,742
Profit for the year	-	-	-	-	-	3,980	3,980	28	4,008
Other comprehensive income for the year	-	-	-	(2,920)	-	-	(2,920)	(436)	(3,356)
Total comprehensive income for the year	-	-	-	(2,920)	-	3,980	1,060	(408)	652
At 31 October 2015 and 1 November 2015	6,495	19,586	95	17,036	7,971	58,423	109,606	7,788	117,394
Loss for the year	-	-	-	-	-	(16,441)	(16,441)	280	(16,161)
Other comprehensive income for the year	-	-	-	(5,101)	-	-	(5,101)	(1,088)	(6,189)
Total comprehensive income for the year	-	-	-	(5,101)	-	(16,441)	(21,542)	(808)	(22,350)
At 31 October 2016	6,495	19,586	95	11,935	7,971	41,982	88,064	6,980	95,044

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 are prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institutes of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

2. ADOPTION OF NEW OR REVISED HKFRSs

In the current year, there was no new/revised standards and amendments issued by the HKICPA which are relevant to and effective for the Group's consolidated financial statements for annual period beginning on 1 November 2015.

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. The Group is not yet in a position to state whether the new pronouncements will result in substantial changes to the Group's accounting policies and consolidated financial statements.

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 judgements 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Sales of goods	61,439	63,593
Supply of water	19,792	20,731
	81,231	84,324

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	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue from external customers	1,014	1,111	60,425	62,482	19,792	20,731	81,231	84,324
Reportable segment revenue	1,014	1,111	60,425	62,482	19,792	20,731	81,231	84,324
Reportable segment profit/(loss)	227	(292)	13,670	23,244	4,842	5,462	18,739	28,414
Other segment information								
Interest income	1	1	4	5	20	18	25	24
Depreciation and amortisation	(110)	(123)	(202)	(244)	(7,070)	(7,391)	(7,382)	(7,758)
Reversal of provision for/(Provision for) slow-moving inventories	-	-	38	(105)	-	-	38	(105)
Impairment loss on accounts receivable	(12)	(100)	-	-	-	-	(12)	(100)
Additions to non-current assets	6	6	2	117	532	1,327	540	1,450
Reportable segment assets	11,646	12,091	38,452	34,782	96,884	113,081	146,982	159,954
Reportable segment liabilities	1,315	1,176	20,387	19,682	7,150	9,243	28,852	30,101

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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Reportable segment revenue	<u>81,231</u>	<u>84,324</u>
Group revenue	<u><u>81,231</u></u>	<u><u>84,324</u></u>
Reportable segment profit	18,739	28,414
Other corporate expenses	(22,441)	(23,322)
Finance costs	(519)	(500)
Share of (loss)/profit of a joint venture	(1)	270
(Loss)/profit before income tax	<u><u>(4,222)</u></u>	<u><u>4,862</u></u>
Reportable segment assets	146,982	159,954
Interest in a joint venture	3,292	3,527
Tax recoverable	4,720	16,454
Other corporate assets	1,293	1,147
Group assets	<u><u>156,287</u></u>	<u><u>181,082</u></u>
Reportable segment liabilities	28,852	30,101
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	5,795	6,991
Group liabilities	<u><u>61,243</u></u>	<u><u>63,688</u></u>

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

Other corporate liabilities mainly include accrued Directors' emolument, accrued staff cost 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	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong (domicile)	7,115	11,401	2,720	2,968
PRC	72,616	71,941	83,386	95,729
Other	1,500	982	4,396	4,632
	<u><u>81,231</u></u>	<u><u>84,324</u></u>	<u><u>90,502</u></u>	<u><u>103,329</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 revenue is based on the location of customers. The geographical location of non-current assets is based on the physical location of the assets.

Revenue derived from the largest customer of the Group's industrial environmental products segment amounted to approximately HK\$9,388,000 or 12% (2015: HK\$8,830,000 or 10%) of the Group's total revenue for the year ended 31 October 2016.

5. (LOSS)/PROFIT FROM OPERATIONS

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Auditor's remuneration		
— Provision for the year	680	650
Amortisation of interest in leasehold land	123	131
Cost of inventories recognised as expense*, including	60,291	53,725
— (Reversal of provision for)/provision for slow-moving inventories	(38)	105
Depreciation of property, plant and equipment	7,259	7,627
Exchange loss/(gain), net	3,324	(1,162)
Gain on disposal of property, plant and equipment	–	(16)
Operating lease charges in respect of land and buildings	1,914	1,900
Impairment loss on accounts receivable	12	100
Impairment loss on trade deposits	–	44
Staff costs (including Directors' emoluments)		
— Wages, salaries and bonus	12,937	13,260
— Pension scheme contributions	178	201
	13,115	13,461

* Costs of inventories includes a total amount of approximately HK\$8,365,000 (2015: HK\$4,923,000), relating to depreciation, (reversal of provision for)/provision for slow-moving inventories and exchange loss/(gain) for which are also included in the respective total amounts disclosed separately above.

6. TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Under-provision in respect of prior years		
— Hong Kong	11,939	–
— PRC	–	854
	11,939	854

Hong Kong profits tax has been provided for at 16.5% (2015: 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% (2015: 25%) on the estimated assessable profits arising in the PRC for the year.

Under the current general provisions 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, including interest income.

A subsidiary of the Group established and operating in Macau was exempted from Macau complementary profits tax for the year ended 31 October 2016 and 2015 according to the relevant laws and regulations in Macau.

7. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 October 2016 (2015: Nil).

8. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share for the year is calculated based on the following data:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss)/profit for the year attributable to owners of the Company for the purpose of calculating basic (loss)/earnings per share	<u>(16,441)</u>	<u>3,980</u>
	Number of shares	
	2016 <i>'000</i>	2015 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>649,540</u>	<u>649,540</u>

No diluted (loss)/earnings per share is calculated for the years ended 31 October 2016 and 2015 as there was no potential ordinary shares in existence.

9. ACCOUNTS RECEIVABLE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accounts receivable	17,476	18,234
Less: Provision for impairment loss	<u>(112)</u>	<u>(100)</u>
	<u>17,364</u>	<u>18,134</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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	13,201	11,470
91–180 days	2,858	4,268
181–365 days	1,171	1,668
Over 365 days	246	828
	<u>17,476</u>	<u>18,234</u>

10. ACCOUNTS AND BILLS PAYABLE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	10,128	8,262
91–180 days	41	1,034
Over 180 days	271	283
	<u>10,440</u>	<u>9,579</u>

11. LOANS FROM A SHAREHOLDER AND A MINORITY SHAREHOLDER

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 (2015: 5.25% per annum). They were not repayable within twelve months from the reporting dates as at 31 October 2015 and 2016 respectively.

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

12. SHARE CAPITAL

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Authorised:		
5,000,000,000 (2015: 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 (2015: 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 2016, revenue of industrial environmental products business, water supply plant business and general environmental protection related products and services business accounted for 75%, 24% and 1% respectively of the Group's total revenue.

The industrial environmental products business for the year ended 31 October 2016 was affected by weak export market and challenging business environment of the manufacturing industry in the PRC especially during the first quarter ended 31 January 2016. Renminbi, the primary currency in sales transactions, has depreciated approximately 7% in this year but the revenue of the industrial environmental products business for the year ended 31 October 2016 only dropped 3% to HK\$60,425,000 as compared with that of last year (2015: HK\$62,482,000).

Japanese yen, one of the major currencies in purchase transactions of our industrial environmental products business, has appreciated during the year ended 31 October 2016. Together with the depreciation of Renminbi, the primary currency in sale transactions, our profit margin was squeezed for the year ended 31 October 2016.

The National Bureau of Statistic of the PRC recently announced that the manufacturing Purchasing Managers' Index (PMI) was 51.4 in December 2016 above the threshold 50 indicating the China manufacturers' expansion in purchasing activities. Looking forward, global economy and foreign currency market became uncertain especially after the election of the president of United State and the business environment for industrial sector in the PRC remained tough and challenging. 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 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. The revenue of the water supply plant business dropped 5% to HK\$19,792,000 for the year ended 31 October 2016 as compared with that of last year (2015: HK\$20,731,000) due to depreciation of Renminbi, the primary currency in sales transactions. 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's future development.

Financial Review

The Group's revenue for the year ended 31 October 2016 was HK\$81,231,000, a decrease of 4% as compared with the last year (2015: HK\$84,324,000) under the depreciation of Renminbi, the Group's primary currency in sale transactions.

Gross profit for the year ended 31 October 2016 was HK\$20,940,000, representing a decrease of 32% as compared with the last year (2015: HK\$30,599,000) due to decrease of the Group's profit margin to 26% for the year ended 31 October 2016 (2015: 36%). Since the sales of the Group are mainly denominated in Renminbi while Japanese Yen is one of the major currencies in purchase transactions of our industrial environmental products business, the depreciation of Renminbi and the appreciation of Japanese Yen have squeezed the Group's gross profit margins for the year ended 31 October 2016. It is expected the volatility of foreign exchange will continue to affect our business and operation. Foreign exchange fluctuations will be continuously monitored and necessary measures will be taken to alleviate its effect.

The Group's administrative expenses for the year ended 31 October 2016 was amounted to HK\$23,459,000 which was similar to that of the last year (2015: HK\$23,529,000). The Group's selling expenses for the year ended 31 October 2016 was amounted to HK\$2,203,000 which was similar to that of the last year (2015: HK\$2,184,000). The Group's other operating expense for the year ended 31 October 2016 was amounted to HK\$185,000 (2015: HK\$415,000).

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. Under-provision for taxation of HK\$205,000 (2015: HK\$854,000) has been made for the year ended 31 October 2016. During this financial year ended 31 October 2016, the Group has made further tax provision of HK\$11,734,000 (2015: Nil) after taking into account the up-to-date development of the Inland Revenue Department's review.

The Group recorded a loss attributable to owners of the Company amounted to HK\$16,441,000 for the year ended 31 October 2016 while the Group recorded a profit attributable to owners of the Company amounted to HK\$3,980,000 for the year ended 31 October 2015.

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 2016, the Group had net current assets of approximately HK\$21,295,000 (31 October 2015: HK\$30,773,000) including bank balances and cash of approximately HK\$16,796,000 (31 October 2015: HK\$12,819,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.6 at 31 October 2016 (31 October 2015: 1.8). As at 31 October 2016, the Group's inventory turnover was about 80 days (31 October 2015: 102 days) and the Group's accounts receivable turnover was about 78 days (31 October 2015: 78 days).

Capital Structure

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

Gearing Ratio

The gearing ratio (define as the total borrowing over total equity, including minority interests) was approximately 20% as at 31 October 2016 (31 October 2015: 16%).

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 2016, the Group had pledged its bank deposits of approximately HK\$9,020,000 (31 October 2015: 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 2016 (2015: Nil).

Information on Employees

As at 31 October 2016, the Group had 65 employees (2015: 65) working in Hong Kong and PRC. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident funds contributions) for the year ended 31 October 2016 amounted to approximately HK\$13,115,000 (2015: HK\$13,461,000). The dedication and hard work of the Group's staff during the year ended 31 October 2016 are generally appreciated and recognized.

Material Acquisitions or Disposal of Subsidiaries and Affiliated Companies

During the year ended 31 October 2016, 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 2016. The Company had not redeemed any of its listed securities during the year ended 31 October 2016.

CORPORATE GOVERNANCE

Throughout the year ended 31 October 2016, 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, Ms. CHAN Siu Ping Rosa, the independent non-executive Director, and Mr. WU Cheng-wei, the non-executive Director at that moment, were unable to attend the annual general meeting of the Company held on 23 April 2016 as they were 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 2016.

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 2016 to review the operations.

The Group's results for the year ended 31 October 2016 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 2016. (2015: 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 2016 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, 27 April 2017 (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, 25 April 2017 to Thursday, 27 April 2017, 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, 24 April 2017.

By Order of the Board
Eco-Tek Holdings Limited
Hui Wai Man Shirley
Chairman

Hong Kong, 19 January 2017

As at the date of this announcement, the Board of Directors comprises Mr. LEUNG Wai Lun and Mr. WU Cheng-wei 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.