



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 2008

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

GEM has been position as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospectus 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 Stock Exchange takes no responsibilities for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however 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 Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (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 (1) the information contained in this announcement is accurate and complete in all material aspects 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 2008 amounted to approximately HK\$176.0 million (2007: HK\$115.9 million), representing an increase of approximately 51.9% as compared with preceding year.
- Profit attributable to equity holders of the Company for the year ended 31 October 2008 amounted to approximately HK\$18.5 million (2007: HK\$13.5 million) which represented approximately 37% increase as compared with last year.
- Basic earnings per share for the year ended 31 October 2008 amounted to approximately HK2.85 cents (2007: HK2.07 cents). No diluted earnings per share for the two years ended 31 October 2007 and 2008.

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 2008 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 October 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Revenue	5	175,982	115,909
Cost of sales		<u>(139,221)</u>	<u>(90,123)</u>
Gross profit		36,761	25,786
Other income		6,672	3,277
Selling expenses		(2,943)	(3,329)
Administrative expenses		(19,249)	(15,097)
Other operating income		<u>1,441</u>	<u>1,350</u>
Profit from operations	6	22,682	11,987
Finance costs		(1,813)	(387)
Share of (loss)/profit of a jointly controlled entity		<u>(147)</u>	<u>149</u>
Profit before taxation		20,722	11,749
Taxation	7	<u>(3,336)</u>	<u>(225)</u>
Profit for the year		<u>17,386</u>	<u>11,524</u>
Attributable to:			
Equity holders of the Company		18,523	13,470
Minority interest		<u>(1,137)</u>	<u>(1,946)</u>
Profit for the year		<u>17,386</u>	<u>11,524</u>
Dividends	8	<u>3,897</u>	<u>3,248</u>
Earnings per share			
— Basic	9	HK2.85 cents	HK2.07 cents
— Diluted	9	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

As at 31 October 2008

	Notes	2008 HK\$'000	2007 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		123,730	118,710
Interest in leasehold land		5,547	5,230
Interest in a jointly controlled entity		1,620	1,767
Deferred tax assets		1,734	2,499
Accounts receivable	10	9,092	12,208
Pledged bank deposits		9,020	9,020
		<u>150,743</u>	<u>149,434</u>
Current assets			
Inventories		35,829	28,216
Accounts receivable	10	45,962	42,146
Deposits, prepayments and other receivables		12,877	6,059
Amount due from a minority shareholder	11	26,179	26,179
Tax recoverable		1,835	1,801
Cash and cash equivalents		22,184	10,491
		<u>144,866</u>	<u>114,892</u>
Current liabilities			
Accounts and bills payable	12	59,281	49,658
Accrued liabilities and other payables	11	38,373	30,807
Provision for warranty		1,109	1,748
Provision for tax		1,971	1,500
Bank loans		19,000	27,000
		<u>119,734</u>	<u>110,713</u>
Net current assets		<u>25,132</u>	<u>4,179</u>
Total assets less current liabilities		<u>175,875</u>	<u>153,613</u>
Non-current liabilities			
Bank loans		1,500	—
Provision for warranty		482	1,591
Loans from minority shareholders		25,489	25,145
		<u>27,471</u>	<u>26,736</u>
Net assets		<u>148,404</u>	<u>126,877</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	13	6,495	6,495
Share premium		19,586	19,586
Capital reserve		95	95
Exchange translation reserve		9,749	6,426
Capital contribution reserve		11,126	11,126
Share option reserve		326	376
Retained profits		80,539	65,863
Proposed final dividend	8	3,897	3,248
		<u>131,813</u>	<u>113,215</u>
Minority interest		<u>16,591</u>	<u>13,662</u>
Total equity		<u>148,404</u>	<u>126,877</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2008

	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			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 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/(loss) 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
At 31 October and 1 November 2007	6,495	19,586	95	6,426	11,126	376	65,863	3,248	113,215	13,662	126,877
Exchange difference, net income recognised directly in equity	—	—	—	3,323	—	—	—	—	3,323	4,066	7,389
Profit/(loss) for the year	—	—	—	—	—	—	18,523	—	18,523	(1,137)	17,386
Total recognised income and expense for the year	—	—	—	3,323	—	—	18,523	—	21,846	2,929	24,775
2007 final dividend declared	—	—	—	—	—	—	—	(3,248)	(3,248)	—	(3,248)
2008 proposed final dividend	—	—	—	—	—	—	(3,897)	3,897	—	—	—
Reversal on expiry of share-based compensation benefit	—	—	—	—	—	(50)	50	—	—	—	—
At 31 October 2008	<u>6,495</u>	<u>19,586</u>	<u>95</u>	<u>9,749</u>	<u>11,126</u>	<u>326</u>	<u>80,539</u>	<u>3,897</u>	<u>131,813</u>	<u>16,591</u>	<u>148,404</u>

Notes:

1. GENERAL INFORMATION

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 Growth Enterprises Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (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 PRC whose functional currency is Renminbi (“RMB”), the functional currency of the Company and its subsidiaries are HK\$.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 November 2007.

HKAS 1 (Amendment)	Capital Disclosure
HKFRS 7	Financial Instruments: Disclosures
HKFRS 39	Reclassification of financial assets
HK(IFIRC) – Int 10	Interim Financial Reporting and Impairment
HK(IFIRC) – Int 11	HKFRS 2: Group and Treasury Share Transactions

The Group has adopted the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The adoption of new HKFRSs had no material effect on how the results and financial positions for the current year or prior accounting years have been prepared and presented.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

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 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations arising on Liquidation ¹
HKAS 39 (Amendment)	Eligible hedged items ²
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ¹
HKFRS 2 (Amendment)	Vesting conditions and Cancellation ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) — Int 12	Service Concession Arrangements ³
HK(IFRIC) — Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation ⁵
HK(IFRIC) — Int 17	Distributions of non-cash assets to owners ⁵
Various	Annual improvements to IFRS 2008

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

⁵ Effective for annual periods beginning on or after 1 October 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 October 2007.

The consolidated financial statements have been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

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.

4. 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 production of machines segment refers to the manufacturing and sale of plastic injection moulding machines and other related accessories;
- (iii) the industrial environmental products segment refers to sale of hydraulic components and other related accessories; and
- (iv) the water supply plant segment refers to the supply of processed water in 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		Production of machines		Industrial environments products		Water supply plant		Unallocated*		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	897	538	7,663	—	160,320	113,115	7,102	1,784	—	472	175,982	115,909
Segment results	(1,330)	(3,251)	3,193	—	31,566	20,960	569	(2,382)	(180)	198	33,818	15,525
Interest income											210	442
Unallocated expenses											(11,346)	(3,980)
Profit from operations											22,682	11,987
Finance costs											(1,813)	(387)
Share of (loss)/profit of a jointly controlled entity											(147)	149
Profit before taxation											20,722	11,749
Taxation											(3,336)	(225)
Profit for the year											17,386	11,524

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

4. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

	General environmental protection related products and services		Production of machines		Industrial environments products		Water supply plant		Unallocated**		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Segment assets	24,142	26,367	28,868	—	93,213	83,069	117,361	122,077	169	186	263,753	231,699
Interest in a jointly controlled entity											1,620	1,767
Tax assets											3,569	4,300
Unallocated assets											26,667	26,560
Total assets											<u>295,609</u>	<u>264,326</u>
Segment liabilities	2,745	3,701	8,621	—	55,841	48,391	31,136	30,405	165	57	98,508	82,554
Tax liabilities											1,971	1,500
Unallocated liabilities											46,726	53,395
Total liabilities											<u>147,205</u>	<u>137,449</u>
Other segment information:												
Depreciation	195	225	527	—	194	555	5,996	1,881	—	—	6,912	2,661
Amortisation of interest in leasehold land	—	—	—	—	—	—	115	104	—	—	115	104
Capital expenditure	97	198	1,530	—	749	114	127	40,231	—	—	2,503	40,543
Provision for slow-moving inventories	1,062	657	—	—	3,907	168	—	—	—	—	4,969	825
Loss on disposal of property, plant and equipment	—	204	—	—	4	6	—	—	—	—	4	210
Write back of provision for warranty, net	(1,441)	(1,350)	—	—	—	—	—	—	—	—	(1,441)	(1,350)

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

4. SEGMENT INFORMATION (Continued)

(b) Geographical segments

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

	Hong Kong		PRC		Others [#]		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Sales to external customers	<u>24,884</u>	<u>16,512</u>	<u>151,098</u>	<u>99,397</u>	<u>—</u>	<u>—</u>	<u>175,982</u>	<u>115,909</u>
Other segment information								
Segment assets	74,290	42,157	205,757	196,128	10,373	19,974	290,420	258,259
Interest in a jointly controlled entity							1,620	1,767
Tax assets							<u>3,569</u>	<u>4,300</u>
							<u>295,609</u>	<u>264,326</u>
Capital expenditure	<u>824</u>	<u>211</u>	<u>1,677</u>	<u>40,331</u>	<u>2</u>	<u>1</u>	<u>2,503</u>	<u>40,543</u>

[#] Others represents unallocated items.

5. REVENUE

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

	2008	2007
	HK\$'000	HK\$'000
Sales of goods	168,880	113,653
Supply of water	7,102	1,784
Consultancy fee income	—	200
Advertising fee income	—	272
	<u>175,982</u>	<u>115,909</u>

6. PROFIT FROM OPERATIONS

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Auditors' remuneration	455	300
Cost of inventories sold*	115,361	77,375
Depreciation	6,912	2,661
Amortisation of interest in leasehold land	115	104
Exchange gain, net	(3,929)	(1,917)
Loss on disposal of property, plant and equipment	4	210
Operating lease charges in respect of land and buildings	3,673	1,274
Provision for slow-moving inventories	4,969	825
Provision for bad debt	—	91
Write back of provision for warranty, net**	(1,441)	(1,350)
Research and development costs	—	15
Staff costs (including directors' remuneration)		
Wages and salaries	8,902	6,543
Pension scheme contributions	135	120
Employee share-based payment expense	—	376
	<u>9,037</u>	<u>7,039</u>
Interest income	<u>(210)</u>	<u>(442)</u>

* The costs of inventories sold is included in cost of sales for the year which includes a total amount of approximately HK\$4,526,000 (2007: HK\$3,638,000), relating to direct staff costs, depreciation, provision for 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.

7. TAXATION

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current tax		
— Hong Kong		
Tax for the year	470	—
Over provision in respect of prior years	(34)	—
	<u>436</u>	<u>—</u>
— PRC		
Tax for the year	2,056	241
	<u>2,492</u>	<u>241</u>
Deferred tax	<u>844</u>	<u>(16)</u>
Total income tax	<u><u>3,336</u></u>	<u><u>225</u></u>

Hong Kong profits tax has been provided for at 16.5% on the estimated assessable profit for the year. No Hong Kong profits tax has been provided in the financial statements for the year ended 31 October 2007 as the Group has utilised its loss brought forward to offset against its assessable profit.

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% on operating expenses for the two months ended 31 December 2007 and 25% for the remaining ten months (2007: 33%).

Ningbo Tokawa Precision Hydraulic Components Co. Ltd.[#] (寧波東川精確液壓設備有限公司) (“Ningbo Tokawa Precision”), a wholly-owned 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% on the estimated assessable profits arising in the PRC for the two months ended 31 December 2007 and 25% for the remaining ten months (2007: 33%).

Dongguan Kangli Machinery Co. Ltd.[#] (東莞康力機械有限公司) (“Dongguan Kangli”), 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) (“Tianjin Asian Way”), a subsidiary of the Group established in the PRC, was loss making since establishment. Hence, no PRC enterprise income tax has been provided.

7. TAXATION (Continued)

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 2003. No Macau complementary profits tax was provided for the year ended 31 October 2007 and 2008 as this subsidiary was inactive during the years.

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 for the year ended 31 October 2008 (2007: Nil).

English translation only

8. DIVIDENDS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Proposed final dividend of HK0.60 cent (2007: HK0.50 cent) per ordinary share	<u>3,897</u>	<u>3,248</u>

The above final dividends were proposed after the balance sheet date and have not been recognised as liabilities as at the balance sheet date, but reflected as an appropriation of retained profits for the years ended 31 October 2007 and 2008.

The proposed final dividend amount for the year ended 31 October 2008 is based on the 649,540,000 ordinary shares in issue as at 31 October 2008. The aforesaid dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The final dividend for the year ended 31 October 2007 was proposed on 23 January 2008. The proposed amount was based on 649,540,000 ordinary shares in issue as at 31 October 2007.

9. 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\$18,523,000 (2007: HK\$13,470,000) and the weighted average of 649,540,000 (2007: 649,540,000) ordinary shares in issue during the year.

No diluted earnings per share is calculated for the years ended 31 October 2007 and 2008 since the exercise price of the Company's options was higher than the average market price for the years.

10. ACCOUNTS RECEIVABLE

Trade receivables 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 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 classified as current portion as at the balance sheet date, based on invoice date, is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	30,127	23,805
91 — 180 days	7,732	12,862
181 — 365 days	3,389	2,389
Over 365 days	6,715	4,937
	<u>47,963</u>	<u>43,993</u>
Provision for impairment	(2,001)	(1,847)
	<u>45,962</u>	<u>42,146</u>
Included in current assets		
Carrying amount analysed for reporting purposes as		
Current	45,962	42,146
Non-current (<i>Note (a)</i>)	9,092	12,208
	<u>55,054</u>	<u>54,354</u>

- (a) The balance shall be payable by the Environmental Protection Department of the Government 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\$13,008,000 (2007: HK\$15,414,000) was pledged to secure a bank loan of the Group.

11. 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 ("Asian Way"). According to the Agreements, the total construction fee for the water supply plant was estimated to be RMB80.0 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).

11. AMOUNT DUE FROM A MINORITY SHAREHOLDER *(Continued)*

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 a minority shareholder” under current assets and “capital contribution reserve” under equity as it was contribution from Mr. Tang.

As at 31 October 2007 and 2008, the Group has an amount due to the main contractor of the water supply plant of approximately RMB25,132,000 (equivalent to HK\$26,179,000) 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 (equivalent to HK\$26,179,000).

12. 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:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	34,433	40,440
91 — 180 days	21,097	8,763
181 — 365 days	3,200	3
Over 365 days	551	452
	<u>59,281</u>	<u>49,658</u>

13. SHARE CAPITAL

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Authorised:		
5,000,000,000 (2007: 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 (2007: 649,540,000) ordinary shares of HK\$0.01 each	<u>6,495</u>	<u>6,495</u>

14. 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 interest 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 level. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not issue derivative financial instruments for trading purposes. The most significant financial risks to which the Group is exposed to are described below.

(a) Credit risk

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

As at 31 October 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. In order to minimise the credit risk, management of the Group has implemented internal control procedures for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of trade debt on a collective basis at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(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 management monitors foreign exchange exposure and will hedge 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.

The carrying amounts of foreign currency denominated monetary assets, monetary liabilities and derivative financial instruments of the Group at the reporting date that are considered significant by management are as follows:

	Assets		Liabilities	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Japanese Yen	1,564	1,753	25,361	23,225
British Pound	7,210	4,060	5,223	5,242
US Dollars	12,654	8,237	8,067	13,373
Renminbi	5,937	3,255	6,334	4,082

14. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% increase in foreign currency rates. A positive (negative) number below indicates an increase (a decrease) in profit after taxation or equity where the functional currencies of the relevant group entities strengthen against the relevant foreign currencies. For a 5% weakening of the functional currencies of the relevant group entities against the relevant foreign currencies, there would be an equal and opposite impact on the profit after taxation.

	2008				2007			
	HK\$'000				HK\$'000			
	USD	JPY	RMB	GBP	USD	JPY	RMB	GBP
Increase/decrease in foreign exchange rate	+/- 5%	+/- 5%	+/- 5%	+/- 5%	+/- 5%	+/- 5%	+/- 5%	+/- 5%
Effect on profit after tax for the year	<u>177</u>	<u>(113)</u>	<u>166</u>	<u>143</u>	<u>(265)</u>	<u>(102)</u>	<u>131</u>	<u>1,946</u>

(d) Interest rate risk

The Group has no significant interest bearing assets except bank balances. The Group borrows loans issued at floating interest rates. Exposure to floating interest rate presents when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no unduly exposures to significant interest rate movements and rates are approximately fixed when necessary. The directors considered that the Group's cash flow interest rate risk is minimal.

14. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements in the short and long terms. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debt obligations.

The following table summaries the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows.

	Less than 3 months <i>HK\$'000</i>	3 months to 1 year <i>HK\$'000</i>	Over 1 year <i>HK\$'000</i>	Total <i>HK\$'000</i>	Total contractual undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
As 31 October 2008						
Accounts and bills payables	34,432	24,298	551	59,281	59,281	59,281
Accrued liabilities and other payables	38,373	—	—	38,373	38,373	38,373
Bank loans – floating-rate	14,500	4,500	1,500	20,500	20,500	20,500
Loans from minority shareholders	—	—	25,489	25,489	25,489	25,489
	87,305	28,798	27,540	143,643	143,643	143,643
As 31 October 2007						
Accounts and bills payables	40,439	8,767	452	49,658	49,658	49,658
Accrued liabilities and other payables	30,807	—	—	30,807	30,807	30,807
Bank loans — floating-rate	27,000	—	—	27,000	27,000	27,000
Loans from minority shareholders	—	—	25,145	25,145	25,145	25,145
	98,246	8,767	25,597	132,610	132,610	132,610

(f) Summary of financial assets and liabilities by category

Group	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Financial assets		
Loans and receivable:		
— Pledged bank deposits	9,020	9,020
— Accounts receivables	55,054	54,354
— Deposits and other receivables	10,581	3,059
— Cash and cash equivalents	22,184	10,491
— Amount due from minority shareholders	26,179	26,179
	123,018	103,103

14. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(f) Summary of financial assets and liabilities by category (Continued)

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Financial liabilities		
Financial liabilities measured at amortised cost:		
— Accounts and bills payable	59,281	49,658
— Accrued liabilities and other payables	38,373	30,807
— Bank loans	20,500	27,000
— Loans from minority shareholders	25,489	25,145
	<u>143,643</u>	<u>132,610</u>
Company	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Financial assets		
Loans and receivable:		
— Deposits and other receivables	1	1
— Cash and cash equivalents	150	33
— Amount due from subsidiaries	52,185	48,745
	<u>52,336</u>	<u>48,779</u>
Financial liabilities		
Financial liabilities measured at amortised cost:		
— Accrued liabilities and other payables	738	1,051
— Amounts due to subsidiaries	18,500	12,227
	<u>19,238</u>	<u>13,278</u>

DIVIDEND

The directors recommend the payment of a final dividend of HK0.60 cent (2007: HK0.50 cent).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's turnover increased to approximately HK\$176.0 million for the year ended 31 October 2008, an increase of approximately 51.9% as compared to preceding financial year. The increase was mainly attributable to the increase in the business of industrial environmental products.

Sales of industrial environmental products accounted for approximately 91.1% of the Group's turnover for the year ended 31 October 2008, representing a decrease of approximately 6.5% over the preceding financial year, and are the Group's core business.

The Group recorded a net profit attributable to equity shareholders of the Company was approximately HK\$18.5 million (2007: HK\$13.5 million).

Gross margin

The gross profit margin is 20.9% for the year ended 31 October 2008 which decreased from 22.2% for the year ended 31 October 2007.

Gross profit was decreased slightly because additional provision for slow-moving inventories of HK\$5.0 million was made during the year. In last year, most of the revenue was generated from the industrial environmental protection related products. This year, about 91.1% of the revenue was generated from these products (2007: 97.6%). This is because the water supply plant and production of machines generated revenue of HK\$7.1 million and HK\$7.7 million respectively in this year. They accounted for about 4.0% and 4.4% of revenue this year.

Expenses

The Group's administrative expenses for the year ended 31 October 2008 totalled to approximately HK\$19.2 million, representing an increase of 27.5% as compared to the preceding financial year. The Group selling expenses decreased 11.6% to approximately HK\$2.9 million. The Group's finance costs increased to approximately HK\$1.8 million because interests were no longer capitalized after the construction of water supply plant was completed.

Working capital management

As at 31 October 2008, the Group maintained bank balances and cash of approximately HK\$31.2 million (31 October 2007: HK\$19.5 million). The Group's average inventory turnover was about 94 days (31 October 2007: 114 days). The Group's average trade receivable turnover was about 114 days (31 October 2007: 171 days).

Business review

The Group is continuously engaged in the marketing, sales, servicing, research and development of environmental protection and quality health related products and services.

For the industrial and environmental products, the Group is success in expanding its customers base from processing equipments marine and construction industries and by its organic growth, the result for the year was accomplishing. A new representative office had been established in Shengdu of Sichuan province recently to capture the business in infarastructure related business in Northwest China.

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. Management expected the plant to contribute stable revenue to the Group.

In order to fully utilize the production capacity of Dongguan Kangli Machinery Co. Ltd, this factory started to manufacture plastic injection moulding machines and other related accessories this year. The result is very encouraging as this factory was able to generate revenue of HK\$7.1 million this year with gross profit margin of 48.1%.

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

As at 31 October 2008, 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 Securities and Future 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:

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 2008 were as follows:

Name	Date of grant	Exercise period	Numbers of Options Outstanding as at 1 November 2007	Number of Options Granted during the period	Number of options outstanding as at 31 October 2008	Exercise price per share <i>HK\$</i>
<i>Executive Director and Chief Executive Officer</i>						
Mr. NG Chi Fai	13/8/2007	13/8/2007-1/10/2010	500,000	—	500,000	0.350
<i>Non-executive Director and Chairman</i>						
Ms. HUI Wai Man Shirley	2/4/2007	2/10/2007-1/10/2010	500,000	—	500,000	0.235
<i>Independent Non-Executive Directors</i>						
Ms. CHAN Siu Ping Rosa	2/4/2007	2/10/2007-1/10/2010	500,000	—	500,000	0.235
Mr. TAKEUCHI Yutaka	2/4/2007	2/10/2007-1/10/2010	500,000	—	500,000	0.235
Professor NI Jun	2/4/2007	2/10/2007-1/10/2010	500,000	—	500,000	0.235
			<u>2,500,000</u>		<u>2,500,000</u>	

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

Name	Total Number of ordinary shares held as at 31 October 2008	Number of options held and outstanding as at 31 October 2008	Aggregate in number as at 31 October 2008	Percentage of the Company's Issued share Capital as at 31 October 2008
<i>Executive Director and Chief Executive Officer</i>				
Mr. NG Chi Fai	—	500,000	500,000	0.08
<i>Non-executive Director and Chairman</i>				
Ms. HUI Wai Man Shirley	—	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
		<u>2,500,000</u>	<u>2,500,000</u>	<u>0.40</u>

Save as disclosed above, as at 31 October 2008, 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' 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 2008, 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 2008
<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	66,410,800	10.23
Advanced New Technology Limited (<i>Note 2</i>)	Directly beneficially owned	66,410,800	10.23
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	5.49

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 ultimately owned by The Hong Kong Polytechnic University (“PolyU”). By virtue of its interest in Advance New Technology Limited, PolyU is 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 lapsed under the Scheme

Name	Date of grant	Numbers	Number	Number	Exercise price
		of Options		of Options	
		Outstanding	Lapsed during	outstanding	per share
		as at	the period	as at	
		1 November		31 October	
		2007		2008	
					<i>HK\$</i>

Employees

Mr. CHEUNG Ka Fai	13/8/2007	500,000	500,000	—	0.350
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Save as disclosed above, as at 31 October 2008, so far as is known to the Directors or chief executives of the Company, no other persons (other than a Director or chief executives 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 2008. The Company had not redeemed any of its listed securities during the year ended 31 October 2008.

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 Mr. CHAU Kam Wing Donald, 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, 4 meetings were held during the year ended 31 October 2008 to review the operations.

The Group's results for the year ended 31 October 2008 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 (*Chief Executive Officer*)

Mr. Ng Chi Fai

Non-executive directors:

Ms. Hui Wai Man Shirley (*Chairman*)

Dr. Lui Sun Wing

Mr. Young Meng Cheung Andrew

Independent non-executive directors:

Mr. Chau Kam Wing Donald

Ms. Chan Siu Ping Rosa

Mr. Takeuchi Yutaka

Professor Ni Jun

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

Hong Kong, 15 January 2009

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.