



**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 2009**

**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 2009 amounted to approximately HK\$129 million (2008: HK\$176 million), representing an decrease of approximately 26.7% as compared with preceding year.
- Profit attributable to equity holders of the Company for the year ended 31 October 2009 amounted to approximately HK\$8.8 million (2008: HK\$18.5 million) which represented approximately 52% decrease as compared with last year.
- Basic earnings per share for the year ended 31 October 2009 amounted to approximately HK1.35 cents (2008: HK2.85 cents). No diluted earnings per share for the two years ended 31 October 2008 and 2009.

## 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 2009 together with the comparative figures as follows:

### CONSOLIDATED INCOME STATEMENT

For the year ended 31 October 2009

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Revenue</b>	5	<b>129,236</b>	175,982
Cost of sales		<u>(102,873)</u>	<u>(139,221)</u>
<b>Gross profit</b>		<b>26,363</b>	36,761
Other income		5,092	6,672
Selling expenses		(2,291)	(2,943)
Administrative expenses		(19,008)	(19,249)
Other operating income		<u>809</u>	<u>1,441</u>
<b>Profit from operations</b>	6	<b>10,965</b>	22,682
Finance costs		(1,294)	(1,813)
Share of profit/(loss) of a jointly controlled entity		<u>972</u>	<u>(147)</u>
<b>Profit before taxation</b>		<b>10,643</b>	20,722
Taxation	7	<u>(1,936)</u>	<u>(3,336)</u>
<b>Profit for the year</b>		<b><u>8,707</u></b>	<b><u>17,386</u></b>
<b>Attributable to:</b>			
Equity holders of the Company		8,786	18,523
Minority interest		<u>(79)</u>	<u>(1,137)</u>
<b>Profit for the year</b>		<b><u>8,707</u></b>	<b><u>17,386</u></b>
<b>Dividends</b>	8	<b><u>1,949</u></b>	<b><u>3,897</u></b>
<b>Earnings per share</b>			
— Basic	9	<b>HK1.35 cents</b>	HK2.85 cents
— Diluted	9	<b>N/A</b>	N/A

## CONSOLIDATED BALANCE SHEET

As at 31 October 2009

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		130,814	123,730
Interest in leasehold land		5,462	5,547
Interest in a jointly controlled entity		2,592	1,620
Deferred tax assets		927	1,734
Accounts receivable	10	2,763	9,092
Pledged bank deposits		9,020	9,020
		<u>151,578</u>	<u>150,743</u>
<b>Current assets</b>			
Inventories		27,390	35,829
Accounts receivable	10	37,560	45,962
Deposits, prepayments and other receivables		9,481	12,877
Amount due from a minority shareholder		—	26,179
Tax recoverable		1,755	1,835
Cash and cash equivalents		11,214	22,184
		<u>87,400</u>	<u>144,866</u>
<b>Current liabilities</b>			
Accounts and bills payable	11	42,987	59,281
Accrued liabilities and other payables		7,561	38,373
Provision for warranty		482	1,109
Loan from a shareholder		3,500	—
Provision for tax		1,548	1,971
Bank loans		8,664	19,000
		<u>64,742</u>	<u>119,734</u>
<b>Net current assets</b>		<u>22,658</u>	<u>25,132</u>
<b>Total assets less current liabilities</b>		<u>174,236</u>	<u>175,875</u>
<b>Non-current liabilities</b>			
Bank loans		—	1,500
Provision for warranty		—	482
Deferred tax liabilities		7,423	—
Loans from minority shareholders		23,745	25,489
		<u>31,168</u>	<u>27,471</u>
<b>Net assets</b>		<u>143,068</u>	<u>148,404</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	12	6,495	6,495
Share premium		19,586	19,586
Capital reserve		95	95
Exchange translation reserve		8,023	9,749
Capital contribution reserve		7,971	11,126
Share option reserve		326	326
Retained profits		87,376	80,539
Proposed final dividend	8	1,949	3,897
		<u>131,821</u>	<u>131,813</u>
<b>Minority interest</b>		<u>11,247</u>	<u>16,591</u>
<b>Total equity</b>		<u>143,068</u>	<u>148,404</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2009

	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 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 and 1 November 2008	6,495	19,586	95	9,749	11,126	326	80,539	3,897	131,813	16,591	148,404
Exchange difference recognised directly in equity	—	—	—	(1,726)	—	—	—	—	(1,726)	(997)	(2,723)
Profit/(loss) for the year	—	—	—	—	—	—	8,786	—	8,786	(79)	8,707
Total recognised income and expense for the year	—	—	—	(1,726)	—	—	8,786	—	7,060	(1,076)	5,984
Deferred taxation	—	—	—	—	(3,155)	—	—	—	(3,155)	(4,268)	(7,423)
2008 final dividend declared	—	—	—	—	—	—	—	(3,897)	(3,897)	—	(3,897)
2009 proposed final dividend	—	—	—	—	—	—	(1,949)	1,949	—	—	—
At 31 October 2009	<u>6,495</u>	<u>19,586</u>	<u>95</u>	<u>8,023</u>	<u>7,971</u>	<u>326</u>	<u>87,376</u>	<u>1,949</u>	<u>131,821</u>	<u>11,247</u>	<u>143,068</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 (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new amendment issued by HKICPA, which is relevant to and effective for the Group’s financial statements during the year.

HKAS 39 (Amendments)                      Reclassification of Financial Assets

The new amendment had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>8</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 & HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 32 (Amendment)	Classification of Right Issues <sup>6</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>2</sup>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 <sup>4</sup>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008 <sup>5</sup>
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Reporting Standards <sup>2</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>1</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters <sup>3</sup>
HKFRS 2 (Amendment)	Share-Based Payment Vesting Conditions and Cancellation <sup>1</sup>
HKFRS 2 (Amendments)	Group Cash-Settled Share-Based Payment Transactions <sup>3</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HKFRS 9	Financial Instruments <sup>7</sup>
HK (IFRIC) — Int 14	Prepayments of a Minimum Funding Requirement <sup>8</sup>
HK (IFRIC) — Int 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK (IFRIC) — Int 17	Distribution of Non-Cash Assets to Owners <sup>2</sup>
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>9</sup>

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

*(Continued)*

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2009
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2009
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2010
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2010 except for the amendments to HKAS 38, HKFRS 2, HK(IFRIC) — Int 9 and HK(IFRIC) — Int 16, effective for annual periods beginning on or after 1 July 2009
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2009 except the amendment to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- <sup>6</sup> Effective for annual periods beginning on or after 1 February 2010
- <sup>7</sup> Effective for annual periods beginning on or after 1 January 2013
- <sup>8</sup> Effective for annual periods beginning on or after 1 January 2011
- <sup>9</sup> Effective for annual periods beginning on or after 1 July 2010

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

Among these new standards and interpretations, HKAS 1 (Revised) "Presentation of Financial Statements" is expected to materially change the presentation of the Group's financial statements. The amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The amendment does not affect the financial positions or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 "Operating Segments" may result in new or amended disclosures. The directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The directors are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the directors have preliminarily concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial positions.

## **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 2008.

The consolidated financial statements have been prepared on the historical cost basis. The measurement basis is 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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	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	<u>541</u>	<u>897</u>	<u>6,005</u>	<u>7,663</u>	<u>112,027</u>	<u>160,320</u>	<u>10,663</u>	<u>7,102</u>	<u>—</u>	<u>—</u>	<u>129,236</u>	<u>175,982</u>
Segment results	<u>(88)</u>	<u>(1,330)</u>	<u>(1,732)</u>	<u>3,193</u>	<u>23,489</u>	<u>31,566</u>	<u>2,403</u>	<u>569</u>	<u>—</u>	<u>(180)</u>	<u>24,072</u>	<u>33,818</u>
Interest income											<u>50</u>	<u>210</u>
Unallocated expenses											<u>(13,157)</u>	<u>(11,346)</u>
Profit from operations											<u>10,965</u>	<u>22,682</u>
Finance costs											<u>(1,294)</u>	<u>(1,813)</u>
Share of profit/(loss) of a jointly controlled entity	<u>972</u>	<u>(147)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>972</u>	<u>(147)</u>
Profit before taxation											<u>10,643</u>	<u>20,722</u>
Taxation											<u>(1,936)</u>	<u>(3,336)</u>
Profit for the year											<u>8,707</u>	<u>17,386</u>

\* 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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	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 assets	19,272	24,142	31,612	28,868	58,258	93,213	124,098	117,361	18	169	233,258	263,753
Interest in a jointly controlled entity	2,592	1,620	—	—	—	—	—	—	—	—	2,592	1,620
Unallocated assets											446	26,667
Tax assets											2,682	3,569
Total assets											<u>238,978</u>	<u>295,609</u>
Segment liabilities	649	2,745	4,499	8,621	41,329	55,841	3,691	5,647	37	165	50,205	73,019
Tax liabilities											8,971	1,971
Unallocated liabilities											<u>36,734</u>	<u>72,215</u>
Total liabilities											<u>95,910</u>	<u>147,205</u>
Other segment information												
Depreciation	165	195	624	527	272	194	6,144	5,996	—	—	7,205	6,912
Amortisation of leasehold interest in land	—	—	—	—	—	—	118	115	—	—	118	115
Capital expenditure	24	97	13,208	1,530	43	749	286	127	—	—	13,561	2,503
(Write back)/Provision for slow-moving inventories	(80)	1,062	—	—	(146)	3,907	—	—	—	—	(226)	4,969
Write back of provision for accounts receivable	—	—	—	—	(2,001)	—	—	—	—	—	(2,001)	—
Bad debts written off	—	—	—	—	—	—	—	—	45	—	45	—
Loss on disposal of property, plant and equipment	—	—	—	—	—	4	—	—	—	—	—	4
Write back of provision for warranty, net	(809)	(1,441)	—	—	—	—	—	—	—	—	(809)	(1,441)

\*\* 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 <sup>#</sup>		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:								
Sales to external customers	<u>25,134</u>	<u>24,884</u>	<u>100,458</u>	<u>151,098</u>	<u>3,644</u>	<u>—</u>	<u>129,236</u>	<u>175,982</u>
Other segment information:								
Segment assets	36,940	74,290	189,728	205,757	7,036	10,373	233,704	290,420
Interest in a jointly controlled entity							2,592	1,620
Tax assets							<u>2,682</u>	<u>3,569</u>
							<u>238,978</u>	<u>295,609</u>
Capital expenditure	<u>52</u>	<u>824</u>	<u>13,507</u>	<u>1,677</u>	<u>2</u>	<u>2</u>	<u>13,561</u>	<u>2,503</u>

<sup>#</sup> Others represent unallocated items.

#### 5. REVENUE

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

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of goods	118,573	168,880
Supply of water	<u>10,663</u>	<u>7,102</u>
	<u>129,236</u>	<u>175,982</u>

## 6. PROFIT FROM OPERATIONS

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

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Auditors' remuneration	440	455
Amortisation of interest in leasehold land	118	115
Bad debts written off	45	—
Cost of inventories sold*	88,766	115,361
Depreciation	7,205	6,912
Exchange losses/(gain), net	986	(3,929)
Loss on disposal of property, plant and equipment	—	4
Operating lease charges in respect of land and buildings	2,002	3,673
(Write back)/provision for slow-moving inventories	(226)	4,969
Write back of provision for accounts receivable	(2,001)	—
Write back of provision for warranty, net**	(809)	(1,441)
Staff costs (including directors' remuneration)		
Wages and salaries	8,117	8,902
Pension scheme contributions	143	135
	<u>8,260</u>	<u>9,037</u>
Interest income	<u>(50)</u>	<u>(210)</u>

\* The costs of inventories sold is included in cost of sales for the year which includes a total amount of approximately HK\$9,944,000 (2008: HK\$10,367,000), 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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Current tax</b>		
— Hong Kong		
Tax for the year	40	470
Under/(over) provision in respect of prior years	136	(34)
	<u>176</u>	<u>436</u>
— PRC		
Tax for the year	950	2,056
	<u>1,126</u>	<u>2,492</u>
<b>Deferred tax</b>	<u>810</u>	<u>844</u>
Total income tax	<u><u>1,936</u></u>	<u><u>3,336</u></u>

Hong Kong profits tax has been provided for at 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

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 25% on operating expenses for the year (2008: 33% for the two months ended 31 December 2007 and 25% for the remaining ten months).

Ningbo Tokawa Precision Hydraulic Components Co. Ltd.<sup>#</sup> (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 25% on the estimated assessable profits arising in the PRC for the year (2008: 33% for the two months ended 31 December 2007 and 25% for the remaining ten months).

Dongguan Kangli Machinery Co. Ltd.<sup>#</sup> (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.<sup>#</sup> (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.

<sup>#</sup> English translation only

## 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 years ended 31 October 2008 and 2009 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 2009 (2008: Nil).

## 8. DIVIDENDS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Proposed final dividend of HK0.3 cent (2008: HK0.6 cent) per ordinary share	<u>1,949</u>	<u>3,897</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 2008 and 2009.

The proposed final dividend amount for the year ended 31 October 2009 is based on the 649,540,000 ordinary shares in issue as at 31 October 2009. 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 2008 was proposed on 15 January 2009. The proposed amount was based on 649,540,000 ordinary shares in issue as at 31 October 2008.

## 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\$8,786,000 (2008: HK\$18,523,000) and the weighted average of 649,540,000 (2008: 649,540,000) ordinary shares in issue during the year.

No diluted earnings per share is calculated for the years ended 31 October 2008 and 2009 since the exercise price of the Company's options was higher than the average market price for the years.

## 10. ACCOUNTS RECEIVABLE

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 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:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	22,999	30,127
91 — 180 days	5,089	7,732
181 — 365 days	9,151	3,389
Over 365 days	321	6,715
	<u>37,560</u>	<u>47,963</u>
Provision for impairment	—	(2,001)
Included in current assets	<u><u>37,560</u></u>	<u><u>45,962</u></u>
Carrying amount analysed for reporting purposes as		
Current	37,560	45,962
Non-current ( <i>note (a)</i> )	<u>2,763</u>	<u>9,092</u>
	<u><u>40,323</u></u>	<u><u>55,054</u></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\$8,664,000 (2008: HK\$13,008,000) was pledged to secure a bank loan of the Group.

## 11. 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:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	27,480	34,433
91 — 180 days	11,367	21,097
181 — 365 days	2,047	3,200
Over 365 days	2,093	551
	<u>42,987</u>	<u>59,281</u>

## 12. SHARE CAPITAL

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Authorised:		
5,000,000,000 (2008: 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 (2008: 649,540,000) ordinary shares of HK\$0.01 each	<u>6,495</u>	<u>6,495</u>

### **13. 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 2009, 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 mainly denominated in 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.

### 13. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (b) Foreign currency risk (Continued)

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	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Japanese Yen	3,414	1,564	26,492	25,361
Sterling Pounds	2,572	7,210	1,742	5,223
US Dollars	5,888	12,654	1,962	8,067
Renminbi	4,667	5,937	—	6,334

#### (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 for the year and retained earnings 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 for the year and retained earnings. There is no impact on other components of equity in response to the general change in foreign exchange rates.

	2009				2008			
	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 for the year and retained earnings	175	(1,064)	177	34	177	(1,130)	166	143



### 13. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (d) Interest rate risk

The Group has no significant interest bearing assets except bank balances. The Group borrows bank loans with 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 undue 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.

#### (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 summarises 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 contractual undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
<b>As 31 October 2009</b>					
Accounts and bills payable	27,480	13,414	2,093	42,987	42,987
Accrued liabilities and other payables	5,754	—	—	5,754	5,754
Bank loans — floating-rate	—	8,664	—	8,664	8,664
Loan from a shareholder	—	3,500	—	3,500	3,500
Loans from minority shareholders	—	—	23,745	23,745	23,745
	<u>33,234</u>	<u>25,578</u>	<u>25,838</u>	<u>84,650</u>	<u>84,650</u>
<b>As 31 October 2008</b>					
Accounts and bills payable	34,432	24,298	551	59,281	59,281
Accrued liabilities and other payables	38,373	—	—	38,373	38,373
Bank loans — floating-rate	14,500	4,500	1,500	20,500	20,500
Loans from minority shareholders	—	—	25,489	25,489	25,489
	<u>87,305</u>	<u>28,798</u>	<u>27,540</u>	<u>143,643</u>	<u>143,643</u>

### 13. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

<b>Group</b>	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Financial assets</b>		
Loans and receivable:		
— Pledged bank deposits	9,020	9,020
— Accounts receivable	40,323	55,054
— Deposits and other receivables	7,228	10,581
— Cash and cash equivalents	11,214	22,184
— Amount due from a minority shareholder	—	26,179
	<u>67,785</u>	<u>123,018</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised costs:		
— Accounts and bills payable	42,987	59,281
— Accrued liabilities and other payables	5,754	38,373
— Bank loans	8,664	20,500
— Loan from a shareholder	3,500	—
— Loans from minority shareholders	23,745	25,489
	<u>84,650</u>	<u>143,643</u>
<b>Company</b>		
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Financial assets</b>		
Loans and receivable:		
— Deposits and other receivables	1	1
— Cash and cash equivalents	91	150
— Amounts due from subsidiaries	53,604	52,185
	<u>53,696</u>	<u>52,336</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost:		
— Accrued liabilities and other payables	266	738
— Amounts due to subsidiaries	23,255	18,500
	<u>23,521</u>	<u>19,238</u>

## **DIVIDEND**

The directors recommend the payment of a final dividend of HK0.30 cent (2008: HK0.60 cent).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

The Group's turnover for the year ended 31 October 2009 was HK\$129 million, a decrease of 26.7% as compared with the last corresponding year (2008: HK\$176 million). It was mainly due to the decrease in the business of industrial environmental products.

Sales of industrial environmental products accounted for 86.7% of the Group's turnover for the year ended 31 October 2009, representing a decrease of 4.4% over the last corresponding year, and are the Group's core business.

The Group recorded a net profit attributable to equity shareholders of the Company was approximately HK\$8.8 million (2008: HK\$18.5 million).

### ***Gross margin***

Gross profit for the year ended 31 October 2009 was HK\$26.3 million, representing a decrease of 28.2% as compared with the last corresponding year (2008: HK\$36.8 million). The gross profit margin was 20.4% for the year ended 31 October 2009 which maintained stable compared with the last corresponding year.

### ***Expenses***

The Group's administrative expenses for the year ended 31 October 2009 was HK\$19 million (2008: 19.2 million). The Group's selling expenses for the year ended 31 October 2009 was HK\$2.3 million, representing a decrease of 21% compared with the last corresponding year (2008: 2.9 million). The Group's finance costs decreased to HK\$1.3 million (2008: HK\$1.8 million) as the outstanding bank loans have been decreased by 58% as compared with the last corresponding financial year.

### *Working capital management*

As at 31 October 2009, the Group maintained bank balances and cash of approximately HK\$20.2 million (31 October 2008: HK\$31.2 million). The Group's average inventory turnover was about 97 days (31 October 2008: 94 days). The Group's average accounts receivable turnover was about 133 days (31 October 2008: 114 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 to marine and construction industries and by its organic growth, the result for the year was accomplishing. In addition, the Group has explored and introduced new industrial envirmetal protection related products to the customers.

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.

Since the purchases of the Group are mainly denominated in Japanese Yen, US Dollars and Sterling Pounds, the Group expect the volatility of the foreign exchange currencies will continue to have adverse effect to the business and operation in the coming year. To reduce the effect of the appreciation of Janpanese yen, the Group had negotiated with the suppliers for further discounts during the year.

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

As at 31 October 2009, 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 2009 were as follows:

Name	Date of grant	Exercise period	Numbers of Options Outstanding as at 1 November 2008	Number of Options Granted during the period	Number of options outstanding as at 31 October 2009	Exercise price per share HK\$
<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 2009	Number of options held and outstanding as at 31 October 2009	Aggregate in number as at 31 October 2009	Percentage of the Company's Issued share Capital as at 31 October 2009
<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 2009, 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 2009, 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 2009
<i>Substantial shareholders</i>			
Cititrust (Cayman) Limited ( <i>Note 1</i> )	Through a unit trust and controlled corporation	344,941,200	53.11
Wide Sky Management (PTC) Limited ( <i>Note 1</i> )	Through a controlled corporation	344,941,200	53.11
Team Drive Limited ( <i>Note 1</i> )	Directly beneficially owned	344,941,200	53.11
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 (PTC) Limited, being the trustee of a unit trust of which the entire issued units are held by Cititrust (Cayman) Limited. By virtue of the SFO, Wide Sky Management (PTC) Limited and Cititrust (Cayman) Limited are deemed to be interested in all the shares held by Team Drive Limited.
2. 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.

### **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 2009. The Company had not redeemed any of its listed securities during the year ended 31 October 2009.

### **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 2009.

### **AUDIT COMMITTEE**

The Company established an audit committee on 5 December 2001 with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The 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 2009 to review the operations.

The Group’s results for the year ended 31 October 2009 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. Ng Chi Fai (*Chief Executive Officer*)

Mr. Han Ka Lun

Mr. Kwok Tsun Kee

**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, 21 January 2010

*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.*