



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 2015

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This announcement, for which the directors (the “Directors”) of Eco-Tek Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purposes only

SUMMARY

- Revenue for the year ended 31 October 2015 amounted to approximately HK\$84,324,000 (2014: HK\$96,073,000), representing a decrease of approximately 12% as compared with preceding year.
- Profit attributable to owners of the Company for the year ended 31 October 2015 amounted to HK\$3,980,000 (loss attributable to the owners of the Company for the year ended 31 October 2014: HK\$16,315,000).
- Basic earnings per share for the year ended 31 October 2015 amounted to approximately HK0.61 cent (basic loss per share for the year ended 31 October 2014: HK2.51 cents).

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 2015 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
CONTINUING OPERATIONS:			
Revenue	4	84,324	96,073
Cost of Sales		(53,725)	(70,080)
Gross Profit		30,599	25,993
Other income		621	798
Selling expenses		(2,184)	(2,250)
Administrative expenses		(23,529)	(21,810)
Other operating expenses		(415)	(7,455)
Profit/(Loss) from continuing operations	5	5,092	(4,724)
Finance costs		(500)	(373)
Share of profit of a joint venture		270	129
Profit/(Loss) before taxation		4,862	(4,968)
Taxation	6	(854)	(9,541)
Profit/(Loss) for the year from continuing operations		4,008	(14,509)

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
DISCONTINUED OPERATIONS:			
Loss for the year from discontinued operations	7	—	(1,652)
Profit/(Loss) for the year		<u>4,008</u>	<u>(16,161)</u>
Other comprehensive income for the year			
— Items that may subsequently reclassified to profit and loss:			
Exchange loss on translation of financial statements of foreign operations		(3,226)	(87)
Share of other comprehensive income of a joint venture		<u>(130)</u>	<u>(16)</u>
		<u>(3,356)</u>	<u>(103)</u>
Total comprehensive income for the year		<u><u>652</u></u>	<u><u>(16,264)</u></u>
Profit/(Loss) for the year attributable to:			
Owners of the Company		3,980	(16,315)
Non-controlling interests		<u>28</u>	<u>154</u>
		<u>4,008</u>	<u>(16,161)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		1,060	(16,410)
Non-controlling interests		<u>(408)</u>	<u>146</u>
		<u>652</u>	<u>(16,264)</u>
Earnings/(Loss) per share from continuing and discontinued operations			
— Basic	9	HK0.61 cent	(HK2.51) cents
— Diluted		<u>N/A</u>	<u>N/A</u>
From continuing operations			
— Basic		HK0.61 cent	(HK2.26) cents
— Diluted		<u>N/A</u>	<u>N/A</u>
From discontinued operations			
— Basic		N/A	(HK0.25) cent
— Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current Assets			
Property, plant and equipment		94,697	104,225
Interest in leasehold land		5,105	5,422
Interest in a joint venture		3,527	3,387
Deferred tax assets		868	894
Pledged bank deposits		9,020	9,020
		113,217	122,948
Current assets			
Inventories		15,022	14,913
Accounts receivable	<i>10</i>	18,134	18,528
Deposits, prepayments and other receivables		5,436	5,818
Tax recoverable		16,454	16,454
Cash and cash equivalents		12,819	15,567
		67,865	71,280
Current liabilities			
Accounts and bills payable	<i>11</i>	9,579	20,748
Accrued liabilities, receipts in advance and other payables		26,007	26,841
Provision for tax		1,506	3,301
		37,092	50,890
Net current assets		30,773	20,390
Total assets less current liabilities		143,990	143,338
Non-current liabilities			
Deferred tax liabilities		7,570	7,570
Loan from a shareholder	<i>12</i>	9,500	9,500
Loan from a minority shareholder	<i>12</i>	9,526	9,526
		26,596	26,596
Net assets		117,394	116,742

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>13</i>	6,495	6,495
Share premium		19,586	19,586
Capital reserve		95	95
Exchange translation reserve		17,036	19,956
Capital contribution reserve		7,971	7,971
Retained profits		58,423	54,443
		<hr/> 109,606	<hr/> 108,546
Non-controlling interests		<hr/> 7,788	<hr/> 8,196
Total equity		<hr/> 117,394 <hr/>	<hr/> 116,742 <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2015

	Equity attributable to owners of the Company						Non-controlling interests	Total equity	
	Share capital	Share premium	Capital reserve	Exchange translation reserve	Capital contribution reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 November 2013	6,495	19,586	95	20,051	7,971	70,758	124,956	8,050	133,006
(Loss)/profit for the year	-	-	-	-	-	(16,315)	(16,315)	154	(16,161)
Other comprehensive income	-	-	-	(95)	-	-	(95)	(8)	(103)
Total comprehensive income for the year	-	-	-	(95)	-	(16,315)	(16,410)	146	(16,264)
At 31 October 2014 and 1 November 2014	6,495	19,586	95	19,956	7,971	54,443	108,546	8,196	116,742
Profit for the year	-	-	-	-	-	3,980	3,980	28	4,008
Other comprehensive income	-	-	-	(2,920)	-	-	(2,920)	(436)	(3,356)
Total comprehensive income for the year	-	-	-	(2,920)	-	3,980	1,060	(408)	652
At 31 October 2015	<u>6,495</u>	<u>19,586</u>	<u>95</u>	<u>17,036</u>	<u>7,971</u>	<u>58,423</u>	<u>109,606</u>	<u>7,788</u>	<u>117,394</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Eco-Tek Holdings Limited is a limited liability company incorporated and domiciled in the Cayman Islands. The Company's shares are listed on the GEM of the Stock Exchange since 5 December 2001.

The financial statements are presented in Hong Kong dollars ("HK\$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries are HK\$.

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

2. ADOPTION OF NEW OR REVISED HKFRSs

In the current year, the Group has applied, for the first time the following standards and amendments (the "new HKFRSs") issued by the HKICPA which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 November 2014:

Amendments to HKAS 32	Presentation — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle

The adoption of these new/revised standards and amendments has no significant impact on the Group's financial statements.

At the date of authorisation of these financial statements, certain new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

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. Certain other new/revised HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are consistently applied to all years presented unless otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis.

It should be noted that accounting estimates and assumptions are used in preparation of the 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. REVENUE AND SEGMENT REPORTING

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations		
Sales of goods	63,593	75,082
Supply of water	20,731	20,991
	84,324	96,073

The chief operating decision-maker is identified as executive directors. The executive directors have identified the Group's three services lines as reportable segments as follows:

General environmental protection related products and services	: Sale of particulate removal devices and related ancillary services in the PRC
Industrial environmental products	: Sale of hydraulic components and other related accessories in the PRC
Water supply plant	: Supply of processed water in the PRC

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	General environmental protection related products and services		Industrial environmental products		Water supply plant		Total	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue from external customers	1,111	1,042	62,482	74,040	20,731	20,991	84,324	96,073
Reportable segment revenue	1,111	1,042	62,482	74,040	20,731	20,991	84,324	96,073
Reportable segment (loss)/profit	(292)	163	23,244	18,809	5,462	4,771	28,414	23,743
Other segment information								
Interest income	1	1	5	5	18	15	24	21
Depreciation and amortisation	(123)	(120)	(244)	(234)	(7,391)	(7,400)	(7,758)	(7,754)
Provision for slow-moving inventories	-	-	(105)	(2,866)	-	-	(105)	(2,866)
Impairment loss on accounts receivable	(100)	-	-	-	-	-	(100)	-
Impairment loss on trade deposits	(44)	-	-	-	-	-	(44)	-
Additions to non-current assets	6	133	117	518	1,327	2,183	1,450	2,834
Reportable segment assets	12,091	9,839	34,782	41,624	113,081	121,755	159,954	173,218
Reportable segment liabilities	1,176	870	19,682	32,394	9,243	8,848	30,101	42,112

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Reportable segment revenue	<u>84,324</u>	<u>96,073</u>
Group revenue	<u><u>84,324</u></u>	<u><u>96,073</u></u>
Reportable segment profit	28,414	23,743
Other corporate expenses	(23,322)	(28,467)
Finance costs	(500)	(373)
Share of profit of a joint venture	270	129
Profit/(loss) before taxation	<u><u>4,862</u></u>	<u><u>(4,968)</u></u>
Reportable segment assets	159,954	173,218
Interest in a joint venture	3,527	3,387
Tax recoverable	16,454	16,454
Other corporate assets	1,147	1,169
Group assets	<u><u>181,082</u></u>	<u><u>194,228</u></u>
Reportable segment liabilities	30,101	42,112
Deferred tax liabilities	7,570	7,570
Loan from a shareholder	9,500	9,500
Loan from a minority shareholder	9,526	9,526
Other corporate liabilities	6,991	8,778
Group liabilities	<u><u>63,688</u></u>	<u><u>77,486</u></u>

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

The Group's revenues from external customers (including continuing and discontinued operations) and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers (including continuing and discontinued operations)		Non-current assets	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong (domicile)	11,401	16,665	2,968	3,237
PRC	71,941	74,802	95,729	105,298
Other	982	4,606	4,632	4,499
	<u><u>84,324</u></u>	<u><u>96,073</u></u>	<u><u>103,329</u></u>	<u><u>113,034</u></u>

The executive directors determine the Group is domiciled in Hong Kong, which is the location of the Group's principal office. The geographical location of revenue is based on the location of customers. The geographical location of non-current assets is based on the physical location of the assets.

The largest customer of the Group's industrial environmental products segment amounted to approximately HK\$8,830,000 or 10% (2014: HK\$10,892,000 or 11%) of the Group's revenue (including continuing and discontinued operations) for the year ended 31 October 2015.

5. PROFIT/(LOSS) FROM CONTINUING OPERATIONS

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations		
Auditor's remuneration		
— Provision for the year	650	620
Amortisation of interest in leasehold land	131	131
Cost of inventories recognised as expense*, including	53,725	70,080
— Provision for slow-moving inventories	105	2,866
Depreciation of property, plant and equipment	7,627	7,623
Exchange gains, net	(1,162)	(758)
Gain on disposal of property, plant and equipment	(16)	(82)
Operating lease charges in respect of land and buildings	1,900	1,988
Impairment loss on accounts receivable	100	—
Impairment loss on trade deposits	44	—
Staff costs (including directors' remuneration)		
— Wages and salaries	13,260	11,942
— Pension scheme contributions	201	179
	<u>13,461</u>	<u>12,121</u>
Interest income	<u>(24)</u>	<u>(21)</u>

* Cost of inventories includes a total amount of approximately HK\$4,923,000 (2014: HK\$8,743,000), relating to depreciation, provision for slow-moving inventories and exchange gains for which are also included in the respective amounts disclosed separately above.

6. TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations		
Under/(over)-provision in respect of prior years		
— Hong Kong	—	9,393
— PRC	854	(64)
	<u>854</u>	<u>9,329</u>
Deferred tax	<u>—</u>	<u>212</u>
	<u>854</u>	<u>9,541</u>

No income tax expense regarding the discontinued operations has been incurred as there is no assessable profit for the year ended 31 October 2014.

Hong Kong profits tax has been provided for at 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

The subsidiaries of the Company established in the PRC are subject to the PRC enterprise income tax. PRC enterprise income tax has been provided at the rate of 25% (2014: 25%) on the estimated assessable profits arising in the PRC for the year.

Under the current general provision of the PRC enterprise income tax law and published tax circulars, a subsidiary of the Group would be subject to PRC withholding tax at the rate of 10% in respect of its PRC sourced income earned, including interest income.

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

7. DISCONTINUED OPERATIONS

On 23 December 2013, the Board decided to discontinue the operation of the production of machines. The operation of machines has been terminated on 26 October 2014. An analysis of the Group's results of the discontinued production of machines business for the year ended 31 October 2014 is as follows:

	2014 <i>HK\$'000</i>
Other income	14
Administrative expenses	(960)
Other operating expenses	(706)
	<hr/>
Loss before taxation	(1,652)
Taxation	–
	<hr/>
Loss for the year	<u>(1,652)</u>

An analysis of the Group's cash flows of the discontinued operations for the year ended 31 October 2014 is as follows:

	2014 <i>HK\$'000</i>
Net cash used in operating activities	(431)
Net cash generated from investing activities	1,890
	<hr/>
Net cash inflows	<u>1,459</u>

Staff costs of the discontinued operations for the year ended 31 October 2014 of HK\$306,000, which were wages and salaries.

Administrative expenses mainly include loss on disposal of property, plant and equipment of HK\$678,000.

Other operating expenses mainly include write-down of inventories of HK\$78,000 and bad debts of HK\$567,000.

8. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 October 2015 (2014: Nil).

9. EARNINGS/(LOSS) PER SHARE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share		
— Continuing operations	3,980	(14,663)
— Discontinued operations	—	(1,652)
Total profit/(loss) from continuing and discontinued operations	3,980	(16,315)
	Number of shares	
	2015	2014
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	649,540	649,540

No diluted earnings/(loss) per share is calculated for the year ended 31 October 2015 and 2014 as there was no potential dilutive ordinary share in existence.

10. ACCOUNTS RECEIVABLE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accounts receivable	18,234	18,528
Less: Provision for impairment loss	(100)	—
	18,134	18,528

Accounts receivable are non-interest bearing and they are recognised at their original invoice amounts which represent their fair values at initial recognition.

The Group has a policy of allowing an average credit period of 60–120 days to its trade customers. An ageing analysis of accounts receivable as at the reporting date, based on invoice date, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	11,470	15,046
91–180 days	4,268	914
181–365 days	1,668	1,419
Over 365 days	828	1,149
	18,234	18,528

11. ACCOUNTS AND BILLS PAYABLE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	8,262	18,765
91–180 days	1,034	1,601
181–365 days	–	7
Over 365 days	283	375
	<u>9,579</u>	<u>20,748</u>

12. LOANS FROM A SHAREHOLDER AND A MINORITY SHAREHOLDER

The loans were unsecured and interest-free except for loan from a shareholder of HK\$9,500,000 which was interest bearing at 5.25% per annum (2014: 5.25% per annum). They were not repayable within twelve months from the reporting date as at 31 October 2014 and 2015.

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

13. SHARE CAPITAL

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Authorised:		
5,000,000,000 (2014: 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 (2014: 649,540,000) ordinary shares of HK\$0.01 each	<u>6,495</u>	<u>6,495</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

China's economic raise over the past two decades relied on enormous capital investment and exports backed by a huge and cheap labor force, but the economy was steered onto a more sustainable development track with more domestic consumption, rather than over-relying on investment and exports. Previous high gross domestic product ("GDP") growth was shifted to sustainable development. National Bureau of Statistics of the People's Republic of China announced that China's GDP growth in year 2015 was 6.9% only which was the lowest growth in a quarter of a century. The Chinese Academy of Sciences recently in its research report, estimated that China's GDP growth in year 2016 would be approximately 6.7% only. Weak and declining consumer consumption in China depressed the demand for acquiring industrial machines like plastic injection molding machines.

The China's Caixin manufacturing Purchasing Managers' Index (PMI) dropped by 0.4 percentage points month-on-month to 48.2 in December 2015. It has been ten straight months for the figure to be lower than 50 indicating contraction of purchasing activities. It was believed that the forces driving an economic recovery have encountered obstacles and the economy was facing a greater risk of weakening. More fluctuations in global markets were expected as the U.S. Federal Reserve has started raising interest rates. Majority of our customers were PRC mainland factories who have reduced or delayed machinery and equipment procurement which inevitably affected our industrial environmental products business. As results, the Group's revenue for the year ended 31 October 2015 dropped by 12% to HK\$84,324,000 as compared with that of last year (2014: HK\$96,073,000).

The slow growth in China's GDP suppressed capital investments, together with the problem of over production capacity in traditional industries brings challenges to the future development of the industrial environmental products sectors. In view of this, other than dedicating further efforts to enhance value added services to existing industrial environmental products, the Group will also explore opportunities in new products or services to capture opportunities arising from the development in China.

"Energy Conservation and Emission Reduction" is one of the national strategies. Leverage on the Group's past experience in this area, the Group will source supply of new products or services which fulfill the policy of energy conservation and emission reduction in China, although we will monitor the situation cautiously and adjust our development plan accordingly.

The water supply plant in Tianjin has the exclusive right to supply processed water to certain areas inside and near Baodi District of Tianjin City including Jing-Jin New City. According to the press release conference held by the state council information office of the People's Republic of China (國務院新聞辦事處) on 10 December 2015, Mr. Yin Hai Lin, 尹海林先生, the deputy mayor of Tianjin City, mentioned that the progress of preparation works for Beijing-Tangshan Intercity Railway and Tianjin Binhai New Area Intercity Railway (together as the "New Intercity Railways") are on schedule and the construction of Baodi Station are firstly started in December 2015 and remaining constructions of the New Intercity Railways will also be started in year 2016. Completion of the New Intercity Railways will promote the integrative and cooperative economic development of the Baodi District and Jing-Jin New

City which will benefit our water supply plant. Together with the planning of Tianjin Financial Valley in Jing-Jin New City to provide financial services including training, data backup and outsourcing for the financial institutes located in the Beijing and Tianjin cities, the Group has confidence on future developments of our water supply plant.

Financial Review

The Group's revenue for the year ended 31 October 2015 was HK\$84,324,000, a decrease of 12% as compared with the corresponding period (2014: HK\$96,073,000). It was mainly due to our customers in industrial environmental products business reduced their orders significantly under global and domestic economic uncertainties.

Gross profit for the year ended 31 October 2015 was HK\$30,599,000, representing an increase of 18% as compared with the last year (2014: HK\$25,993,000) because of increase of the Group's profit margin to 36% for the year ended 31 October 2015 (2014: 27%) under the depreciation of Japanese Yen. Since Renminbi is one of the Group's major selling currencies while the Japanese Yen is one of the Group's major purchase currencies, those exchange rates significantly affect the gross margin of the Group, we will cautiously monitor their fluctuations and take measures to hedge if necessary.

The Group's administrative expenses for the year ended 31 October 2015 was amounted to HK\$23,529,000, representing an increase of 8% compared with the last year (2014: HK\$21,810,000) due to increase in exchange loss and salaries expenses. The Group's selling expenses for the year ended 31 October 2015 was amounted to HK\$2,184,000, representing an decrease of 3% compared with the last year (2014: HK\$2,250,000). The Group's other operating expense for the year ended 31 October 2015 was amounted to HK\$415,000 (2014: HK\$7,455,000) which mainly represented the impairment loss on accounts receivable and trade deposits during this year.

On 23 December 2013, the Board decided to discontinue the operation of the production of machines (the "Discontinued Operations"). There was no loss from the Discontinued Operations for the year ended 31 October 2015 while the loss from the Discontinued Operations for the year ended 31 October 2014 was HK\$1,652,000.

The Group recorded a profit attributable to owners of the Company amounted to HK\$3,980,000 for the year ended 31 October 2015 while the Group records a loss attributable to owners of the Company amounted to HK\$16,315,000 for the year ended 31 October 2014.

Liquidity and Finance Resources

During the year under the review, the Group financed its operations by internally generated cash flow, banking facilities provided by banks and shareholder loans. As at 31 October 2015, the Group had net current assets of approximately HK\$30,773,000 (31 October 2014: HK\$20,390,000) including bank balances and cash of approximately HK\$12,819,000 (31 October 2014: HK\$15,567,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.8 as at 31 October 2015 (31 October 2014: 1.4). As at 31 October 2015, the Group's inventory turnover was about 102 days (31 October 2014: 78 days) and the Group's accounts receivable turnover was about 78 days (31 October 2014: 70 days).

Capital Structure

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

Gearing Ratio

The gearing ratio (define as the total borrowing over total equity, including minority interests) was approximately 16% as at 31 October 2015 (31 October 2014: 16%).

Treasury Policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement.

Foreign Exchange Exposure

The Group's purchases are denominated in Sterling Pounds, Japanese Yen, Euro and US Dollars. The sales of the Group are predominantly in RMB and Hong Kong Dollars. The Group will review and monitor from time to time the risk relating to foreign exchanges.

Charge on Group Assets and Contingent Liabilities

As at 31 October 2015, the Group had pledged its bank deposits of approximately HK\$9,020,000 (31 October 2014: HK\$9,020,000) to secure its banking facilities. Save as aforesaid, the Group did not have any other significant contingent liabilities as at 31 October 2015 (2014: Nil).

Information on Employees

As at 31 October 2015, the Group had 65 employees (2014: 67) working in Hong Kong and PRC. Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident funds contributions) in the continuing and discontinued operations for the year ended 31 October 2015 amounted to approximately HK\$13,461,000 (2014: HK\$12,427,000). The dedication and hard work of the Group's staff during the year ended 31 October 2015 are generally appreciated and recognized.

Material Acquisitions or Disposal of Subsidiaries and Affiliated Companies

During the year ended 31 October 2015, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year ended 31 October 2015. The Company had not redeemed any of its listed securities during the year ended 31 October 2015.

CORPORATE GOVERNANCE

Throughout the year ended 31 October 2015, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 15 of the GEM Listing Rules except the following:

The code provision A.6.7 of the Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the view of shareholders. Professor NI Jun, the independent non-executive director was unable to attend the annual general meeting the Company held on 23 April 2015 as Professor NI Jun was out of town.

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 2015.

REMUNERATION COMMITTEE

The Company established a remuneration committee in March 2005. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The chairman of the remuneration committee is Ms. CHAN Siu Ping Rosa and other members include Mr. CHAU Kam Wing Donald and Professional NI Jun, all of them are independent non-executive directors of the Company.

NOMINATION COMMITTEE

The Company established a nomination committee in February 2006. The principal duties of the nomination committee are to formulate nomination policy and make recommendation to the Board on nomination and appointment of the directors and board succession. The chairman of the nomination committee is Mr. CHAU Kam Wing Donald and other members include Ms. CHAN Siu Ping Rosa and Professional NI Jun, all of them are independent non-executive directors of the Company.

AUDIT COMMITTEE

The Company established an audit committee on 5 December 2001 with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process, risk management and internal controls system of the Group. The chairman of the audit committee is Mr. CHAU Kam Wing Donald and other members include Ms. CHAN Siu Ping Rosa and Professional NI Jun, all of them are independent non-executive directors of the Company.

In the course of the supervision of the financial reporting process and internal control system of the Group, four meetings were held during the year ended 31 October 2015 to review the operations.

The Group's results for the year ended 31 October 2015 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

DIVIDEND

The directors do not recommended a final dividend for the year ended 31 October 2015.

SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of this preliminary announcement of the Group's result for the year ended 31 October 2015 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Thursday, 21st April 2016 (the “2016 AGM”). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 19th April 2016 to Thursday, 21st April 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Union Registrars Limited, A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Monday, 18th April 2016.

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

Hong Kong, 21 January 2016

As at the date of this announcement, the Board of Directors comprises Mr. KWOK Tsun Kee and Mr. LEUNG Wai Lun as executive directors; Ms. HUI Wai Man Shirley, Dr. LUI Sun Wing and Mr. WU Cheng-wei as non-executive directors; Ms. CHAN Siu Ping Rosa, Professor NI Jun and Mr. CHAU Kam Wing Donald as independent non-executive directors.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for 7 days from the date of publication and on the Company’s website at www.eco-tek.com.hk.