



**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 2007**

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

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

*The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors (the “Directors”) of Eco-Tek Holdings Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

\* for identification purpose only

## SUMMARY

- Turnover for the year ended 31 October 2007 amounted to approximately HK\$115.91 million (2006: HK\$91.94 million), representing an increase of approximately 26.07% as compared with preceding year.
- Profit attributable to equity holders of the Company for the year ended 31 October 2007 amounted to approximately HK\$13.47 million (2006: HK\$13.04 million) which represented approximately 3.3% increase as compared with last year.
- Basic and diluted earnings per share for the year ended 31 October 2007 amounted to approximately HK2.07 cents (2006: HK2.03 cents) and N/A (2006: HK2.01 cents) respectively.

## 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 2007 together with the comparative figures as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 October 2007*

	<i>Notes</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>115,909</b>	91,941
Cost of sales		<u>(90,123)</u>	<u>(65,312)</u>
<b>Gross profit</b>		<b>25,786</b>	26,629
Other income		<b>617</b>	2,191
Selling expenses		<b>(3,329)</b>	(2,884)
Administrative expenses		<b>(12,437)</b>	(13,692)
Other operating income		<b>1,350</b>	614
<b>Profit from operations</b>	4	<b>11,987</b>	12,858
Finance costs		<b>(387)</b>	—
Share of profit/(loss) of a jointly controlled entity		<b>149</b>	(500)
<b>Profit before taxation</b>		<b>11,749</b>	12,358
Taxation	5	<b>(225)</b>	(696)
<b>Profit for the year</b>		<b><u>11,524</u></b>	<b><u>11,662</u></b>
<b>Attributable to:</b>			
Equity holders of the Company		<b>13,470</b>	13,044
Minority interest		<b>(1,946)</b>	(1,382)
<b>Profit for the year</b>		<b><u>11,524</u></b>	<b><u>11,662</u></b>
<b>Dividends</b>	6	<b><u>3,248</u></b>	<b><u>3,248</u></b>
<b>Earnings per share</b>	7		
— Basic		<b>HK2.07 cents</b>	HK2.03 cents
— Diluted		<b>N/A</b>	HK2.01 cents

## CONSOLIDATED BALANCE SHEET

As at 31 October 2007

	<i>Notes</i>	<b>2007</b> <b>HK\$'000</b>	2006 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		118,710	75,740
Leasehold interest in land		5,230	5,074
Interest in a jointly controlled entity		1,767	1,618
Deferred tax assets		2,499	2,422
Accounts receivable	8	12,208	15,408
Pledged bank deposits		9,020	9,020
		<u>149,434</u>	<u>109,282</u>
<b>Current assets</b>			
Inventories		28,216	15,371
Accounts receivable	8	42,146	27,872
Deposits, prepayments and other receivables		6,059	5,062
Amount due from a minority shareholder	9	26,179	—
Tax recoverable		1,801	1,801
Cash and cash equivalents		10,491	9,434
		<u>114,892</u>	<u>59,540</u>
<b>Current liabilities</b>			
Accounts and bills payable	10	49,658	27,374
Accrued liabilities and other payables	9	30,807	5,394
Provision for warranty		1,748	1,762
Provision for tax		1,500	1,500
Bank loans		27,000	26,600
		<u>110,713</u>	<u>62,630</u>
<b>Net current assets/(liabilities)</b>		<u>4,179</u>	<u>(3,090)</u>
<b>Total assets less current liabilities</b>		<u>153,613</u>	<u>106,192</u>
<b>Non-current liabilities</b>			
Provision for warranty		1,591	3,252
Loans from minority shareholders		25,145	15,633
		<u>26,736</u>	<u>18,885</u>
<b>Net assets</b>		<u>126,877</u>	<u>87,307</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	11	6,495	6,495
Share premium		19,586	19,586
Capital reserve		95	95
Exchange translation reserve		6,426	1,687
Capital contribution reserve		11,126	—
Share option reserve		376	—
Retained profits		65,863	55,641
Proposed final dividend		3,248	3,248
		<u>113,215</u>	<u>86,752</u>
<b>Minority interest</b>		<u>13,662</u>	<u>555</u>
<b>Total equity</b>		<u>126,877</u>	<u>87,307</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2007

	Equity attributable to equity holders of the Company									Minority interest	Total equity
	Share capital	Share premium	Capital reserve	Exchange translation reserve	Capital contribution reserve	Share option reserve	Retained profits	Proposed final dividend	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 October and 1 November 2005	5,528	19,586	95	138	—	—	45,845	3,248	74,440	—	74,440
Exchange difference, net income recognised directly in equity	—	—	—	1,549	—	—	—	—	1,549	—	1,549
Profit for the year	—	—	—	—	—	—	13,044	—	13,044	(1,382)	11,662
Total recognised income and expense for the year	—	—	—	1,549	—	—	13,044	—	14,593	(1,382)	13,211
Purchase of subsidiary	—	—	—	—	—	—	—	—	—	1,937	1,937
2005 final dividend declared	—	—	—	—	—	—	—	(3,248)	(3,248)	—	(3,248)
2006 proposed final dividend	—	—	—	—	—	—	(3,248)	3,248	—	—	—
Issue of shares on exercise of share options	967	—	—	—	—	—	—	—	967	—	967
At 31 October and 1 November 2006	6,495	19,586	95	1,687	—	—	55,641	3,248	86,752	555	87,307
Exchange difference, net income recognised directly in equity	—	—	—	4,739	—	—	—	—	4,739	—	4,739
Profit for the year	—	—	—	—	—	—	13,470	—	13,470	(1,946)	11,524
Total recognised income and expense for the year	—	—	—	4,739	—	—	13,470	—	18,209	(1,946)	16,263
2006 final dividend declared	—	—	—	—	—	—	—	(3,248)	(3,248)	—	(3,248)
2007 proposed final dividend	—	—	—	—	—	—	(3,248)	3,248	—	—	—
Employee share-based compensation benefit	—	—	—	—	—	376	—	—	376	—	376
Other contribution by a minority shareholder	—	—	—	—	11,126	—	—	—	11,126	15,053	26,179
<b>At 31 October 2007</b>	<b>6,495</b>	<b>19,586</b>	<b>95</b>	<b>6,426</b>	<b>11,126</b>	<b>376</b>	<b>65,863</b>	<b>3,248</b>	<b>113,215</b>	<b>13,662</b>	<b>126,877</b>

Notes:

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Adoption of new or amended Hong Kong Financial Reporting Standards (“HKFRSs”)

From 1 November 2006, the Group has adopted the new and amended HKFRSs which were first effective on 1 November 2006 and relevant to the Group. The adoption of these HKFRSs did not result in any significant changes in the Group’s and the Company’s accounting policies.

### (b) New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group’s financial statements.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>2</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>2</sup>
HKFRS 7	Financial Instruments — Disclosures <sup>1</sup>
HKFRS 8	Operating Segments <sup>2</sup>
HK(IFRIC) — Int 11	HKFRS 2 – Group and Treasury Share Transactions <sup>3</sup>
HK(IFRIC) — Int 12	Service Concession Arrangements <sup>4</sup>
HK(IFRIC) — Int 13	Customer Loyalty Programmes <sup>5</sup>
HK(IFRIC) — Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2008

### (c) Basis of preparation

The significant accounting policies have been consistently applied to all the years presented unless otherwise stated.

The 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 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.

## 2. SEGMENT INFORMATION

The business segments of the Group are as follows:

- (i) the general environmental protection related products and services segment mainly comprises sale of particulate removal devices and related ancillary services;
- (ii) the industrial environmental products segment refers to sale of hydraulic components and other related accessories; and
- (iii) the water supply plant segment refers to the supply of processed water in the People's Republic of China except Macau and Hong Kong (the "PRC").

### (a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments.

	General environmental protection related products and services		Industrial environmental products		Water supply plant		Unallocated*		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Segment revenue:										
Sales to external customers	<u>538</u>	15,162	<u>113,115</u>	76,179	<u>1,784</u>	—	<u>472</u>	600	<u>115,909</u>	91,941
Segment results	<u>(3,251)</u>	5,053	<u>20,960</u>	12,200	<u>(2,382)</u>	(1,080)	<u>198</u>	600	<u>15,525</u>	16,773
Interest income									442	548
Unallocated expenses									(3,980)	(4,463)
Profit from operations									11,987	12,858
Finance costs									(387)	—
Share of profit/(loss) of a jointly controlled entity									149	(500)
Profit before taxation									11,749	12,358
Taxation									(225)	(696)
Profit for the year									<u>11,524</u>	<u>11,662</u>

\* Unallocated revenue and results represented revenue and results from various kinds of consultancy and advertising services.

	General environmental protection related products and services		Industrial environmental products		Water supply plant		Unallocated**		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	26,367	32,541	83,069	51,789	148,256	78,054	186	—	257,878	162,384
Interest in a jointly controlled entity									1,767	1,618
Tax assets									4,300	4,223
Unallocated assets									381	597
Total assets									<u>264,326</u>	<u>168,822</u>
Segment liabilities	3,792	5,451	48,391	28,403	82,459	45,329	57	—	134,699	79,183
Tax liabilities									1,500	1,500
Unallocated liabilities									1,250	832
Total liabilities									<u>137,449</u>	<u>81,515</u>
Other segment information:										
Depreciation	225	272	555	495	1,881	90	—	—	2,661	857
Amortisation of leasehold interest in land	—	—	—	—	104	84	—	—	104	84
Capital expenditure	198	472	114	405	40,231	74,705	—	—	40,543	75,582
Provision for/(Write back of) slow-moving inventories	657	(253)	168	(197)	—	—	—	—	825	(450)
(Gain)/Loss on disposal of property, plant and equipment	204	(60)	6	—	—	—	—	—	210	(60)
Write back of provision for warranty, net	(1,350)	(614)	—	—	—	—	—	—	(1,350)	(614)

\*\* Unlocated assets and liabilities represented assets and liabilities from various kinds of consultancy and advertising services.

**(b) Geographical segments**

The following table present revenue, certain assets and expenditure information for the Group's geographical segments.

	Hong Kong		PRC		Others <sup>#</sup>		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>16,512</u>	<u>27,724</u>	<u>99,397</u>	<u>63,976</u>	<u>—</u>	<u>241</u>	<u>115,909</u>	<u>91,941</u>
Other segment information:								
Segment assets	<u>42,157</u>	<u>39,326</u>	<u>196,128</u>	<u>117,750</u>	<u>19,974</u>	<u>5,905</u>	<u>258,259</u>	<u>162,981</u>
Interest in a jointly controlled entity							<u>1,767</u>	<u>1,618</u>
Tax assets							<u>4,300</u>	<u>4,223</u>
							<u>264,326</u>	<u>168,822</u>
Capital expenditure	<u>211</u>	<u>475</u>	<u>40,331</u>	<u>75,104</u>	<u>1</u>	<u>3</u>	<u>40,543</u>	<u>75,582</u>

<sup>#</sup> Other represents unallocated items.

**3. REVENUE**

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

	2007	2006
	HK\$'000	HK\$'000
Sales of goods	<u>115,437</u>	<u>91,341</u>
Consultancy fee income	<u>200</u>	<u>600</u>
Advertising fee income	<u>272</u>	<u>—</u>
	<u>115,909</u>	<u>91,941</u>



#### 4. PROFIT FROM OPERATIONS

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

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Auditors' remuneration	<b>300</b>	240
Cost of inventories sold*	<b>77,375</b>	61,532
Depreciation	<b>2,661</b>	857
Amortisation of leasehold interest in land	<b>104</b>	84
Exchange gain, net	<b>(1,917)</b>	(730)
Loss/(Gain) on disposal of property, plant and equipment	<b>210</b>	(60)
Operating lease charges in respect of land and buildings	<b>1,274</b>	1,056
Provision for/(Write back of) slow-moving inventories	<b>825</b>	(450)
Provision for bad debt	<b>91</b>	—
Write back of provision for warranty, net **	<b>(1,350)</b>	(614)
Research and development costs	<b>15</b>	89
Staff costs (including directors' remuneration)		
Wages and salaries	<b>6,543</b>	6,023
Pension scheme contributions	<b>120</b>	115
Employee share-based payment expense	<b>376</b>	—
	<b>7,039</b>	6,138
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition	—	(1,427)
Interest income	<b>(442)</b>	(548)

\* The costs of inventories sold is included in cost of sales for the year which includes a total amount of approximately HK\$3,638,000 (2006: HK\$90,000), relating to direct staff costs, depreciation, provision for slow-moving inventories (2006: write back of slow moving inventories) and exchange losses, which are also included in the respective amounts disclosed separately above for each of these types of expenses for the year.

\*\* The amount is included in "Other operating income" on the face of the consolidated income statement.

## 5. TAXATION

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Current tax</b>		
Elsewhere — Current year	241	459
<b>Deferred tax</b>	(16)	237
Total tax charge for the year	<u>225</u>	<u>696</u>

No Hong Kong profits tax has been provided in the financial statements as the Group has utilised its loss brought forward to offset against its assessable profit for the year ended 31 October 2007 (2006: Nil).

Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The representative offices of certain group companies established in the PRC are subject to the PRC enterprise income tax at the rate of 33% (2006: 33%) on operating expenses for the year.

Ningbo Tokawa Precision Hydraulic Components Co. Ltd.# (寧波東川精確液壓設備有限公司), a subsidiary of the Group established in the PRC, is subject to the PRC enterprise income tax. PRC enterprise income tax has been provided at the rate of 33% (2006: 33%) on the estimated assessable profits arising in the PRC for the year.

Dongguan Kangli Machinery Co. Ltd.# (東莞康力機械有限公司), a subsidiary of the Group established in the PRC, is subject to the PRC enterprise income tax. The subsidiary is entitled to full exemption from PRC enterprise income tax for the first two profitable years of operations, followed by a 50% reduction in the profits tax rate for the next three years. The subsidiary has applied the year ended 31 December 2005 as the first profit-making year for the aforesaid tax holiday.

Tianjin Asian Way Estate Development Co., Ltd.# (天津華永房地產開發有限公司), a subsidiary of the Group established in the PRC, was loss making since establishment. Hence, no enterprise income tax has been provided.

During the 5th session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%. Accordingly, the deferred taxes as at 31 October 2007 that are expected to be utilised in year 2008 and onwards have been provided at an enacted corporate tax rate of 25%.

Macau complementary profits tax had been calculated at the rate of 15.75% on the estimated assessable profits of Tokawa Precision (Overseas) Co. Limited, a subsidiary of the Group which was engaged in the marketing and sale of environmental protection related products for the year ended 31 October 2006. No Macau complementary profits tax was provided for the year as this subsidiary was inactive during the year.

According to the relevant laws and regulations in Macau, 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 (2006: Nil).

# English translation only

## 6. DIVIDENDS

	<b>2007</b> <b>HK\$'000</b>	2006 HK\$'000
Proposed final dividend of HK0.50 cent (2006: HK0.50 cent) per ordinary share	<u><b>3,248</b></u>	<u>3,248</u>

The above final dividend was proposed after the balance sheet date and has not been recognised as a liability as at the balance sheet date, but reflected as an appropriation of retained profits for the year.

This dividend will be paid to shareholders whose names appear on the register of members of the Company on 25 February 2008. The register of members of the Company will be closed from 26 February 2008 to 28 February 2008, both days inclusive during which period no transfer of shares of the Company will be effected.

The final dividend for the year ended 31 October 2006 was proposed on 22 January 2007. The proposed amount was based on 649,540,000 ordinary shares in issue as at 31 October 2006.

## 7. EARNINGS PER SHARE

The basic earnings per share for the year is calculated based on the consolidated profit attributable to equity holders of the Company for the year of HK\$13,470,000 (2006: HK\$13,044,000) and the weighted average of 649,540,000 (2006: 643,599,000) ordinary shares in issue during the year.

No diluted earnings per share is calculated for the year ended 31 October 2007 since the exercise price of the Company's options was higher than the average market price for the year. The calculation of the diluted earnings per share for the year ended 31 October 2006 was based on the consolidated profit attributable to equity holders of the Company for the year of HK\$13,044,000 and 649,321,000 ordinary shares, being the 643,599,000 ordinary shares as used in the calculation of basic earnings per share, plus the weighted average of 5,722,000 ordinary shares deemed to be issued on the exercise of the share options under a pre-IPO share option scheme.

## 8. ACCOUNTS RECEIVABLE

The Group has a policy of allowing an average credit period of 90 days to its trade customers, except for one customer. This customer's repayment term is to pay (i) 70%-80% of the invoice amount to the Group one month after the invoice date; (ii) another 10% of the invoice amount to the Group three months or twelve months after the invoice date; and (iii) the remaining 10%-20% of the invoice amount to the Group after expiry of warranty period if no complaints are received in respect of the products sold to the customer. An ageing analysis of accounts receivable as at the balance sheet date, based on invoice date, is as follows:

	<b>2007</b> <b>HK\$'000</b>	2006 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	<b>23,805</b>	17,437
91 — 180 days	<b>12,862</b>	7,135
181 — 365 days	<b>2,389</b>	4,501
Over 365 days	<b>17,145</b>	15,963
	<hr/>	<hr/>
	<b>56,201</b>	45,036
Provision for impairment	<b>(1,847)</b>	(1,756)
	<hr/>	<hr/>
	<b>54,354</b>	43,280
	<hr/> <hr/>	<hr/> <hr/>
Carrying amount analysed for reporting purposes as		
Non-current ( <i>note (a)</i> )	<b>12,208</b>	15,408
Current	<b>42,146</b>	27,872
	<hr/>	<hr/>
	<b>54,354</b>	43,280
	<hr/> <hr/>	<hr/> <hr/>

- (a) The balance shall be payable by the customer at the expiry of warranty period of five years from the date of performance of installation services.
- (b) Accounts receivable with carrying amount of approximately HK\$15,414,000 (2006: HK\$18,836,000) was pledged to secure a bank loan of the Group.

## 9. AMOUNT DUE FROM A MINORITY SHAREHOLDER

On 16 November 2005, the Group entered into a legally binding memorandum of understanding and a sale and purchase agreement (collectively known as the “Agreements”) in relation to acquisition of 42.5% interest in Asian Way International Limited. According to the Agreements, the total construction fee for the water supply plant was estimated to be RMB80 million and any excess sum of construction fee should be solely borne by Mr. Tang Hin Lun (“Mr. Tang”), the minority shareholder of Asian Way. As at 31 October 2007, the total construction fee for the water supply plant was approximately RMB110,350,000 (equivalent to HK\$114,948,000).

A confirmation (“Confirmation”) was signed by Mr. Tang to the Group on 22 January 2008 to confirm the amount agreed between the Group and Mr. Tang under the Agreements. Pursuant to the Confirmation, the construction fee borne by the Group was amounted to approximately RMB85,218,000 (equivalent to HK\$88,769,000) and the remaining amount of approximately RMB25,132,000 (equivalent to HK\$26,179,000) was solely borne by Mr. Tang and this amount was reported as “amount due from minority shareholder” under current assets and “capital contribution reserve” under equity as it was contribution from Mr. Tang.

As at 31 October 2007, the Group has an amount due to the main contractor of the water supply plant of approximately RMB25,132,000 which was included in the consolidated balance sheet as “other payable”. Pursuant to the Confirmation, Mr. Tang will settle this balance on behalf of the Group as his settlement on the amount due from him of RMB25,132,000.

## 10. ACCOUNTS AND BILLS PAYABLE

An ageing analysis of accounts and bills payable as at the balance sheet date, based on invoice date, is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	40,440	17,912
91 — 180 days	8,763	6,012
181 — 365 days	3	3,057
Over 365 days	452	393
	<u>49,658</u>	<u>27,374</u>

## 11. SHARE CAPITAL

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Authorised: 5,000,000,000 ordinary shares of HK\$0.01 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid		
At the beginning of the year, 649,540,000 (2006: 552,800,000) ordinary shares of HK\$0.01 each	6,495	5,528
Exercise of share options	<u>—</u>	<u>967</u>
At the end of the year, 649,540,000 (2006: 649,540,000) ordinary shares of HK\$0.01 each	<u>6,495</u>	<u>6,495</u>

In November 2005, 96,740,000 ordinary shares of HK\$0.01 each were issued upon the exercise of share options. The exercise price was HK\$0.01 each per option share and a total of approximately HK\$967,000 was raised.

## 12. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which results from both its operating and investing activities. The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage the Group's exposure to market risks, including changes in interests rates and currency exchange rates. Generally, the Group introduces conservative strategies on its risk management. The Group's exposure to market risk is kept to minimum. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not issue derivative financial instruments for trading purposes.

### (a) Credit risk

All the Group's cash and cash equivalents are deposited with major banks located in Hong Kong and the PRC.

The carrying amounts of account and other receivables, and amount due from a minority shareholder represent the Group's maximum exposure to credit risk in relation to its financial assets. These financial assets are actively monitored to avoid significant concentrations of credit risk. No other financial assets carry a significant exposure to credit risk.

### (b) Foreign currency risk

The Group's purchases are denominated in Euros, Sterling Pounds, Japanese Yen and US Dollars. The sales of the Group are predominantly in RMB and Hong Kong Dollars. The Group does not hedge its foreign currency risks. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

**(c) Interest rate risk**

The Group has no significant interest bearing assets except bank balances. The Group's interest rate risk arises from bank borrowings.

**(d) Fair values**

The fair values of the Group's current financial assets and liabilities are not materially different from their carrying amount because of the immediate or short term maturity. The fair values of non-current liabilities were not disclosed because their carrying value is not materially different from their fair value.

**(e) Liquidity risk**

The Group ensures that it maintains sufficient cash, which is available to meet its liquidity requirements.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

Turnover of the Group for the year ended 31 October 2007 was around HK\$115.9 million (2006: HK\$91.9 million). Net profits attributable to equity holders of the Company was around HK\$13.5 million (2006: HK\$13.0 million).

In 2007, the Group focuses on its marketing works in the promotion of its industrial environmental protection related products, especially to those customers in both the marine and construction industries. These works was rewarded by the increase of approximately 48.5% in the amount of revenue generated from this segment.

Gross profits for the year was around HK\$25.8 million, representing a decrease of approximately 3.2%. The gross profits ratio has been reduced from 29.0% to 22.2%, which was due to the change of the product mix. In last year, around 16.5% revenue was generated from the general environmental protection related products which has a much higher gross profits margins while in current year, with the completion of the tenders from the Environmental Protection Department ("EPD") in August 2006, most of the revenue was generated from the industrial environmental protection related products.

In the second half of 2007, the construction works of the water supply plant in Tianjin has been completed. Around HK\$1.8 million turnover in current year was generated from the operations of such water plant, this new segment will contribute revenue to the Group in the coming years.

The administrative expenses of the Group for the year ended 31 October 2007 decreased by around HK\$1.3 million compared to that of 2006 which was mainly due to the reduction of professional fee for the exercise of the application for listing onto the Main Board in last year.

The net profit attributable to equity holders of the Company was around HK\$13.5 million (2006: HK\$13.0 million). The increase in the sales of Industrial Environmental Protection Related Products has fully compensated the loss of revenue from the completion of the EPD tenders in 2006.

## **Business Review and Outlook**

The Group is continuously engaged in the marketing, sales, servicing, research and development of environmental protection and quality health related products and services. During the year, the construction of a water supply plant in Tianjin was completed and the water supply operation commences.

The construction works of the water supply plant in Tianjin has been completed with daily purification capacity of 50,000 tonnes. With the exclusive right for supplying processed water and the rapid economic development of the region, management are expected that the plant can contribute stable revenue to the Group.

For the industrial environmental protection related products, the Group will continue to promote the “Direct Drive Pump”, which can save maximum 80% of the electricity consumed by industrial machines. Also, to speed up the process of expansion and to diversify the revenue bases for these industrial environmental protection related products, the Group will try to expand its market to customers in other industries like forging and ceramic press in 2008. Also, the Group will also try to engage directly in the manufacturing of other industrial machines like the polymer processing machines in 2008. With an increase in the public awareness regarding environmental protection, management believes that such expansion policy should be continued.

For the Joint Venture in the Jiangsu Province, after the extensive marketing works in 2007, this Joint Venture has formed a solid base in the region and start to generate revenue. In the coming year, it will continue to engage in the promotion and installation of the automatic surveillance systems for the end users to monitor their water pollution status and in providing environmental protection consultancy services in the region.



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

As at 31 October 2007, the interests and short positions of the Directors and chief executive 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 the Securities and Futures Ordinance (“SFO”)), which were notified to the Company and the Stock Exchange of Hong Kong Limited (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:

### Long positions in ordinary shares of the Company

Name	Number of shares held, capacity and nature of interest		Percentage of the Company's issued share capital as at 31 October 2007
	Capacity and nature of interest	Number of ordinary shares held	
<i>Executive Director</i>			
Mr. SHAH Tahir Hussain ( <i>Note 1</i> )	Directly beneficially owned	14,372,800	2.2
<i>Chief Executive Officer</i>			
Dr. PAU Kwok Ping ( <i>Note 2</i> )	Through a discretionary trust	44,224,000	6.8
		<u>58,596,800</u>	<u>9.0</u>

#### Notes:

1. Mr. SHAH Tahir Hussain has resigned as the Group's Chairman and Executive Director at 17 January 2008.
2. The shares are held by Crayne Company Limited, a company wholly-owned by ING Trust Company (Jersey) Limited as trustee of the Crayne Trust which is a discretionary trust founded by Dr. PAU Kwok Ping.

## Interest in underlying shares of the Company

Pursuant to a share option scheme (the “Scheme”) adopted by the Company on 21 November 2001, the Company had granted share options on the Company’s ordinary shares to various Directors. Details of share options to subscribe for shares in the Company granted to these Directors as at 31 October 2007 were as follows:

Name	Date of grant	Number of options outstanding as at 1 November 2006	Number of options granted during the year	Number of options outstanding as at 31 October 2007	Exercise price per share HK\$
<i>Executive Director</i>					
Mr. NG Chi Fai	13/8/2007	—	500,000	500,000	0.35
<i>Independent Non-Executive Directors</i>					
Ms. CHAN Siu Ping Rosa	2/4/2007	—	500,000	500,000	0.235
Mr. TAKEUCHI Yutaka	2/4/2007	—	500,000	500,000	0.235
Professor NI Jun	2/4/2007	—	500,000	500,000	0.235
Ms. HUI Wai Man Shirley	2/4/2007	—	500,000	500,000	0.235
		—	2,500,000	2,500,000	
		—	2,500,000	2,500,000	

## Aggregate long position in ordinary shares and underlying shares of the Company

Name	Total number of ordinary shares held as at 31 October 2007	Number of options held and outstanding as at 31 October 2007	Aggregate in number as at 31 October 2007	Percentage of the Company's issued share capital as at 31 October 2007
<i>Executive Director</i>				
Mr. SHAH Tahir Hussain ( <i>note</i> )	14,372,800	—	14,372,800	2.21
Mr. NG Chi Fai	—	500,000	500,000	0.08
<i>Independent Non-Executive Directors</i>				
Ms. CHAN Siu Ping Rosa	—	500,000	500,000	0.08
Mr. TAKEUCHI Yutaka	—	500,000	500,000	0.08
Professor NI Jun	—	500,000	500,000	0.08
Ms. HUI Wai Man Shirley	—	500,000	500,000	0.08
<i>Chief Executive</i>				
Dr. Pau Kwok Ping	44,224,000	—	44,224,000	6.81
	<u>58,596,800</u>	<u>2,500,000</u>	<u>61,096,800</u>	<u>9.42</u>

*Note:* Mr. SHAH Tahir Hussain has resigned as the Group's Chairman and Executive Director at 17 January 2008.

Save as disclosed above, as at 31 October 2007, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures 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' INTERESTS 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 October 2007, the following persons (other than a Director or chief executive 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	Percentage of the Company's issued share capital as at 31 October 2007
<i>Substantial shareholders</i>			
Cititrust (Cayman) Limited ( <i>Note 1</i> )	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management Limited ( <i>Note 1</i> )	Through a controlled corporation	344,621,200	53.06
Team Drive Limited ( <i>Note 1</i> )	Directly beneficially owned	344,621,200	53.06
The Hong Kong Polytechnic University ( <i>Note 2</i> )	Through a controlled corporation	70,440,800	10.84
PolyU Enterprise Limited ( <i>Note 2</i> )	Through a controlled corporation	70,440,800	10.84
Advance New Technology Limited ( <i>Note 2</i> )	Directly beneficially owned	70,440,800	10.84
ING Trust Company (Jersey) Limited ( <i>Note 3</i> )	Through a controlled corporation	44,224,000	6.81
Crayne Company Limited ( <i>Note 3</i> )	Directly beneficially owned	44,224,000	6.81
<i>Other shareholder</i>			
Mr. LEE Wai Man	Directly beneficially owned	35,620,000	5.48

*Notes:*

1. These shares are held by Team Drive Limited which is wholly-owned by Wide Sky Management Limited, being the trustee of a unit trust of which the entire issued units are held by Cititrust (Cayman) Limited. By virtue of the SFO, Wide Sky Management Limited and Cititrust (Cayman) Limited are deemed to be interested in all the shares held by Team Drive Limited.
2. Advance New Technology Limited is a wholly-owned subsidiary of PolyU Enterprise Limited, which is wholly owned by The Hong Kong Polytechnic University (“PolyU”). By virtue of its interest in Advance New Technology Limited, PolyU and PolyU Enterprise Limited are deemed to be interested in all the shares of the Company held by Advance New Technology Limited.
3. The shares are held by Crayne Company Limited, a company wholly-owned by ING Trust Company (Jersey) Limited as trustee of the Crayne Trust which is a discretionary trust founded by Dr. PAU Kwok Ping.

**Other share options granted under the Scheme**

Name	Date of grant	Number	Number	Number	Exercise price per share <i>HK\$</i>
		of options outstanding as at 1 November 2006	of options granted during the year	of options outstanding as at 31 October 2007	
Mr. CHEUNG Ka Fai	13/8/2007	—	500,000	500,000	0.35

Save as disclosed above, as at 31 October 2007, so far as is known to the Directors or chief executives of the Company, no other persons (other than a Director or chief executive of the Company) had 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, who was interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

## **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 2007. The Company had not redeemed any of its listed securities during the year ended 31 October 2007.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules ("Code on CG Practices") throughout the year ended.

## **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 audit committee comprises four members, Ms. CHAN Siu Ping Rosa, Mr. TAKEUCHI Yutaka, Professor NI Jun and Ms. HUI Wai Man Shirley, who are the independent non-executive directors of the Company.

In the course of the supervision of the financial reporting process and internal control system of the Group, four meetings were held during the year ended 31 October 2007 to review the operations.

The Group's results for the year ended 31 October 2007 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.

As at the date of this announcement, the directors of the Company are as follows:

**Executive directors:**

Mr. Han Ka Lun

Mr. Ng Chi Fai

**Non-executive directors:**

Dr. Lui Sun Wing

Mr. Young Meng Cheung Andrew

**Independent non-executive directors:**

Ms. Chan Siu Ping Rosa

Mr. Takeuchi Yutaka

Professor Ni Jun

Ms. Hui Wai Man Shirley

By Order of the Board  
**Eco-Tek Holdings Limited**  
**NG Chi Fai**  
*Acting Chairman*

Hong Kong, 23 January 2008

*This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the day of its publication.*