



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 2024

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

* *For identification purposes only*

SUMMARY

- Revenue for the year ended 31 October 2024 decreased by approximately 7% to HK\$94,644,000 (2023: HK\$101,924,000).
- The loss attributable to owners of the Company for the year ended 31 October 2024 was HK\$1,806,000, compared to profit attributable to owners of the Company for the year ended 31 October 2023 HK\$5,593,000.
- Basic and diluted loss per share for the year ended 31 October 2024 amounted to HK0.28 cent while basic and diluted earnings per share attributable to owners of the Company for the year ended 31 October 2023 was HK0.86 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 2024 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	94,644	101,924
Cost of sales		(63,546)	(64,992)
Gross profit		31,098	36,932
Other income, gains and losses	5	899	1,845
Selling expenses		(2,933)	(3,415)
Administrative expenses		(26,751)	(25,522)
Provision for expected credit losses on accounts receivable	6	(2,183)	(377)
Profit from operations	6	130	9,463
Finance costs		(886)	(984)
Share of profit of a joint venture		197	64

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax		(559)	8,543
Income tax expense	7	<u>(1,247)</u>	<u>(2,950)</u>
(Loss)/profit for the year attributable to owners of the Company		<u>(1,806)</u>	<u>5,593</u>
Other comprehensive income for the year			
— Items that may be subsequently reclassified to profit or loss:			
Net movement in hedging reserve — derivative financial instruments		127	(127)
Exchange gain/(loss) on translation of financial statements of foreign operations		2,258	(5,527)
Share of other comprehensive income of a joint venture		<u>102</u>	<u>(56)</u>
		<u>2,487</u>	<u>(5,710)</u>
Total comprehensive income for the year attributable to owners of the Company		<u><u>681</u></u>	<u><u>(117)</u></u>
(Loss)/earnings per share attributable to owners of the Company			
— Basic and diluted	9	<u><u>HK(0.28) cent</u></u>	<u><u>HK0.86 cent</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		66,011	66,634
Right-of-use assets	<i>10</i>	5,444	5,621
Interest in a joint venture		4,484	4,185
Deferred tax assets		1,380	434
Deposits		195	122
		<hr/> 77,514	<hr/> 76,996
Current assets			
Inventories		15,925	16,898
Accounts receivable	<i>11</i>	31,998	25,850
Deposits, prepayments and other receivables		16,105	9,310
Cash and cash equivalents		27,052	41,485
		<hr/> 91,080	<hr/> 93,543
Current liabilities			
Accounts payable	<i>12</i>	11,599	12,236
Accrued liabilities and other payables	<i>13</i>	18,046	17,572
Contract liabilities		6,554	5,671
Lease liabilities		1,114	1,375
Loan from a related company	<i>14</i>	1,200	1,200
Current tax liabilities		9,655	11,521
Derivative financial instruments		–	127
		<hr/> 48,168	<hr/> 49,702
Net current assets		<hr/> 42,912	<hr/> 43,841
Total assets less current liabilities		<hr/> 120,426	<hr/> 120,837

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		820	712
Loan from a related company	<i>14</i>	11,364	12,564
		<u>12,184</u>	<u>13,276</u>
Net assets		<u>108,242</u>	<u>107,561</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>15</i>	6,495	6,495
Share premium		19,586	19,586
Capital reserve		95	95
General reserve		13,015	13,015
Hedging reserve		–	(127)
Exchange translation reserve		4,499	2,139
Capital contribution reserve		7,971	7,971
Retained profits		56,581	58,387
Total equity		<u>108,242</u>	<u>107,561</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 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>
At 1 November 2022	6,495	19,586	95	13,015	-	7,722	7,971	52,794	107,678
Profit for the year	-	-	-	-	-	-	-	5,593	5,593
Other comprehensive income for the year	-	-	-	-	(127)	(5,583)	-	-	(5,710)
Total comprehensive income for the year	-	-	-	-	(127)	(5,583)	-	5,593	(117)
At 31 October 2023 and 1 November 2023	6,495	19,586	95	13,015	(127)	2,139	7,971	58,387	107,561
Loss for the year	-	-	-	-	-	-	-	(1,806)	(1,806)
Other comprehensive income for the year	-	-	-	-	127	2,360	-	-	2,487
Total comprehensive income for the year	-	-	-	-	127	2,360	-	(1,806)	681
At 31 October 2024	6,495	19,586	95	13,015	-	4,499	7,971	56,581	108,242

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 2024 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 comply with 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 2023.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12 HKFRS 17	International Tax Reform — Pillar Two Model Rules Insurance Contracts

The application of these new or amendments to 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 amendments to HKFRSs that is not yet effective for the current accounting period.

3. SUMMARY OF ACCOUNTING POLICIES

The 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

The Group's revenues from contracts with customers recognised at a point in time during the year are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of goods	54,946	55,296
Supply of water	39,698	46,628
	94,644	101,924

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

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

	For the year ended 31 October 2024		
	Environment- friendly products <i>HK\$'000</i>	Water supply plant <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	54,946	39,698	94,644
Reportable segment revenue	54,946	39,698	94,644
Reportable segment profit	13,304	14,861	28,165
Other segment information			
Interest income	12	244	256
Depreciation	(919)	(4,230)	(5,149)
Reversal of provision for slow-moving inventories, net	911	–	911
Reversal of/(provision of) expected credit losses on accounts receivable	156	(2,339)	(2,183)
Income tax credit/(expense)	140	(1,387)	(1,247)
Additions to non-current assets	119	2,035	2,154
Reportable segment assets	37,558	124,422	161,980
Reportable segment liabilities	16,266	30,011	46,277

	For the year ended 31 October 2023		
	Environment- friendly products <i>HK\$'000</i>	Water supply plant <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	55,296	46,628	101,924
Reportable segment revenue	55,296	46,628	101,924
Reportable segment profit	11,652	21,865	33,517
Other segment information			
Interest income	33	754	787
Depreciation	(833)	(4,652)	(5,485)
Provision for slow-moving inventories, net	(270)	–	(270)
Reversal for/(provision of) expected credit losses on accounts receivable	41	(418)	(377)
Income tax credit/(expense)	1,169	(4,119)	(2,950)
Additions to non-current assets	2,316	6,144	8,460
Reportable segment assets	41,533	122,241	163,774
Reportable segment liabilities	17,716	28,793	46,509

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Reportable segment revenue	94,644	101,924
Group revenue	94,644	101,924
Reportable segment profit	28,165	33,517
Other income, gains and losses	899	1,845
Administrative and other operating expenses	(26,751)	(25,522)
Provision for expected credit losses on accounts receivable	(2,183)	(377)
Finance costs	(886)	(984)
Share of profit of a joint venture	197	64
(Loss)/profit before income tax	(559)	8,543
Reportable segment assets	161,980	163,774
Interest in a joint venture	4,484	4,185
Other corporate assets	2,130	2,580
Group total assets	168,594	170,539
Reportable segment liabilities	46,277	46,509
Loan from a related company	12,564	13,764
Other corporate liabilities	1,511	2,705
Group total liabilities	60,352	62,978

Other corporate assets mainly include cash and cash equivalents and deposit paid.

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	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong (domicile)	1,050	6,457	6,763	6,480
PRC	93,594	95,467	69,176	69,960
	<u>94,644</u>	<u>101,924</u>	<u>75,939</u>	<u>76,440</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.

For the year ended 31 October 2024, the revenue from one of the customers from water supply plant business is HK\$15,665,000 which exceeded 10% of the Group's revenue. There is no other customer whose revenue is more than 10% of the Group's revenue for the years ended 31 October 2024 and 2023.

5. OTHER INCOME, GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Bank interest income	256	787
Agency service income (<i>note</i>)	436	444
Sundry income	207	614
	<u>899</u>	<u>1,845</u>

Note:

Agency service income represented agency fee charged to independent service providers for subcontracting the installation service of water meters for the Group's customers.

6. PROFIT FROM OPERATIONS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration		
— Provision for the year	750	740
Cost of inventories recognised as expense*, including	62,281	63,977
— (Reversal of provision for)/provision for slow-moving inventories, net	(911)	270
Depreciation of property, plant and equipment	4,748	5,044
Depreciation of right-of-use assets	1,597	1,691
Provision for expected credit losses on accounts receivable	2,183	377
Exchange losses, net**	437	326
Short-term lease expenses	738	694
Staff costs (including directors' emoluments)		
— Wages, salaries and benefits in kind	17,050	17,327
— Pension scheme contributions	138	143
	<u>17,188</u>	<u>17,470</u>

* Costs of inventories includes a total amount of approximately HK\$2,964,000 (2023: HK\$4,274,000), relating to depreciation and (reversal of provision)/provision for slow-moving inventories, net 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. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Current year		
— PRC	2,171	4,409
Over-provision in respect of prior years	–	(1,392)
Deferred tax for the year	<u>(924)</u>	<u>(67)</u>
	<u>1,247</u>	<u>2,950</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 2024 and 2023. No provision has been provided as the Group does not have assessable profits for the year ended 31 October 2024 and 2023.

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% (2023: 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 2024 and 2023 at the rate of 12% (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.

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 October 2024 (2023: Nil).

9. (LOSS)/EARNINGS PER SHARE

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year attributable to owners of the Company for the purpose of calculating basic (loss)/earnings per share	<u>(1,806)</u>	<u>5,593</u>
	Number of shares	
	2024	2023
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>649,540</u>	<u>649,540</u>

The diluted (loss)/earnings per share is the same as the basic (loss)/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:

	Leasehold land HK\$'000	Buildings leased for own use HK\$'000	Office equipment leased for own use HK\$'000	Total HK\$'000
Net carrying amount at 1 November 2022	3,761	1,471	41	5,273
Addition	–	2,127	–	2,127
Depreciation charge for the year	(116)	(1,551)	(24)	(1,691)
Translation differences	(44)	(44)	–	(88)
Net carrying amount at 31 October 2023 and 1 November 2023	3,601	2,003	17	5,621
Lease modification	–	1,187	119	1,306
Depreciation charge for the year	(114)	(1,457)	(26)	(1,597)
Translation differences	85	29	–	114
Net carrying amount at 31 October 2024	3,572	1,762	110	5,444

As at 31 October 2024, building leased for own use of HK\$1,088,000 (2023: HK\$533,000) is leased from a company, which is owned by a beneficial shareholders of the Company.

11. ACCOUNTS RECEIVABLE

	2024 HK\$'000	2023 HK\$'000
Accounts receivable	35,873	27,490
Less: provision for loss allowance	(3,875)	(1,640)
	31,998	25,850

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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	21,256	21,050
91 to 180 days	9,291	6,068
181 to 365 days	4,527	–
Over 365 days	799	372
	<u>35,873</u>	<u>27,490</u>

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 1 November	1,640	1,288
Change in expected credit losses on accounts receivable recognised in profit or loss	2,183	377
Translation differences	52	(25)
	<u>3,875</u>	<u>1,640</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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outstanding balances with ages:		
Within 90 days	6,415	8,082
91 to 180 days	5,072	4,071
Over 180 days	112	83
	<u>11,599</u>	<u>12,236</u>

13. ACCRUED LIABILITIES AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accrued liabilities	3,377	3,340
Other payables	14,669	14,232
	<u>18,046</u>	<u>17,572</u>

Other payables mainly included, payable to the local government related to water supply plant business of HK\$9,764,000 (2023: HK\$9,433,000) and payable to the constructors regarding the water meter installation of HK\$4,168,000 (2023: HK\$4,216,000).

14. 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 5.625% to 6.125% (2023: 5.375% to 6.125%) per annum.

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

The directors of the Company consider that the fair value of the loan is not materially different from their carrying amounts.

15. SHARE CAPITAL

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Authorised:		
5,000,000,000 (2023: 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 (2023: 649,540,000) ordinary shares of HK\$0.01 each	<u>6,495</u>	<u>6,495</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the financial year ended 31 October 2024 (the “**Current Year**”), the Group’s revenue declined by 7% compared to the year ended 31 October 2023 (the “**Last Year**”), declining from HK\$101,924,000 to HK\$94,644,000 in the Current Year. Revenue from the water supply plant business dropped by 15%, from HK\$46,628,000 Last Year to HK\$39,698,000 this Current year. The decline was influenced by the drop of the water supply plant business’s weighted average water selling price and the depreciation of the Renminbi, the primary revenue currency of the Group’s revenue. The drop in weighted average water selling price occurred as the proportion of rural residents, who pay lower water price, increased, while the proportion of industrial and commercial customers, who pay higher water price, declined in Current Year. Conversely, revenue from the environment-friendly products business was HK\$54,946,000 in Current Year, nearly unchanged from HK\$55,296,000 in Last Year. This stability highlights the segment’s resilience to market fluctuations and its adaptability in a dynamic economic environment.

The percentage of revenue contribution from the Group’s two major business segments — environment-friendly products and the water supply plant, accounting for 58% (2023: 54%) and 42% (2023: 46%) of the Group’s total revenue, respectively.

According to the National Bureau of Statistics of China, the manufacturing Purchasing Managers’ Index (PMI) reached 50.1 in December 2024, reflecting three consecutive months of expansion in manufacturing activity. Although demand for low-end machinery and equipment declined, the national “Energy Conservation and Emission Reduction” policy signals potential growth opportunities as China shifts its focus towards high-quality domestic consumption under its “new normal” economic framework.

China’s rapid development continues to pose environmental challenges, including water quality issues, waste management, air and noise pollution. In its pursuit of carbon neutrality, energy-efficient hydraulic machinery and components with advanced control functions are emerging as practical solutions for significant energy savings. These technologies are also applicable in clean energy sectors, positioning the Group’s environment-friendly products business to capitalize on these opportunities.

The Group's environment-friendly products business remains dedicated to promoting sustainable development in China by focusing on energy-efficient hydraulic machinery and components. Leveraging its extensive industry expertise, the Group continues to source new products and services that align with China's energy conservation and emission reduction policies. Several products in this segment have already been utilized in marine machinery, clean energy, and hydro-engineering industries, including hydropower, wind energy, and wave energy facilities. With the global trend toward environmental consciousness, the Group remains optimistic about the long-term growth potential of this business segment.

In the water supply plant business, the Group wholly owns the Tianjin Water Supply Plant, which holds exclusive rights to supply processed water to designated areas in and around the Baodi District of Tianjin City, including Jing-Jin New City (the "**Group's Water Supply Area**"). The Tianjin Water Supply Plant is equipped with advanced monitoring facilities and a fully automated online system to ensure water quality and enable real-time detection and reporting of pipeline conditions. Any leaks or emergencies are promptly addressed to maintain uninterrupted service. The completion of the Beijing-Tangshan Intercity Railway and the Tianjin Binhai New Area Intercity Railway (collectively, the "**New Intercity Railways**") is expected to enhance economic integration and development in the Group's Water Supply Area. The established Baodi Nan railway station near the Tianjin Water Supply Plant is anticipated to improve connectivity and drive economic growth, positively influencing the Group's water supply operations.

Looking ahead, the Group remains cautiously optimistic about its future prospects. The environment-friendly products business will continue to source additional relevant products to align with the PRC's policies on energy conservation and emission reduction, advance technology development and support, collaborate with diverse suppliers to enhance products offerings as well as attend more trade fairs to strengthen its market presence. Similarly, the water supply plant business is expected to benefit from the anticipated economic developments in its operational region, supported by infrastructure improvements.

Financial Review

The Group's revenue for the Current Year decreased by 7% to HK\$94,644,000 compared with HK\$101,924,000 in the Last Year. Despite challenging market sentiment in China's economy, revenue from the environment-friendly products business remained relatively stable at HK\$54,946,000, only slightly lower than HK\$55,296,000 in the Last Year. However, the revenue of the Group's water supply plant business declined by 15% from HK\$46,628,000 in the Last Year to HK\$39,698,000 in the Current Year. The reduction was influenced by a drop of the weighted average water selling price within the Water Supply Plant business and the depreciation of the revenue currency, Renminbi. The shift in customer composition, characterized by an increase in the proportion of rural residents, who pay lower water prices, and a decrease in the proportion of industrial and commercial customers, who pay higher water prices, led to this drop in weighted average water selling price.

The Group's gross profit for the Current Year fell by 15% to HK\$31,098,000 (2023: HK\$36,932,000) reflecting the overall decline in revenue. The gross profit margin also decreased from 36% in the Last Year to 33% in the Current Year, primarily due to the lower weighted average water selling price in the Water Supply Plant business and the impact of Renminbi depreciation.

Other income, gains and losses for the Current Year, decreased by 51% from HK\$1,845,000 in the Last Year to HK\$899,000 in the Current Year. The decline was primarily due to reduced bank interest and a decrease of sundry income during the Current Year.

Selling expenses for the Current Year, dropped by 14% to HK\$2,933,000 (2023: HK\$3,415,000), largely due to reduced travel expense. However, administrative expenses in the Current Year increased by 5% from HK\$25,522,000 in the Last year to HK\$26,751,000 in the Current Year. In response to challenges with delayed settlements from certain customers in the Water Supply Plant business, the Group has proactively implemented measures to expedite the collection of outstanding receivables, and this process is ongoing. To ensure prudent financial management, a provision for expected credit losses on accounts receivable of HK\$2,183,000 was made in the Current Year, compared to HK\$377,000 in the Last Year.

As a result, the Group recorded a loss attributable to owners of the Company for the Current Year of HK\$1,806,000, compared to a profit attributable to owners of the Company for the Last Year of HK\$5,593,000.

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 loan from a related company. As at 31 October 2024, the Group had net current assets of approximately HK\$42,912,000 (31 October 2023: HK\$43,841,000) including bank balances and cash of approximately HK\$27,052,000 (31 October 2023: HK\$41,485,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.89 as at 31 October 2024 (31 October 2023: 1.88). As at 31 October 2024, the Group's inventory turnover was about 91 days (31 October 2023: 95 days). The Group's accounts receivable turnover was about 123 days (31 October 2023: 93 days), the increase in accounts receivable turnover were due to a decrease in revenue of water supply plant's business and certain its customers delayed their settlements. The Group has implemented measures to collect these outstanding receivables.

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) was approximately 12% as at 31 October 2024 (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 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 2024, there was no charge on the Group's asset (2023: Nil) to secure its banking facilities. Save as aforesaid, the Group did not have any other significant contingent liabilities as at 31 October 2024 (2023: Nil).

Employees and remuneration policy

As at 31 October 2024, the Group had 78 employees (2023: 81) 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 2024 amounted to approximately HK\$17,188,000 (2023: HK\$17,470,000). The dedication and hard work of the Group's staff during the year ended 31 October 2024 are generally appreciated and recognized.

Material Acquisitions or Disposal of Subsidiaries and Affiliated Companies

During the year ended 31 October 2024, 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 2024. The Company had not redeemed any of its listed securities during the year ended 31 October 2024.

CORPORATE GOVERNANCE

Throughout the year ended 31 October 2024, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the “Code”) contained in Appendix 15 of the GEM Listing Rules except 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 and Ms. CHAN Siu Ping Rosa, the independent non-executive directors, were unable to attend the annual general meeting of the Company held on 7 March 2024 as they were busy for other business.

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 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.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 October 2024 (2023: 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 Ms. WONG Ching Yan, 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 Ms. WONG Ching Yan, 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, four meetings were held during the year ended 31 October 2024 to review the operations.

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

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.

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 2024 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, 27 March 2025 (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, 24 March 2025 to Thursday, 27 March 2025, 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, 21 March 2025.

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

Hong Kong, 20 January 2025

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, Mr. CHAU Kam Wing Donald and Ms. WONG Ching Yan 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.