



## **ECO-TEK HOLDINGS LIMITED**

**環康集團有限公司\***

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

**(Stock Code: 8169)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 APRIL 2024**

#### **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.**

*Hong Kong Exchange and Clearing Limited and the Stock Exchange take no responsibilities for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors (the “Directors”) of Eco-Tek Holdings Limited (the “Company”) collectively and individually accept 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 six months ended 30 April 2024 amounted to HK\$51,389,000 (six months ended 30 April 2023: HK\$45,143,000), representing an increase of approximately 14% as compared with corresponding period.
- Profit attributable to owners of the Company for the six months ended 30 April 2024 amounted to HK\$2,010,000 (six months ended 30 April 2023 amounted to approximately HK\$2,004,000) which is similar to that of the corresponding period.
- Basic earnings per share for the six months ended 30 April 2024 amounted to approximately HK0.31 cent (six months ended 30 April 2023 amounted to approximately HK0.31 cent) which is similar to that of the corresponding period.

## UNAUDITED INTERIM 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 six months ended 30 April 2024 together with the comparative figures as follows:

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

*For the six months ended 30 April 2024*

		<b>Six months ended</b>	
		<b>30 April</b>	<b>30 April</b>
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	2	<b>51,389</b>	45,143
Cost of sales		<b>(32,382)</b>	(28,457)
<b>Gross profit</b>		<b>19,007</b>	16,686
Other income, gains and losses		<b>245</b>	1,993
Selling expenses		<b>(1,483)</b>	(1,460)
Administrative expenses		<b>(13,132)</b>	(12,837)
<b>Profit from operations</b>	3	<b>4,637</b>	4,382
Finance costs		<b>(413)</b>	(444)
Share of loss of a joint venture		<b>(334)</b>	(25)
<b>Profit before income tax</b>		<b>3,890</b>	3,913
Taxation	4	<b>(1,880)</b>	(1,909)
<b>Profit for the Period attributable to owners of the Company</b>		<b>2,010</b>	2,004

		<b>Six months ended</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income for the Period</b>			
— Items that may be subsequently reclassified to profit or loss:			
Net movement in hedging reserve		<b>15</b>	—
— derivative financial instruments			
Exchange gain on translation of financial statements of foreign operations		<b>1,929</b>	11,161
Share of other comprehensive income of a joint venture		<b>36</b>	198
		<u><b>1,980</b></u>	<u>11,359</u>
<b>Total comprehensive income for the Period attributable to owners of the Company</b>		<u><b>3,990</b></u>	<u>13,363</u>
<b>Earnings per share attributable to owners of the Company</b>			
— Basic and diluted	6	<u><b>HK0.31 cent</b></u>	<u>HK0.31 cent</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 April 2024*

		As at <b>30 April 2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 October 2023 <i>HK\$'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	65,184	66,634
Right-of-use assets	8	4,825	5,621
Interest in a joint venture		3,887	4,185
Deferred tax assets		438	434
Deposits		–	122
		<b>74,334</b>	76,996
<b>Current assets</b>			
Inventories	9	13,393	16,898
Accounts receivable	10	36,321	25,850
Deposits, prepayments and other receivables		9,733	9,310
Cash and cash equivalents		36,476	41,485
		<b>95,923</b>	93,543
<b>Current liabilities</b>			
Accounts payable	11	9,980	12,236
Accrued liabilities and other payables		13,553	17,572
Contract liabilities	12	5,478	5,671
Lease liabilities		985	1,375
Loan from a related company	13	1,200	1,200
Provision for tax		15,073	11,521
Derivative financial instruments	14	112	127
		<b>46,381</b>	49,702
<b>Net current assets</b>		<b>49,542</b>	43,841
<b>Total assets less current liabilities</b>		<b>123,876</b>	120,837

		<b>As at 30 April 2024</b>	As at 31 October 2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Lease liabilities		<b>361</b>	712
Loan from a related company	<i>13</i>	<b>11,964</b>	12,564
		<b>12,325</b>	13,276
<b>Net assets</b>		<b>111,551</b>	107,561
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<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
Hedging reserve		<b>(112)</b>	(127)
Exchange translation reserve		<b>4,104</b>	2,139
Capital contribution reserve		<b>7,971</b>	7,971
Retained profits		<b>60,397</b>	58,387
<b>Total equity</b>		<b>111,551</b>	107,561

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)**

	<b>Six months Ended 30 April</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Net cash used in operating activities</b>	<b>(3,689)</b>	<b>(2,493)</b>
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,255)</b>	<b>7,613</b>
<b>Net cash used in financing activities</b>	<b>(1,013)</b>	<b>(1,541)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(5,957)</b>	<b>3,579</b>
<b>Effect of foreign exchange rate changes</b>	<b>948</b>	<b>2,673</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>41,485</b>	<b>41,064</b>
<b>Cash and cash equivalents at end of the period</b>	<b>36,476</b>	<b>47,316</b>

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

*For the six months ended 30 April 2024*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Hedging 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 2022</b>	6,495	19,586	95	13,015	-	7,722	7,971	52,794	107,678
Profit for the period	-	-	-	-	-	-	-	2,004	2,004
Other comprehensive income for the period	-	-	-	-	-	11,359	-	-	11,359
Total comprehensive income for the period	-	-	-	-	-	11,359	-	2,004	13,363
<b>At 30 April 2023</b>	<u>6,495</u>	<u>19,586</u>	<u>95</u>	<u>13,015</u>	<u>-</u>	<u>19,081</u>	<u>7,971</u>	<u>54,798</u>	<u>121,041</u>
<b>At 1 November 2023</b>	6,495	19,586	95	13,015	(127)	2,139	7,971	58,387	107,561
Profit for the period	-	-	-	-	-	-	-	2,010	2,010
Other comprehensive income for the period	-	-	-	-	15	1,965	-	-	1,980
Total comprehensive income for the period	-	-	-	-	15	1,965	-	2,010	3,990
<b>At 30 April 2024</b>	<u>6,495</u>	<u>19,586</u>	<u>95</u>	<u>13,015</u>	<u>(112)</u>	<u>4,104</u>	<u>7,971</u>	<u>60,397</u>	<u>111,551</u>

## **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 six months ended 30 April 2024 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 six months ended 30 April 2024 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 statement for the six months ended 30 April 2024 should be read in conjunction with audited consolidated financial statements and notes thereto for the year ended 31 October 2023 (“2023 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 2023 Audited Consolidated financial statements. It should be noted that accounting estimates and assumptions are used in preparation of the unaudited 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.

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting period beginning on 1 November 2023, 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 making an assessment of the potential impact of the new pronouncement.



## 2. REVENUE AND SEGMENT INFORMATION

The Group's revenues from contracts with customers recognised at a point in time during the six months ended 30 April 2024 and 2023 are as follows:

	<b>Six months ended 30 April</b>	
	<b>2024</b>	<b>2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales of goods	<b>29,520</b>	25,141
Supply of water	<b>21,869</b>	20,002
	<b>51,389</b>	45,143

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

Environment-friendly products : Sales of general and industrial environment-friendly products, components and other related accessories

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.

	<b>Six months ended 30 April 2024</b>		
	<b>Environment- friendly products</b>	<b>Water supply plant</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from external customers	<b>29,520</b>	<b>21,869</b>	<b>51,389</b>
<b>Reportable segment revenue</b>	<b>29,520</b>	<b>21,869</b>	<b>51,389</b>
<b>Reportable segment profit</b>	<b>6,719</b>	<b>10,805</b>	<b>17,524</b>
<b>Other segment information</b>			
Interest income	5	60	65
Depreciation	(316)	(2,797)	(3,113)
Reversal of slow-moving inventories, net	288	–	288
Additions to non-current assets	577	678	1,255
<b>Reportable segment assets</b>	<b>41,676</b>	<b>124,257</b>	<b>165,933</b>
<b>Reportable segment liabilities</b>	<b>17,329</b>	<b>28,212</b>	<b>45,541</b>

	Six months ended 30 April 2023		
	Environment- friendly products <i>HK\$'000</i> (Unaudited)	Water supply plant <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	25,141	20,002	45,143
<b>Reportable segment revenue</b>	<b>25,141</b>	<b>20,002</b>	<b>45,143</b>
<b>Reportable segment profit</b>	<b>5,988</b>	<b>9,238</b>	<b>15,226</b>
<b>Other segment information</b>			
Interest income	39	99	138
Depreciation	(77)	(2,348)	(2,425)
Provision for slow-moving inventories, net	(118)	–	(118)
Additions to non-current assets	24	1,383	1,407
<b>Reportable segment assets</b>	<b>52,324</b>	<b>115,391</b>	<b>167,715</b>
<b>Reportable segment liabilities</b>	<b>26,390</b>	<b>11,343</b>	<b>37,733</b>

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:

	Six months ended 30 April	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Reportable segment revenue	<b>51,389</b>	45,143
Group revenue	<b>51,389</b>	45,143
Reportable segment profit	<b>17,524</b>	15,226
Other corporate expenses	<b>(12,887)</b>	(10,844)
Finance costs	<b>(413)</b>	(444)
Share of loss of a joint venture	<b>(334)</b>	(25)
Profit before income tax	<b>3,890</b>	3,913
Reportable segment assets	<b>165,933</b>	167,715
Interest in a joint venture	<b>3,887</b>	4,350
Other corporate assets	<b>437</b>	476
Group total assets	<b>170,257</b>	172,541
Reportable segment liabilities	<b>45,541</b>	37,733
Loan from a related company	<b>13,165</b>	13,767
Group total liabilities	<b>58,706</b>	51,500

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

### 3. PROFIT FROM OPERATIONS

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

	<b>Six months ended 30 April</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Auditor's remuneration		
— Provision for the Period	<b>545</b>	343
Cost of inventories recognised as expense, including	<b>32,382</b>	28,457
— (Reversal of)/provision for slow-moving inventories, net	<b>(288)</b>	118
Depreciation of property, plant and equipment	<b>3,113</b>	2,425
Depreciation of right-of-use assets	<b>838</b>	595
Exchange losses, net of exchange gain	<b>(95)</b>	(63)
Short-term lease expenses	<b>705</b>	979
Staff costs (including directors' emoluments)		
— Wages, salaries and benefits in kind	<b>8,124</b>	7,485
— Pension scheme contributions	<b>726</b>	840
	<b>8,850</b>	8,325

### 4. TAXATION

	<b>Six months ended 30 April</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Current tax</b>		
Current Period		
— PRC	<b>1,880</b>	1,909
	<b>1,880</b>	1,909

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 six months ended 30 April 2024 and 2023. No provision has been provided as the Group has tax losses to set off with assessable profits for the both periods.

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% (six months ended 30 April 2023: 25%) on the estimated assessable profits arising in the PRC for the period.

The Group is also subject to PRC withholding tax at the rate of 5% in respect of dividend income derived from PRC incorporated company.

A subsidiary of the Group established and operating in Macau is subject to Macau complementary profits tax for the six months ended 30 April 2024 and 2023 at the rate of 12% (six months ended 30 April 2023: 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.

## 5. INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 April 2024 (six months ended 30 April 2023: Nil).

## 6. EARNINGS PER SHARE

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

	<b>Six months ended 30 April</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	<u><b>2,010</b></u>	<u>2,004</u>
	<b>Number of shares</b>	
	<b>Six months ended 30 April</b>	
	<b>2024</b>	<b>2023</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u><b>649,540</b></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 periods.

## 7. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles <i>HK\$'000</i> (Unaudited)	Office equipment <i>HK\$'000</i> (Unaudited)	Plant, molds and machinery <i>HK\$'000</i> (Unaudited)	Furniture and fixtures <i>HK\$'000</i> (Unaudited)	Building and structure <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Six months ended 30 April 2024</b>						
Opening net book value	1,264	410	1,382	1,407	62,171	66,634
Additions	577	24	343	–	311	1,255
Depreciation	(259)	(53)	(133)	(184)	(2,484)	(3,113)
Translation difference	6	2	26	–	374	408
Closing net carrying amount	<u>1,588</u>	<u>383</u>	<u>1,618</u>	<u>1,223</u>	<u>60,372</u>	<u>65,184</u>
<b>At 30 April 2024</b>						
Cost	6,179	2,881	36,474	2,651	117,267	165,452
Accumulated depreciation	<u>(4,591)</u>	<u>(2,498)</u>	<u>(34,856)</u>	<u>(1,428)</u>	<u>(56,895)</u>	<u>(100,268)</u>
Net carrying amount	<u>1,588</u>	<u>383</u>	<u>1,618</u>	<u>1,223</u>	<u>60,372</u>	<u>65,184</u>

## 8. RIGHT-OF-USE ASSETS

	Leasehold land <i>HK\$'000</i> (Unaudited)	Buildings leased for own use <i>HK\$'000</i> (Unaudited)	Office equipment leased for own use <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Net carrying amount at 1 November 2023	3,601	2,003	17	5,621
Depreciation	(58)	(769)	(11)	(838)
Translation differences	28	14	–	42
Net carrying amount at 30 April 2024	<u>3,571</u>	<u>1,248</u>	<u>6</u>	<u>4,825</u>

## 9. INVENTORIES

	As at 30 April 2024 <i>HK\$'000</i> (Unaudited)	As at 31 October 2023 <i>HK\$'000</i> (Audited)
Merchandise	16,822	20,615
Less: provision for slow-moving inventories	<u>(3,429)</u>	<u>(3,717)</u>
	<u>13,393</u>	<u>16,898</u>

## 10. ACCOUNTS RECEIVABLE

	As at 30 April 2024 <i>HK\$'000</i> (Unaudited)	As at 31 October 2023 <i>HK\$'000</i> (Audited)
Accounts receivables	37,961	27,490
Less: Provision for impairment loss	<u>(1,640)</u>	<u>(1,640)</u>
	<u><b>36,321</b></u>	<u><b>25,850</b></u>

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

The Group has a policy of generally allowing a 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:

	As at 30 April 2024 <i>HK\$'000</i> (Unaudited)	As at 31 October 2023 <i>HK\$'000</i> (Audited)
Outstanding balances with ages:		
Within 90 days	30,731	21,050
91–180 days	6,855	6,068
181–365 days	269	–
Over 365 days	<u>106</u>	<u>372</u>
	<u><b>37,961</b></u>	<u><b>27,490</b></u>

## 11. ACCOUNTS 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:

	<b>As at 30 April 2024 HK\$'000 (Unaudited)</b>	<b>As at 31 October 2023 HK\$'000 (Audited)</b>
Outstanding balances with ages:		
Within 90 days	5,582	8,082
91–180 days	4,049	4,071
Over 180 days	349	83
	<u>9,980</u>	<u>12,236</u>

## 12. CONTRACT LIABILITIES

	<b>As at 30 April 2024 HK\$'000 (Unaudited)</b>	<b>As at 31 October 2023 HK\$'000 (Audited)</b>
Contract liabilities arising from		
— Sales of goods	<u>5,478</u>	<u>5,671</u>

The contract liabilities mainly relate to the advance considerations received from customers.

## 13. LOAN FROM A RELATED COMPANY

Loan from a related company represented amount due to a related company, which is controlled by a substantial shareholder of the Company. The balance was regarded as amount due to a related party. The loan from a related company was unsecured and interest-bearing at 6.125% (31 October 2023: 5.375% to 6.125%) per annum.

Except for the loan from a related company of HK\$1,200,000 as at 30 April 2024 (31 October 2023: HK\$1,200,000), they were not repayable within twelve months from the reporting date as at 30 April 2024 and 31 October 2023.

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

#### 14. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>As at 30 April 2024 HK\$'000 (Unaudited)</b>	<b>As at 31 October 2023 HK\$'000 (Audited)</b>
Foreign exchange forward contracts — at fair value through profit or loss — Current liabilities	<b>112</b>	<b>127</b>

During the six months ended 30 April 2024, the Group entered into foreign exchange forward contracts to manage its foreign exchange rate exposures in relation to the settlement of trade payables in JPY which met the criteria for hedge accounting. The Group's policy is not to utilise trading derivative financial instruments for speculative purposes. As at 30 April 2024, the Group had outstanding foreign exchange forward contracts with notional principal amounts of JPY29,724,200. (as at 31 October 2023: JPY77,215,000).

#### 15. BANKING FACILITIES

The Group's banking facilities were granted for the purpose of general working capital, trade finance and treasury requirement, which were secured by the followings:

- (a) properties held by a company, which is owned by a beneficial shareholder of the Company, as at 30 April 2024 and 31 October 2023;
- (b) corporate guarantee executed by the Company as at 30 April 2024 and 31 October 2023.



## 16. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in these unaudited condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	Six months ended 30 April	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest paid to a related company ( <i>note i</i> )	<u>413</u>	<u>423</u>
Short term lease expenses ( <i>note ii</i> )	<u>–</u>	<u>347</u>

*Note:*

- (i) Interest expenses were paid in accordance with the terms as set out in note 13.
- (ii) Short term lease expenses were paid to a company which is owned by a beneficial shareholder of the Company.
- (b) Included in staff costs is key management personnel compensation (including executive directors' remuneration) which comprises the following categories:

	Six months ended 30 April	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries		
Allowances and benefits in kind	2,642	2,493
Pension scheme contributions	<u>54</u>	<u>44</u>
	<u>2,696</u>	<u>2,537</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Prospects

During the six months ended 30 April 2024 (the “Current Period”), the Group’s total revenue increased by 14% from the six months ended 30 April 2023 (the “Last Period”) HK\$45,143,000 to Current Period HK\$51,389,000.

The percentage of revenue contribution of our environment-friendly products business and water supply plant business accounted for 57% (six months ended 30 April 2023: 56%) and 43% (six months ended 30 April 2023: 44%) respectively of the Group’s total revenue. The revenue of our environment-friendly products business increased by 17% from the Last Period HK\$25,141,000 to the Current Period HK\$29,520,000 under an improved industrial market in China. While our water supply plant business’s revenue increased by 9% from the Last Period HK\$20,002,000 to the Current Period HK\$21,869,000 due to our water supply plant’s increasing supply of processed water to rural area near the Baodi District of Tianjin City as a substitute for underground water during the Current Period.

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 in the first quarter of in 2024 grew by 5.3% and that the manufacturing Purchasing Managers’ Index (the “PMI”) was 49.5 in May 2024, below the threshold 50 indicating contraction of China manufacturers’ purchase. Although the demand for low-end machinery and equipment has witnessed some decline, the national “Energy Conservation and Emission Reduction” policy suggests potential opportunities due to a gradual shift in the economy’s focus towards domestic consumption and quality under the “new-normal” era. China is grappling with its burgeoning development, resulting in various environmental issues that range from air and noise pollution and water quality problems, to waste management. In pursuit of carbon neutrality, energy-efficient hydraulic machinery and components with diverse control functions are on the table as feasible measures towards significant energy conservation. Moreover, those energy-efficient hydraulic machinery and components also have applicability in specific clean energy sectors. The Group cautiously holds a positive outlook on the potential development of the advanced, environmentally conscious solutions for China’s industrial market, particularly in energy-efficient hydraulic technology.

Our environment-friendly products business is focused on promoting sustainable development within China, a goal that will be achieved through our unwavering commitment to the energy-efficient hydraulic machinery and components market. Leveraging our collective past experiences, we will continuously source new products or services that align with China's policies on energy conservation and emission reduction. Certain products of our environment-friendly products business have been applied in the marine machinery sectors and clean energy sectors, including hydropower, wind, and wave power facilities. With the rise in global environmental consciousness, we anticipate a promising future for our environment-friendly products business.

Our water supply plant business wholly owns a water supply plant in Tianjin City, (the "Tianjin Water Supply Plant") which has the exclusive right to supply processed water to certain areas within and near the Baodi District of Tianjin City, including Jing-Jin New City (the "Group's Water Supply Area"). In our commitment to ensuring the cleanliness of our water supply, the Tianjin Water Supply Plant is equipped with advanced facilities that monitor the quality of water constantly. Moreover, we have implemented a fully automated online system to promptly monitor and detect the state of water transportation pipelines in a timely manner. Any water leaks or emergencies are reported without delay and addressed immediately. Upon the completion of the Beijing-Tangshan Intercity Railways and Tianjin Binhai New Area Intercity Railway (collectively, the "New Intercity Railways"), we anticipate that the newly built Baodi Nan railway station near the Tianjin Water Supply Plant, in conjunction with the New Intercity Railways, will encourage integrated and cooperative economic development in the Group's Water Supply Area. This progress is expected to have a positive impact on the Group's water supply plant in Tianjin.

## **Financial Review**

The Group's total revenue for the period ended 30 April 2024 was HK\$51,389,000 representing an increase of 14% as compared with the last corresponding period (six months ended 30 April 2023: HK\$45,143,000). It was mainly due to the increases of our environment-friendly product business's sales under improved industrial market in China.

The gross profit of the Group for the six months ended 30 April 2024 was amounted to HK\$19,007,000 which represented an increase of 14% when compared with that of last corresponding period (six months ended 30 April 2023: HK\$16,686,000) due to increase in the Group's revenue. The gross profit margin of the Group for the six months ended 30 April 2024 was 37% which was same as that of last corresponding period (six months ended 30 April 2023: 37%).

The Group's other income, gains and losses for the six months ended 30 April 2024 was HK\$245,000 representing a decrease of 88% due to decrease of the agency service income.

The Group's administrative expenses for the six months ended 30 April 2024 was amounted to HK\$13,132,000 representing an increase of 2% compared with the last corresponding period (six months ended 30 April 2023: HK\$12,837,000). The Group's selling expenses for the six months ended 30 April 2024 was amounted to HK\$1,483,000, representing an increase of 2% compared with the last corresponding period (six months ended 30 April 2023: HK\$1,460,000).

The Group recorded a profit attributable to owners of the Company for the six months ended 30 April 2024 amounted to HK\$2,010,000 (six months ended 30 April 2023 amounted to HK\$2,004,000) which is similar to that of the corresponding period.

### **Liquidity and Finance Resources**

During the period under the review, the Group financed its operations by internally generated cash flow, banking facilities provided by banks and loans from shareholders. As at 30 April 2024, the Group had net current assets of HK\$49,542,000 (31 October 2023: HK\$43,841,000) including bank balances and cash of approximately HK\$36,476,000 (31 October 2023: HK\$41,485,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.06 as at 30 April 2024 (31 October 2023: 1.88). The Group's inventory turnover was about 75 days (31 October 2023: 95 days). The Group's accounts receivable turnover was about 128 days (31 October 2023: 93 days). The increase in accounts receivable turnover was due to delay settlement of certain Water Supply plant's customers in the Current Period, the Group has taken relevant measures to expedite the process of debt collection.

### **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) as at 30 April 2024 was 12% (31 October 2023: 13%).

## **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 Japanese Yen, Sterling Pounds, 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 30 April 2024, Group did not have any charge on assets and did not have any significant contingent liabilities as at 30 April 2024 (31 October 2023: Nil).

## **Information on Employees**

As at 30 April 2024, the Group had 82 employees (2023: 80) 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) for the six months ended 30 April 2024 amounted to approximately HK\$8.9 million (for the six months ended 30 April 2023: HK\$8.3 million). The dedication and hard work of the Group's staff during the six months ended 30 April 2024 are generally appreciated and recognized.

## **Contingent liabilities**

The Group had no material contingent liabilities at 30 April 2024 (31 October 2023: Nil).

## **Material acquisitions, disposal of subsidiaries and affiliated companies**

During the six months ended 30 April 2024, the Group did not have any material acquisitions, disposals of subsidiaries and affiliated companies.

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

As at 30 April 2024, 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 30 April 2024, 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 30 April 2024, 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	Number of ordinary shares held as at 30 April 2024	% to the Company's issued shares as at 30 April 2024
Lily Chiang ( <i>Note 1</i> )	Founder of a discretionary trust	344,621,200	53.06
Virtue Trustees (Switzerland) AG ( <i>Note 2</i> )	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management Limited ( <i>Note 2</i> )	Through a controlled corporation	344,621,200	53.06
Team Drive Limited ( <i>Note 2</i> )	Directly beneficially owned	344,621,200	53.06
Dr. Pau Kwok Ping	Directly beneficially owned	44,224,000	6.81

#### Notes:

1. Lily Chiang is the founder of the Lily Chiang Family Trust which indirectly holds 344,621,200 shares in the Company. Accordingly, Lily Chiang is deemed to be interested in such shares.
2. 344,621,200 shares are directly and beneficially held by Team Drive Limited which is wholly-owned by Wide Sky Management Limited, of which the entire issued shares are held by Virtue Trustees (Switzerland) AG. Wide Sky Management Limited and Virtue Trustees (Switzerland) AG are deemed to be interested in all the shares held by Team Drive Limited.

## 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 six months ended 30 April 2024. The Company and its subsidiaries did not redeem any of its listed securities during the six months ended 30 April 2024.

## **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 six months ended 30 April 2024.

## **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 six months ended 30 April 2024 except for 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 7 March 2024 due to his other business commitments.

## **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 six months ended 30 April 2024.

## **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 Ms. WONG Ching Yan, 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 Ms. WONG Ching Yan, all of them are independent non-executive directors of the Company.

## **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 Ms. WONG Ching Yan.

## **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 Ms. WONG Ching Yan, all of them are independent non-executive directors of the Company.

The Group's unaudited results for the six months ended 30 April 2024 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, 26 June 2024

*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, Mr. CHAU Kam Wing Donald and Ms. Wong Ching Yan as independent non-executive directors.*

*This announcement will remain on the "Latest Listed 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).*