



## **ECO-TEK HOLDINGS LIMITED**

**環康集團有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8169)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 JULY 2020**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 nine months ended 31 July 2020 amounted to HK\$65,165,000 (nine months ended 31 July 2019: HK\$75,290,000), representing a decrease of approximately 13% as compared with corresponding period.
- Loss attributable to owners of the Company for the nine months ended 31 July 2020 amounted to HK\$8,963,000 (nine months ended 31 July 2019: HK\$269,000).
- Basic loss per share for the nine months ended 31 July 2020 amounted to approximately HK1.38 cents (nine months ended 31 July 2019: HK0.04 cent).

## UNAUDITED THIRD 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 and nine months ended 31 July 2020 together with the comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

*For the nine months ended 31 July 2020*

		Three months ended 31 July		Nine months ended 31 July	
		2020	2019	2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	2	<b>25,615</b>	26,424	<b>65,165</b>	75,290
Cost of Sales		<b>(20,223)</b>	(20,415)	<b>(47,375)</b>	(53,474)
<b>Gross profit</b>		<b>5,392</b>	6,009	<b>17,790</b>	21,816
Other income		<b>3,759</b>	600	<b>5,950</b>	1,706
Selling expenses		<b>(1,330)</b>	(1,472)	<b>(3,396)</b>	(3,624)
Administrative expenses		<b>(5,836)</b>	(5,432)	<b>(17,664)</b>	(17,209)
<b>Profit/(loss) from operations</b>		<b>1,985</b>	(295)	<b>2,680</b>	2,689
Finance costs		<b>(140)</b>	(127)	<b>(421)</b>	(382)
Share of (loss)/profit of a joint venture		<b>(180)</b>	198	<b>(125)</b>	284
<b>Profit/(loss) before income tax</b>		<b>1,665</b>	(224)	<b>2,134</b>	2,591
Taxation	3	<b>(989)</b>	(561)	<b>(10,979)</b>	(1,981)
<b>Profit/(loss) for the period</b>		<b>676</b>	(785)	<b>(8,845)</b>	610

	Three months ended		Nine months ended		
	31 July		31 July		
	2020	2019	2020	2019	
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Other comprehensive income for the period</b>					
— Items that maybe subsequently reclassified to profit and loss					
Exchange gain/(loss) on translation of financial statements of foreign operations	4,010	(2,496)	2,008	270	
Share of other comprehensive income of a joint venture	(13)	(91)	(42)	65	
	<u>3,997</u>	<u>(2,587)</u>	<u>1,966</u>	<u>335</u>	
<b>Total comprehensive income for the period</b>	<u>4,673</u>	<u>(3,372)</u>	<u>(6,879)</u>	<u>945</u>	
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the Company	676	(1,080)	(8,963)	(269)	
Non-controlling interests	—	295	118	879	
	<u>676</u>	<u>(785)</u>	<u>(8,845)</u>	<u>610</u>	
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Company	4,673	(3,291)	(7,068)	9	
Non-controlling interests	—	(81)	189	936	
	<u>4,673</u>	<u>(3,372)</u>	<u>(6,879)</u>	<u>945</u>	
<b>Earnings/(loss) per share attributable to owners of the Company for the period</b>					
— Basic	5	HK0.10 cent	HK(0.17) cent	HK(1.38) cents	HK(0.04) cent
— Diluted		N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

*For the nine months ended 31 July 2020*

	Equity attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Capital reserve	Other reserve	Exchange translation reserve	Capital contribution reserve	Retained profits			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 November 2018, as original presented	6,495	19,586	95	-	10,831	7,971	51,965	96,943	8,918	105,861
Impact of initial application of HKFRS 9	-	-	-	-	-	-	(252)	(252)	-	(252)
At 1 November 2018, as restated	6,495	19,586	95	-	10,831	7,971	51,713	96,691	8,918	105,609
(Loss)/profit for the period	-	-	-	-	-	-	(269)	(269)	879	610
Other comprehensive income for the period	-	-	-	-	278	-	-	278	57	335
<b>Total comprehensive income for the period</b>	-	-	-	-	278	-	(269)	9	936	945
At 31 July 2019	6,495	19,586	95	-	11,109	7,971	51,444	96,700	9,854	106,554
At 1 November 2019	6,495	19,586	95	4,405	10,023	7,971	51,139	99,714	5,565	105,279
Acquisition of non-controlling interests	-	-	-	5,752	-	-	-	5,752	(5,754)	(2)
Contribution from non-controlling interests	-	-	-	2,790	-	-	-	2,790	-	2,790
(Loss)/profit for the period	-	-	-	-	-	-	(8,963)	(8,963)	118	(8,845)
Other comprehensive income for the period	-	-	-	-	1,895	-	-	1,895	71	1,966
<b>Total comprehensive income for the period</b>	-	-	-	-	1,895	-	(8,963)	(7,068)	189	(6,879)
At 31 July 2020	6,495	19,586	95	12,947	11,918	7,971	42,176	101,188	-	101,188

## **NOTES TO THE CONDENSED 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 condensed consolidated financial statements for the nine months ended 31 July 2020 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 condensed consolidated financial statements for the nine months ended 31 July 2020 are prepared in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institutes of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The unaudited condensed consolidated financial statements for the nine months ended 31 July 2020 should be read in conjunction with audited consolidated financial statements and notes thereto for the year ended 31 October 2019 (“2019 Audited Consolidated financial statements”). The significant accounting policies that have been used in the preparation of these unaudited consolidated financial statements are consistent with those followed in the preparation of 2019 Audited Consolidated financial statements except for the adoption of new or revised HKFRSs as described below:

#### **HKFRS 16 — Lease**

HKFRS 16 supersedes HKAS 17 Leases and related interpretations. HKFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liabilities, and also classifies cash repayments of the lease liabilities into a principal portion and an interest portion and presents them in the condensed consolidated statement of cash flows. Also, the right-of-use assets and the lease liabilities are initially measured on a present value basis. Generally, the Group uses its incremental borrowing rate as the discount rate.

The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

The adoption of HKFRS 16 would not result in a significant impact on the Group’s results but certain portion of these lease commitments is recognised in the condensed consolidated statement of financial position as right-of-use assets and lease liabilities at 1 November 2019.

The Group has elected to use the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17. Therefore, the Group will not reassess whether a contract is, or contain, a lease which already existed prior to the date of initial application.

The Group has applied HKFRS 16 using the modified retrospective approach at 1 November 2019 and recognised the right-of-use assets at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the consolidated statement of financial position immediately before 1 November 2019. There were no onerous lease contracts that would have required a significant adjustment to the right-of-use assets at the date of initial application on 1 November 2019. The comparative figures of the reporting period has not been restated and continue to be reported under HKAS 17.

For the leases previously classified as operating leases, the Group recognises lease liabilities, measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The Group applies the practical expedient not to recognise right-of-use assets and lease liabilities in respect of land and buildings that have a lease term of 12 months or less at the date of initial application. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The reconciliation of operating leases commitment and obligations under operating leases disclosed as at 31 October 2019 to lease liabilities at 1 November 2019 is set below:

	<i>HK\$'000</i> (Unaudited)
Operating lease commitments disclosed as at 31 October 2019	2,887
Less: Recognition exemption — short term leases for which lease terms end within 31 October 2020	(1,194)
Less: Future interest expense	(326)
	<u>1,367</u>
Lease liabilities recognised upon application of HKFRS 16 on 1 November 2019	<u>1,367</u>

The carrying amount of right-of-use assets as 1 November 2019 comprises the following:

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 November 2019 due to the impact of the transition to HKFRS 16. Line items which were not affected by the changes have not been included.

<b>Condensed consolidated statement of financial position as at 1 November 2019</b>	<b>As at 31 October 2019, as originally stated <i>HK\$'000</i> (Unaudited)</b>	<b>Impact of transition to HKFRS 16 <i>HK\$'000</i> (Unaudited)</b>	<b>As at 1 November 2019, as adjusted <i>HK\$'000</i> (Unaudited)</b>
Right-of-use assets	–	5,727	5,727
Interest in leasehold land	4,167	(4,167)	–
Deposits, prepayments and other receivables	4,902	(193)	4,709
Lease liabilities	–	(1,367)	(1,367)
	<u>9,069</u>	<u>–</u>	<u>9,069</u>

## 2. REVENUE

Revenue, which is also the Group's turnover, represented during the period comprised the following:

	Three months ended 31 July		Nine months ended 31 July	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Water supply plant	5,330	7,424	15,582	18,681
Environment-friendly products	20,285	19,000	49,583	56,609
	<u>25,615</u>	<u>26,424</u>	<u>65,165</u>	<u>75,290</u>

## 3. TAXATION

	Three months ended 31 July		Nine months ended 31 July	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Under provision for prior period:				
— Hong Kong	—	—	8,400	—
Current tax:				
— PRC	1,025	507	2,449	1,809
— Hong Kong	(36)	54	130	172
	<u>989</u>	<u>561</u>	<u>10,979</u>	<u>1,981</u>

Hong Kong profits tax has been provided for at 16.5% on the estimated assessable profits for three months ended and the nine months ended 31 July 2020 and 2019.

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 three months ended and nine months ended 31 July 2020 and 2019. 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 and nine months ended 31 July 2020 and 2019 according to the relevant laws and regulation in Macau.

## 4. INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 31 July 2020 (2019: Nil).

## 5. EARNINGS/(LOSS) PER SHARE

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

	<b>Three months ended 31 July</b>		<b>Nine months ended 31 July</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share	<b>676</b>	(1,080)	<b>(8,963)</b>	(269)
	<b>Number of shares</b>			
	<b>Three months ended 31 July</b>		<b>Nine months ended 31 July</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<b>649,540</b>	649,540	<b>649,540</b>	649,540

No diluted earnings per share is calculated for the three months and nine months ended 31 July 2020 and 2019 as there was no dilutive potential ordinary share in existence.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Prospects

The total revenue of the Group for the nine months ended 31 July 2020 (this “Period”) decreased by 13% to HK\$65,165,000 when compared with that of the last corresponding period for nine months ended 31 July 2019 (“Last Period”) HK\$75,290,000 as the revenue of our environment-friendly products business decreased by 12% from last period HK\$56,609,000 to this Period HK\$49,583,000. Under China’s trade war with the United States (the “Trade War”), the industrial market sentiment was uncertain and our customers of environment-friendly products business have adopted a conservative approach by reducing purchase activities. As the market was not yet recovered from the Trade War impacts, the outbreak of COVID-19 virus in 2020 made it even worse. The water consumption of our water supply plant in Tianjin was affected by the suspension of schools and factories under the outbreak of COVID-19, the revenue of our water supply business decreased by 17% from Last period HK\$18,681,000 to this Period HK\$15,582,000.

The National Bureau of Statistic of the People of Republic of China recently announced that the manufacturing Purchasing Managers’ Index (the “PMI”) has been recovered from the lowest 35.7 in February 2020 to 51.0 in August 2020, continuously six months over threshold 50, indicating more China manufacturers’ operations resumption gradually. In the process of transforming the Chinese economy to the “new normal” era with the new growth model emphasizing 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. It was believed that the 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’s future development. On 17 December 2019, the Group has acquired the remaining 20% of the issued share capital of a non-wholly owned subsidiary Asian Way International Limited which is the holding company of our water supply plant in Tianjin. After completion, Asian Way International Limited has become a wholly owned subsidiary of the Group. This acquisition is in line with the strategic management of the Group to review the markets for the Group’s respective businesses with a forward looking perspective and to seek business and investment opportunities with a view to providing growth potential of the Group.

## **Financial Review**

The Group's total revenue for the period ended 31 July 2020 was HK\$65,165,000, representing a decrease of 13% as compared with the last corresponding period (nine months ended 31 July 2019: HK\$75,290,000). It was due to the decrease of our environment-friendly products business's revenue and water supply plant business's revenue under the outbreak of COVID-19 virus in 2020.

The gross profit of the Group for the nine months ended 31 July 2020 was amounted to HK\$17,790,000 represented a decrease of 18% when compared with that of last corresponding period (nine months ended 31 July 2019: HK\$21,816,000) due to decrease in the Group's total revenue and the drop in gross profit margin of our environment-friendly products business. Under the unfavorable fluctuation of foreign currencies, especially the appreciation of Japanese Yen, one of the major currencies for our Group's purchase activities, the gross profit margin of the Group for the nine months ended 31 July 2020 decreased to 27% (nine months ended 31 July 2019: 29%).

The Group's administrative expenses for the nine months ended 31 July 2020 was amounted to HK\$17,664,000 which was similar to that of the Last corresponding period (nine months ended 31 July 2019: HK\$17,209,000). The Group's selling expenses for the nine months ended 31 July 2020 was amounted to HK\$3,396,000, representing a decrease of 6% compared with the Last corresponding period (nine months ended 31 July 2019: HK\$3,624,000) due to decrease of marketing expenses.

The Group is subject to taxation in various jurisdictions and judgement is required in determining the amount of provision and the payment of taxation in accordance with the tax laws of the respective jurisdictions. Where the final tax outcome might be different from the amounts that were initially recorded, such difference will impact the income tax provisions. During the nine months ended 31 July 2020, tax provision HK\$10,979,000 (nine months ended 31 July 2019: HK\$1,981,000) was made, of which HK\$8,400,000 (nine months ended 31 July 2019: Nil) further tax provision was made for prior years after taking into account the up-to-date development with the Inland Revenue Department.

The Group recorded a loss attributable to owners of the Company for the nine months ended 31 July 2020 amounted to HK\$8,963,000 (nine months ended 31 July 2019: HK\$269,000).

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

As at 31 July 2020, 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

As at 31 July 2020, 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 July 2020, 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

<u>Name</u>	<u>Capacity and nature of interest</u>	<u>Number of ordinary shares held as at 31 July 2020</u>	<u>% to the Company's issued shares as at 31 July 2020</u>
Virtue Trustees (Switzerland) AG ( <i>Note 1</i> )	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management Limited ( <i>Note 1</i> )	Through a controlled corporation	344,621,200	53.06
Team Drive Limited ( <i>Note 1</i> )	Directly beneficially owned	344,621,200	53.06
Dr. Pau Kwok Ping ( <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

*Notes:*

1. These shares are held by Team Drive Limited which is wholly-owned by Wide Sky Management Limited, being the trustee of a unit trust of which the entire issued units are held by Virtue Trustees (Switzerland) AG. By virtue of the SFO, Wide Sky Management Limited and Virtue Trustees (Switzerland) AG 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 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 nine months ended 31 July 2020. The Company and its subsidiaries did not redeem any of its listed securities during the nine months ended 31 July 2020.

## **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 nine months ended 31 July 2020.

## **CORPORATE GOVERNANCE**

The Company has complied with all the code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in the Appendix 15 of the GEM Listing Rules throughout the nine months ended 31 July 2020 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 of the Company held on 2 April 2020 as he was out of Hong Kong.

## **MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the nine months ended 31 July 2020, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies except for the Group has acquired the remaining 20% of the issued share capital of a non-wholly owned subsidiary, Asian Way International Limited (the "AWI") on 17 December 2019. AWI is the holding company of our water supply plant in Tianjin. After completion, AWI has become a wholly-owned subsidiary of the Group.

## **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 nine months ended 31 July 2020.

## **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 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 Professor NI Jun, all of them are independent non-executive directors of the Company.

The Group's unaudited results for the three months and nine months ended 31 July 2020 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**  
**WU Cheng-wei**  
*Chairman*

Hong Kong, 11 September 2020

*As at the date of this announcement, the Board of Directors comprises Mr. WU Cheng-wei and Mr. LEUNG Wai Lun and as executive directors; Dr. LUI Sun Wing as non-executive director; 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](http://www.eco-tek.com.hk).*