



**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 2022**

**CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG  
KONG LIMITED (THE “STOCK EXCHANGE”)**

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\* For identification purposes only

## SUMMARY

- Revenue for the year ended 31 October 2022 amounted to approximately HK\$97,595,000 (2021: HK\$118,520,000), representing a decrease of approximately 18% as compared with preceding year.
- Profit attributable to owners of the Company for the year ended 31 October 2022 amounted to HK\$4,379,000 (2021: HK\$5,062,000).
- Basic and diluted earning per share for the year ended 31 October 2022 amounted to approximately HK0.67 cent (2021: HK0.78 cent).

## 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 2022 together with the comparative figures as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 October 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>97,595</b>	118,520
Cost of sales		<b>(66,277)</b>	(84,192)
<b>Gross profit</b>		<b>31,318</b>	34,328
Other income, gains and losses	5	<b>5,318</b>	3,966
Selling expenses		<b>(2,360)</b>	(3,872)
Administrative expenses		<b>(27,179)</b>	(26,467)
Reversal of expected credit losses on accounts receivable	6	<b>72</b>	151
Reversal of expected credit losses on other receivables	6	<b>—</b>	87
<b>Profit from operations</b>	6	<b>7,169</b>	8,193
Finance costs		<b>(816)</b>	(658)
Share of profit of a joint venture		<b>269</b>	228
<b>Profit before income tax</b>		<b>6,622</b>	7,763
Taxation	7	<b>(2,243)</b>	(2,701)
<b>Profit for the year attributable to owners of the Company</b>		<b>4,379</b>	5,062

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Other comprehensive income for the year</b>			
— Items that may be subsequently reclassified to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		(12,508)	8,620
Share of other comprehensive income of a joint venture		<u>(431)</u>	<u>271</u>
		<u>(12,939)</u>	<u>8,891</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u><b>(8,560)</b></u>	<u>13,953</u>
<b>Earnings per share attributable to owners of the Company</b>			
— Basic and diluted	9	<u><b>HK0.67 cent</b></u>	<u>HK0.78 cent</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>69,082</b>	73,815
Right-of-use assets	<i>10</i>	<b>5,273</b>	4,801
Interest in a joint venture		<b>4,177</b>	4,339
Deferred tax assets		<b>440</b>	490
Pledged bank deposits		<b>9,020</b>	9,020
		<b>87,992</b>	92,465
<b>Current assets</b>			
Inventories		<b>16,435</b>	14,216
Accounts receivable	<i>11</i>	<b>18,256</b>	21,312
Deposits, prepayments and other receivables		<b>8,291</b>	6,103
Cash and cash equivalents		<b>41,064</b>	63,270
		<b>84,046</b>	104,901
<b>Current liabilities</b>			
Accounts payable	<i>12</i>	<b>18,447</b>	20,138
Accrued liabilities and other payables	<i>13</i>	<b>14,499</b>	28,958
Contract liabilities		<b>4,343</b>	6,115
Lease liabilities		<b>970</b>	304
Loan from a shareholder	<i>14</i>	<b>–</b>	4,391
Loan from a related company	<i>14</i>	<b>1,100</b>	–
Provision for tax		<b>10,667</b>	11,323
		<b>50,026</b>	71,229
<b>Net current assets</b>		<b>34,020</b>	33,672
<b>Total assets less current liabilities</b>		<b>122,012</b>	126,137

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities		<b>570</b>	214
Other payables	<i>13</i>	–	185
Loan from a shareholder	<i>14</i>	–	9,500
Loan from a related company	<i>14</i>	<b>13,764</b>	–
		<b>14,334</b>	9,899
<b>Net assets</b>		<b>107,678</b>	116,238
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>15</i>	<b>6,495</b>	6,495
Share premium		<b>19,586</b>	19,586
Capital reserve		<b>95</b>	95
General reserve		<b>13,015</b>	13,015
Exchange translation reserve		<b>7,722</b>	20,661
Capital contribution reserve		<b>7,971</b>	7,971
Retained profits		<b>52,794</b>	48,415
<b>Total equity</b>		<b>107,678</b>	116,238

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 October 2022*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Capital contribution reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 1 November 2020</b>	6,495	19,586	95	13,015	11,770	7,971	43,353	102,285
Profit for the year	-	-	-	-	-	-	5,062	5,062
Other comprehensive income for the year	-	-	-	-	8,891	-	-	8,891
Total comprehensive income for the year	-	-	-	-	8,891	-	5,062	13,953
<b>At 31 October 2021 and 1 November 2021</b>	<b>6,495</b>	<b>19,586</b>	<b>95</b>	<b>13,015</b>	<b>20,661</b>	<b>7,971</b>	<b>48,415</b>	<b>116,238</b>
Profit for the year	-	-	-	-	-	-	4,379	4,379
Other comprehensive income for the year	-	-	-	-	(12,939)	-	-	(12,939)
Total comprehensive income for the year	-	-	-	-	(12,939)	-	4,379	(8,560)
<b>At 31 October 2022</b>	<b>6,495</b>	<b>19,586</b>	<b>95</b>	<b>13,015</b>	<b>7,722</b>	<b>7,971</b>	<b>52,794</b>	<b>107,678</b>

## 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 consolidated 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 consolidated financial statements for the year ended 31 October 2022 are prepared in accordance with Hong Kong Financial Reporting Standards ("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 consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

### 2. ADOPTION OF NEW/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 2021.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	COVID-19 Rent Concessions beyond 30 June 2021

The application of these new or amended HKFRSs has no material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the consolidated financial statements are consistently applied to all the 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 consolidated 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of goods	65,250	87,268
Supply of water	<u>32,345</u>	<u>31,252</u>
	<u><u>97,595</u></u>	<u><u>118,520</u></u>

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

Environment-friendly products	:	Sale of general and industrial environment-friendly products, components and other related accessories
Water supply plant	:	Supply of processed water in the PRC

	For the year ended 31 October 2022		
	Environment- friendly products <i>HK\$'000</i>	Water supply plant <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>65,250</u>	<u>32,345</u>	<u>97,595</u>
<b>Reportable segment revenue</b>	<u><u>65,250</u></u>	<u><u>32,345</u></u>	<u><u>97,595</u></u>
<b>Reportable segment profit</b>	<u><u>19,344</u></u>	<u><u>9,614</u></u>	<u><u>28,958</u></u>
<b>Other segment information</b>			
Interest income	5	326	331
Depreciation	(648)	(4,684)	(5,332)
Provision for slow-moving inventories, net	(336)	–	(336)
Reversal for/(provision of) expected credit losses on accounts receivable	<u>216</u>	<u>(144)</u>	<u>72</u>
Additions to non-current assets	<u>56</u>	<u>5,464</u>	<u>5,520</u>
<b>Reportable segment assets</b>	<u><u>55,482</u></u>	<u><u>108,899</u></u>	<u><u>164,381</u></u>
<b>Reportable segment liabilities</b>	<u><u>21,380</u></u>	<u><u>14,301</u></u>	<u><u>35,681</u></u>



	For the year ended 31 October 2021		
	Environment- friendly products <i>HK\$'000</i>	Water supply plant <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	87,268	31,252	118,520
<b>Reportable segment revenue</b>	<u>87,268</u>	<u>31,252</u>	<u>118,520</u>
<b>Reportable segment profit</b>	<u>17,911</u>	<u>12,544</u>	<u>30,455</u>
<b>Other segment information</b>			
Interest income	–	507	507
Depreciation	(2,228)	(4,821)	(7,049)
Reversal of provision for slow-moving inventories, net	609	–	609
Reversal for expected credit losses on accounts receivable	247	(96)	151
Reversal for expected credit losses on other receivables	(42)	136	94
Additions to non-current assets	<u>32</u>	<u>4,947</u>	<u>4,979</u>
<b>Reportable segment assets</b>	<u>57,753</u>	<u>133,490</u>	<u>191,243</u>
<b>Reportable segment liabilities</b>	<u>20,497</u>	<u>31,801</u>	<u>52,298</u>

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Reportable segment revenue	<u>97,595</u>	<u>118,520</u>
Group revenue	<u><b>97,595</b></u>	<u>118,520</u>
Reportable segment profit	<b>28,958</b>	30,455
Other corporate expenses	<b>(21,789)</b>	(22,262)
Finance costs	<b>(816)</b>	(658)
Share of profit of a joint venture	<u>269</u>	<u>228</u>
Profit before income tax	<u><b>6,622</b></u>	<u>7,763</u>
Reportable segment assets	<b>164,381</b>	191,243
Interest in a joint venture	<b>4,177</b>	4,339
Other corporate assets	<u>3,480</u>	<u>1,784</u>
Group total assets	<u><b>172,038</b></u>	<u>197,366</u>
Reportable segment liabilities	<b>35,681</b>	52,298
Loan from a shareholder	–	13,891
Loan from a related company	<b>14,864</b>	–
Other corporate liabilities	<u>13,815</u>	<u>14,939</u>
Group total liabilities	<u><b>64,360</b></u>	<u>81,128</u>

Other corporate expenses mainly include staff costs, directors' emoluments and short-term lease expenses for administration purpose.

Other corporate liabilities mainly include accrued directors' emoluments, accrued staff costs and accrued auditor's remuneration.

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

	Revenue from external customers		Non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong (domicile)	2,634	5,256	6,435	4,972
PRC	94,961	113,264	72,096	77,981
Other	–	–	1	2
	<u>97,595</u>	<u>118,520</u>	<u>78,352</u>	<u>82,955</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 the non-current assets is based on the physical location of the assets and operation.

There is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the years ended 31 October 2022 and 2021.

## 5. OTHER INCOME, GAINS AND LOSSES

	2022 HK\$'000	2021 HK\$'000
Bank interest income	331	507
Agency service income ( <i>note a</i> )	4,493	3,264
Government grants ( <i>note b</i> )	160	–
Gain on lease modification	–	56
Sundry income	334	139
	<u>5,318</u>	<u>3,966</u>

*Notes:*

- (a) Agency service income represented agency fee charged to independent service providers for subcontracting the installation service of water meters for the Group's customers.
- (b) Government grants represented the subsidies received from the local government in support of the business operation. There was no condition to be fulfilled by the Group in relation to the subsidies.

## 6. PROFIT FROM OPERATIONS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration		
— Provision for the year	720	720
Cost of inventories recognised as expense*, including	66,277	84,192
— Provision for/(reversal of provision for) slow-moving inventories, net	336	(609)
— Exchange gains	(3,165)	(443)
Depreciation of property, plant and equipment	4,789	4,786
Depreciation of right-of-use assets	672	2,283
Reversal of expected credit losses on accounts receivable	(72)	(151)
Reversal of expected credit losses on other receivables	—	(87)
Exchange losses, net of exchange gain**	266	129
Short-term lease expenses	1,021	927
Staff costs (including directors' emoluments)		
— Wages, salaries and benefits in kind	17,118	15,634
— Pension scheme contributions	149	133
	<u>17,267</u>	<u>15,767</u>

\* Costs of inventories includes a total amount of approximately HK\$1,732,000 (2021: HK\$4,475,000), relating to depreciation, staff costs, provision for/(reversal of provision for) slow-moving inventories, net and exchange (gains)/losses for which are also included in the respective total amounts disclosed separately above.

\*\* Exchange losses, net of exchange gains is included in administrative expenses.

## 7. TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current tax</b>		
Current year		
— PRC	2,127	2,901
<b>Deferred tax for the year</b>	<u>116</u>	<u>(200)</u>
	<u>2,243</u>	<u>2,701</u>

Hong Kong profits tax has been provided for at 8.25% on the first HK\$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK\$2 million for the years ended 31 October 2022 and 2021. No provision has been provided as the Group has tax losses to set off with assessable profits for the both years.

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% (2021: 25%) on the estimated assessable profits arising in the PRC for the year.

A subsidiary of the Group established and operating in Macau is subject to Macau complementary profits tax for the years ended 31 October 2022 and 2021 at the rate of 12% (2021: 12%) according to the relevant laws and regulations in Macau. No provision for Macau complementary profits tax for both years as the Group has no assessable profit arising in Macau.

## 8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 October 2022 (2021: Nil).

## 9. EARNINGS PER SHARE

The basic earnings per share for the year is calculated based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>4,379</u>	<u>5,062</u>
	Number of shares	
	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>649,540</u>	<u>649,540</u>

The diluted earnings per share is the same as the basic earnings per share, as the Group has no dilutive potential ordinary shares during the current and prior years.

## 10. RIGHT-OF-USE ASSETS

The analysis of the net book value of the Group's right-of-use assets by class of underlying assets at the end of reporting period is as follows:

	<b>Leasehold land HK\$'000</b>	<b>Buildings leased for own use HK\$'000</b>	<b>Office equipment leased for own use HK\$'000</b>	<b>Total HK\$'000</b>
Net carrying amount at 1 November 2020	4,208	4,062	86	8,356
Modification	–	(1,538)	–	(1,538)
Depreciation charge for the year	(125)	(2,137)	(21)	(2,283)
Translation differences	234	32	–	266
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net carrying amount at 31 October 2021 and 1 November 2021	4,317	419	65	4,801
Modification	–	1,598	–	1,598
Depreciation charge for the year	(123)	(525)	(24)	(672)
Translation differences	(433)	(21)	–	(454)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net carrying amount at 31 October 2022	<u>3,761</u>	<u>1,471</u>	<u>41</u>	<u>5,273</u>

As at 31 October 2022, building leased for own use of HK\$1,332,000 is leased from a company, which is owned by a beneficial shareholders of the Company.

## 11. ACCOUNTS RECEIVABLE

	<b>2022 HK\$'000</b>	<b>2021 HK\$'000</b>
Accounts receivable	<b>19,544</b>	22,787
Less: provision for loss allowance	<b>(1,288)</b>	(1,475)
	<u><b>18,256</b></u>	<u>21,312</u>

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 to 120 days to its trade customers. An ageing analysis of accounts receivable as at the reporting date, based on invoice date, is as follows:

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	<b>19,049</b>	21,813
91 to 180 days	<b>221</b>	432
181 to 365 days	<b>4</b>	18
Over 365 days	<b>270</b>	524
	<u><b>19,544</b></u>	<u>22,787</u>

The movements in the expected credit losses on accounts receivable during the year are as follows:

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 1 November	<b>1,475</b>	1,574
Change in expected credit losses for the year	<b>(72)</b>	(151)
Exchange realignment	<b>(115)</b>	52
	<u><b>1,288</b></u>	<u>1,475</u>

The Group did not hold any collateral in respect of accounts receivable.

## 12. ACCOUNTS PAYABLE

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

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	<b>11,198</b>	4,876
91 to 180 days	<b>7,166</b>	12,100
Over 180 days	<b>83</b>	3,162
	<u><b>18,447</b></u>	<u>20,138</u>

### 13. ACCRUED LIABILITIES AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accrued liabilities	5,008	5,377
Other payables	9,491	23,766
	<u>14,499</u>	<u>29,143</u>
Less: non-current portion	–	(185)
Current portion	<u>14,499</u>	<u>28,958</u>

Other payables mainly included construction costs payable related to property, plant and equipment, other taxes liabilities and payable to the constructors regarding the water meter installation.

### 14. LOANS FROM A SHAREHOLDER AND A RELATED COMPANY

Loan from a shareholder represented amount due to a substantial shareholder of the Company who has control over the Group. Loan from a related company represented amount due to a related company, which is controlled by a substantial shareholder of the Company. The balances were regarded as amounts due to related parties.

The loan from a related company was unsecured and interest-bearing at 5.25% to 5.375% per annum. The loans from a shareholder were unsecured and interest-bearing at 5.25% (2021: 5.25%) per annum.

Except for the loan from a related company of HK\$1,100,000 as at 31 October 2022, they were not repayable within twelve months from the reporting date as at 31 October 2022.

Except for the loan from a shareholder of HK\$4,391,000 as at 31 October 2021, they were not repayable within twelve months from the reporting date as at 31 October 2021.

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

### 15. SHARE CAPITAL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Authorised: 5,000,000,000 (2021: 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 (2021: 649,540,000) ordinary shares of HK\$0.01 each	<u>6,495</u>	<u>6,495</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the year ended 31 October 2022, revenue of our environment-friendly products business and water supply plant business accounted for 67% (2021: 74%) and 33% (2021: 26%) respectively of the Group's total revenue.

The revenue of the Group for the year ended 31 October 2022 (“**This Year**”) was HK\$97,595,000, which was 18% less than that of year ended 31 October 2021 (“**Last Year**”) (2021: HK\$118,520,000) as the revenue of our environment-friendly products business decreased by 25% from Last Year HK\$87,268,000 to this Year HK\$65,250,000 under tough industrial market in China but the revenue of our water supply plant business increased by 3% from Last Year HK\$31,252,000 to this Year HK\$32,345,000 as our water supply plant has started to supply processed water to rural area near Jing-Jin New City, Baodi District of Tianjin City to replace their underground water usage.

The National Bureau of Statistics of the People's Republic of China (the “**Bureau of Statistic of the PRC**”) recently announced that the China's gross domestic product (the “**GDP**”) in the third quarter of 2022 grew by 3.9%, compared to the same period last year when the manufacturing Purchasing Managers' Index (the “**PMI**”) was 47 in December 2022, below the threshold 50 indicating the contraction of China manufacturers' operations. In the process of transforming the China's 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 experience in this area and deep understanding of the needs of our clients, the Group will source supply of new products or services which fulfil the policy of energy conservation and emission reduction in China, although we will monitor the situation cautiously and adjust our development plan accordingly. Certain products of our environment-friendly products business were applied in the marine machinery sectors and clean energy sectors such as hydropower and wind power facilities. As the increase of international concerns of environmental protections, we believe that there will be a brighter prospect for our environment-friendly products business.

Our 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**”), there will be a railway station in Baodi district near our water supply plant in Tianjin. It was believed that the completion of the New Intercity Railways in future will promote the integrative and cooperative economic development of the Baodi District and Jing-Jin New City which will benefit our Group’s water supply plant in Tianjin.

## **Financial Review**

The Group’s revenue for the year ended 31 October 2022 (“**This Year**”) was HK\$97,595,000, decreased by 18% when compared with last year ended 31 October 2021 (“**Last Year**”) (2021: HK\$118,520,000) as the revenue of our environment-friendly products business decreased by 25% from Last Year of HK\$87,268,000 to This Year of HK\$65,250,000 under tough China’s industrial market sentiment but the revenue of our water supply plant business increased by 3% from Last Year HK\$31,252,000 to this Year HK\$32,345,000 as our water supply plant has started to supply processed water to rural area near Jing-Jin New City, Baodi District of Tianjin City to replace their underground water usage.

The Group’s gross profit for This Year was amounted to HK\$31,318,000, represented an decrease of 9% when compared with that of Last Year (2021: HK\$34,328,000) due to decrease in the Group’s total revenue in This Year. The gross profit margin of the Group for This Year was 32% (2021: 29%), the increase in the gross profit margin of the Group was due to favorable fluctuations of foreign currencies especially the depreciation of Japanese Yen, one of the major currencies for our Group’s purchase in This Year.

The Group’s other income, gains and losses for This Year was amounted to HK\$5,318,000, represented an increase of 34% compared with Last year (2021: HK\$3,966,000) as the Group’s agency service income increased from Last Year HK\$3,264,000 to This Year HK\$4,493,000.

The Group’s selling expenses for This Year was amounted to HK\$2,360,000, represented a decrease of 39% compared with the last year (2021: HK\$3,872,000) due to decrease of exhibition cost and travelling expenses in This Year. The Group’s administrative expenses for This Year was amounted to HK\$27,179,000 which was 3% higher than that of the Last Year (2021: HK\$26,467,000) due to increase in staff costs under increase of headcount of the Group.

The Group recorded a profit attributable to owners of the Company for This Year amounted to HK\$4,379,000 (2021: HK\$5,062,000).

## **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 2022, the Group had net current assets of approximately HK\$34,020,000 (31 October 2021: HK\$33,672,000) including bank balances and cash of approximately HK\$41,064,000 (31 October 2021: HK\$63,270,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.68 as at 31 October 2022 (31 October 2021: 1.47). As at 31 October 2022, the Group's inventory turnover was about 91 days (31 October 2021: 62 days). The Group's accounts receivable turnover was about 68 days (31 October 2021: 66 days), the increase in inventory turnover and accounts receivable turnover were due to decrease the Group's revenue.

## **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 (defined as the total borrowing over total equity, including non-controlling interests) was approximately 14% as at 31 October 2022 (31 October 2021: 12%).

## **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, JPY, Euro and US Dollars. The sales of the Group are predominantly in RMB and HK\$. 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 2022, the Group had pledged its bank deposits of approximately HK\$9,020,000 (31 October 2021: 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 2022 (2021: Nil).

## **Employees and remuneration policy**

As at 31 October 2022, the Group had 79 employees (2021: 77) working in Hong Kong, Macau 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) for the year ended 31 October 2022 amounted to approximately HK\$17,267,000 (2021: HK\$15,767,000). The dedication and hard work of the Group's staff during the year ended 31 October 2022 are generally appreciated and recognized.

## **Material Acquisitions or Disposal of Subsidiaries and Affiliated Companies**

During the year ended 31 October 2022, 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 2022. The Company had not redeemed any of its listed securities during the year ended 31 October 2022.

## **CORPORATE GOVERNANCE**

Throughout the year ended 31 October 2022, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the “Code”) contained in Appendix 15 of the GEM Listing Rules.

## **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 2022.

## **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.

## **DIVIDEND**

The Directors do not recommend the payment of any dividend for the year ended 31 October 2022 (2021: Nil).

## **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 controls system of the Group, six meetings were held during the year ended 31 October 2022 to review the operations.

The Group's results for the year ended 31 October 2022 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.

## **ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE**

The Company established an environment, social and governance committee (“**ESG Committee**”) in January 2022. The principal duties of the ESG Committee are to advise and assist the Board of directors (the “**Director(s)**”) of in managing matters relating to environment, social and governance. The chairman of the ESG committee is Mr. WU Cheng-wei and other members include Mr. LEUNG Wai Lun, Mr. CHAU Kam Wing Donald, Ms. CHAN Siu Ping Rosa and Professor NI Jun.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 October 2022 as set out in this announcement 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 announcement.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The forthcoming annual general meeting is scheduled to be held on Thursday, 30 March 2023 (the “AGM”). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 27 March 2023 to Thursday, 30 March 2023, 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, Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Friday, 24 March 2023.

By Order of the Board  
**Eco-Tek Holdings Limited**  
**WU Cheng-wei**  
*Chairman*

Hong Kong, 13 January 2023

*As at the date of this announcement, the Board of Directors comprises Mr. WU Cheng-wei and Mr. LEUNG Wai Lun 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).*