



Eco-Tek Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8169

2016 First Quarterly Report
Healthy Environment
Quality Life

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This report, 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 report 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 report misleading.

Summary

- Revenue for the three months ended 31 January 2016 amounted to HK\$17,069,000 (three months ended 31 January 2015: HK\$20,881,000), representing a decrease of 18 % as compared with the corresponding period.
- Loss attributable to owners of the Company for the three months ended 31 January 2016 amounted to HK\$819,000 while profit attributable to owners of the Company for the three months ended 31 January 2015 amounted to HK\$309,000.
- Basic loss per share for the three months ended 31 January 2016 amounted to approximately HK0.13 cent while basic earnings per share for the three months ended 31 January 2015 amounted to approximately HK0.05 cent.

 This Quarterly report is printed on environmentally friendly paper

Unaudited First Quarterly Results

The board of Directors (the "Board") of Eco-Tek Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 January 2016 together with the comparative figures as follows:

Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended 31 January 2016

	Notes	Three months ended 31 January	
		2016 HK\$'000	2015 HK\$'000
Revenue	2	17,069	20,881
Cost of Sales		(11,780)	(14,396)
Gross Profit		5,289	6,485
Other income		58	15
Selling expenses		(672)	(850)
Administrative expenses		(5,165)	(5,397)
(Loss)/profit from operations		(490)	253
Finance costs		(127)	(126)
Share of (loss)/profit of a joint venture		(100)	44
(Loss)/profit before taxation		(717)	171
Taxation	3	-	-
(Loss)/profit for the period		(717)	171
Other comprehensive income for the period			
— Items that may subsequently be reclassified to profit and loss:			
Exchange loss on translation of financial statements of foreign operations		(880)	(680)
Share of other comprehensive income of a joint venture		(95)	(79)
		(975)	(759)
Total comprehensive income for the period		(1,692)	(588)

		Three months ended 31 January	
		2016	2015
		HK\$'000	HK\$'000
Notes			
(Loss)/profit for the period attributable to:			
	Owners of the Company	(819)	309
	Non-controlling interests	102	(138)
		(717)	171
Total comprehensive income for the period attributable to:			
	Owners of the Company	(1,273)	(274)
	Non-controlling interests	(419)	(314)
		(1,692)	(588)
(Loss)/earnings per share			
	— Basic	5	5
	— Diluted	5	5
		HK(0.13) cent	HK0.05 cent
		N/A	N/A

Consolidated Statement of Changes in Equity (Unaudited)

For the three months ended 31 January 2016

	Equity attributable to owners of the Company							Non-	Total
	Share	Share	Capital	Exchange	Capital	Retained	Total	controlling	equity
	capital	premium	reserve	translation	contribution	profits		interests	
	HK\$'000	HK\$'000	HK\$'000	reserve	reserve	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 November 2014	6,495	19,586	95	19,956	7,971	54,443	108,546	8,196	116,742
Total comprehensive income for the period	-	-	-	(583)	-	309	(274)	(314)	(588)
At 31 January 2015	6,495	19,586	95	19,373	7,971	54,752	108,272	7,882	116,154
At 1 November 2015	6,495	19,586	95	17,036	7,971	58,423	109,606	7,788	117,394
Total comprehensive income for the period	-	-	-	(454)	-	(819)	(1,273)	(419)	(1,692)
At 31 January 2016	6,495	19,586	95	16,582	7,971	57,604	108,333	7,369	115,702

Notes to the Consolidated Financial Statements (Unaudited)

1. BASIS OF PREPARATION

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 GEM of the Stock Exchange since 5 December 2001.

The unaudited financial statements for the three months ended 31 January 2016 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 unaudited financial statements for the three months ended 31 January 2016 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") and the disclosure requirements of the GEM Listing Rules.

The unaudited financial statements should be read in conjunction with audited financial statements and notes thereto for the year ended 31 October 2015 ("2015 Audited Financial Statements"). The significant accounting policies that have been used in the preparation of these unaudited financial statements are consistent with those followed in the preparation of 2015 Audited Financial Statements. It should be noted that accounting estimates and assumptions are used in preparation of the unaudited 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.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting period beginning on 1 November 2015, the adoption of the new HKFRSs had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group's results and financial position.

2. REVENUE

Revenue, which is also the Group's turnover, represented the net invoiced value of goods sold and service provided, after allowance for returns and trade discounts. An analysis of the Group's revenue is as follows:

	Three months ended 31 January	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Industrial environmental products	11,991	15,577
Water supply plant	4,883	4,975
General environmental protection related products and services	195	329
	17,069	20,881

3. TAXATION

Hong Kong profits tax has been provided for at 16.5% on the estimated assessable profit for both the three months ended 31 January 2016 and 2015. No provision for Hong Kong profit tax has been made for the current period as the Group has no assessable profits arising in Hong Kong.

The subsidiaries of the Company established in the PRC are subject to the PRC enterprise income tax ("EIT"). EIT has been provided at the rate of 25% on the estimated assessable profits arising in the PRC for the period. No provision for EIT has been made for current and prior periods as the Group has no assessable profits arising in the PRC.

A subsidiary of the Group established and operating in Macau, was exempted from Macau complementary profits tax for the three months ended 31 January 2016 and 2015 according to the relevant laws and regulation in Macau.

4. INTERIM DIVIDENDS

The directors do not recommend the payment of any dividend for the three months ended 31 January 2016 and 2015.

5. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share for the period are calculated based on the loss attributable to owners of the Company for the three months ended 31 January 2016 of approximately HK\$819,000 (three months ended 31 January 2015: profit of HK\$309,000) and the weighted average of 649,540,000 ordinary shares in issue during the three months ended 31 January 2016 (three months ended 31 January 2015: 649,540,000).

No diluted (loss)/earnings per share is calculated for the three months ended 31 January 2016 and 2015 as there was no dilutive potential ordinary share in existence.

Management Discussion and Analysis

Business Review and Prospects

China's previous high gross domestic product ("GDP") growth was shifted to sustainable development and its GDP growth for the year of 2015 was only 6.9% which was the lowest growth in a quarter of a century. Despite the gradual recovery of United State ("US") economy, the US Federal Reserve had started raising interest rate in December 2015, more fluctuations in global markets were expected. According to the announcement from China's National Bureau of Statistics, the Manufacturing Purchasing Managers' Index (the "PMI") was only 49 in February of 2016 which was the lowest figures in the past 4 years. The weak economy suppressed capital investments and weakened the demand for machinery and equipment which in turn lead to reduced sales revenue of our industrial environmental products business. During the period under review, the Group's revenue for the three months ended 31 January 2016 dropped by 18% to HK\$17,069,000 as compared with that of corresponding period (three months ended 31 January 2015: HK\$20,881,000). We have taken several measures including lowering our operation costs, enhancing value added services to existing industrial environmental products as well as promoting new industrial environmental products to meet customers new requirements but it takes time for those mentioned activities to generate positive effects to the Group.

Since Renminbi is one of the Group's major selling currencies while Japanese yen is one of the Group's major purchasing currencies, those exchange rate significantly affect the gross margin of the Group, we shall continuously monitor foreign currency exposure and will take measures to minimize the foreign currency risk if necessary.

Looking forward, global economy remains uncertain, and the business environment will be tough and challenging. Although growth of economy of China slowed down and demand remained weak, the government of the China has stepped up efforts to implement reform measures in different industries and different business sectors, so as to stimulate the economy of China to maintain medium-to-high speed growth. Recently, the People's Bank of China announced to reduce the reserve requirement ratio for banks by 0.5 percentage points which was believed to be a monetary policy to stimulate the economy of China. In the process of transforming the Chinese economy to the "new normal" era with the new growth model emphasize domestic consumption and quality, there are risks of decline in demand of low-end machinery and equipment but also opportunities under the national strategies of "Energy Conservation and Emission Reduction". Leverage on the Group's past experience in this area, the Group will source supply of new products or services which fulfill the policy of energy conservation and emission reduction in China, although we will monitor the situation cautiously and adjust our development plan accordingly.

The water supply plant in Tianjin has the exclusive right to supply processed water to certain areas inside and near Baodi District of Tianjin City including Jing-Jin New City. Under the Beijing-Tangshan Intercity Railways and Tianjin Binhai New Area Intercity Railway (together as the "New Intercity Railways"), the construction works of Baodi Station was started in December 2015 and the construction of the whole New Intercity Railways will be started in this year. 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 plan of Tianjin Financial Valley inside Jing-Jin New City and within our water supply plant's coverage area, the Group has confidence that this will be positive for our water supply plant's future development.

Financial Review

The Group's revenue for the period ended 31 January 2016 was HK\$17,069,000, a decrease of 18% as compared with the corresponding period (three months ended 31 January 2015: HK\$20,881,000). It was due to the decrease of our industrial environmental product business under machinery market downturn and economic slowdown in China.

The gross profit margin of the Group for the three months ended 31 January 2016 was 31% which was similar to that of corresponding period (three months ended 31 January 2015: 31%).

The Group's administrative expenses for the three months ended 31 January 2016 was amounted to HK\$5,165,000, representing a decrease of 4% compared with the corresponding period (three months ended 31 January 2015: HK\$5,397,000). The Group's selling expenses for the three months ended 31 January 2016 was amounted to HK\$672,000, representing a decrease of 21% compared with the corresponding period (three months ended 31 January 2015: HK\$850,000).

The Group recorded a loss attributable to owners of the Company amounted to HK\$819,000 for the three months ended 31 January 2016 while the Group recorded a profit attributable to owners of the Company amounted to HK\$309,000 for the three months ended 31 January 2015.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 January 2016, the interests and short positions of the Directors and chief executives 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 Futures Ordinance ("SFO")) which were 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, were as follows:

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

Name of Director	Capacity	Total number of ordinary shares held as at 31 January 2016	Percentage to the Company's issued share capital as at 31 January 2016
<i>Non-executive Director and Chairman</i>			
Ms. HUI Wai Man Shirley	Beneficial owner	3,000,000	0.46

Save as disclosed above, as at 31 January 2016, 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' 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 January 2016, the following persons (other than Directors or chief executives 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	Total number of ordinary shares held as at 31 January 2016	Percentage to the Company's issued share capital as at 31 January 2016
Cititrust (Cayman) Limited <i>(Note 1)</i>	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management (PTC) 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
BOS Trust Company (Jersey) Limited <i>(Note 2)</i>	Through a controlled corporation	44,224,000	6.81
Crayne Company Limited <i>(Note 2)</i>	Directly beneficially owned	44,224,000	6.81
Mr. Lee Wai Man	Directly beneficially owned	35,620,000	5.48

Notes:

1. These shares are held by Team Drive Limited which is wholly-owned by Wide Sky Management (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. The shares are held by Crayne Company Limited, a company wholly-owned by BOS 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 three months ended 31 January 2016. The Company had not redeemed any of its listed securities during the three months ended 31 January 2016.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors who have confirmed their compliance with required standard set out in the Securities Code during the three months ended 31 January 2016.

Corporate Governance

The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the three months ended 31 January 2016.

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 three months ended 31 January 2016.

Remuneration Committee

The Company established a remuneration committee in March 2005. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The chairman of the remuneration committee is Ms. CHAN Siu Ping Rosa and other members include Mr. CHAU Kam Wing Donald and Professor 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 Professor 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.

The Group's unaudited results for the three months ended 31 January 2016 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 11 March 2016

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