



## **Eco-Tek Holdings Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8169

**Healthy Environment**  
**Quality Living**

**2023 INTERIM REPORT**

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

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

## SUMMARY

- Revenue for the six months ended 30 April 2023 amounted to HK\$45,143,000 (six months ended 30 April 2022: HK\$49,740,000), representing a decrease of approximately 9% as compared with corresponding period.
- Profit attributable to owners of the Company for the six months ended 30 April 2023 amounted to HK\$2,004,000 (six months ended 30 April 2022 amounted to approximately HK\$3,099,000), representing a decrease of approximately 35% as compared with corresponding period.
- Basic earnings per share for the six months ended 30 April 2023 amounted to approximately HK0.31 cent (six months ended 30 April 2022 amounted to approximately HK0.48 cent), representing a decrease of approximately 35% as compared with corresponding period.



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## 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 three months and six months ended 30 April 2023 together with the comparative figures as follows:

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

For the six months ended 30 April 2023

	Notes	Three months ended 30 April		Six months ended 30 April	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	2	<b>25,614</b>	23,085	<b>45,143</b>	49,740
Cost of sales		<b>(15,893)</b>	(16,006)	<b>(28,457)</b>	(34,439)
<b>Gross profit</b>		<b>9,721</b>	7,079	<b>16,686</b>	15,301
Other income, gains and losses		<b>(45)</b>	531	<b>1,993</b>	2,891
Selling expenses		<b>(859)</b>	(857)	<b>(1,460)</b>	(1,959)
Administrative expenses		<b>(6,858)</b>	(5,585)	<b>(12,837)</b>	(11,579)
<b>Profit from operations</b>	4	<b>1,959</b>	1,168	<b>4,382</b>	4,654
Finance costs		<b>(221)</b>	(249)	<b>(444)</b>	(375)
Share of (loss)/profit of a joint venture		<b>(149)</b>	27	<b>(25)</b>	114
<b>Profit before income tax</b>		<b>1,589</b>	946	<b>3,913</b>	4,393
Taxation	5	<b>(672)</b>	(194)	<b>(1,909)</b>	(1,294)
<b>Profit for the period attributable to owners of the Company</b>		<b>917</b>	752	<b>2,004</b>	3,099

	Notes	Three months ended 30 April		Six months ended 30 April	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Other comprehensive income for the period</b>					
— Items that may subsequently reclassified to profit and loss					
Exchange (loss)/gain on translation of financial statements of foreign operations		(1,346)	1,588	11,161	3,495
Share of other comprehensive income of a joint venture		(27)	5	198	66
		(1,373)	1,593	11,359	3,561
<b>Total comprehensive income for the period attributable to owners of the Company</b>		(456)	2,345	13,363	6,660
<b>Earnings per share</b>					
— Basic and diluted	7	HK0.14 cent	HK0.12 cent	HK0.31 cent	HK 0.48 cent

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2023

	<i>Notes</i>	<b>As at 30 April 2023 HK\$'000 (Unaudited)</b>	As at 31 October 2022 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>71,434</b>	69,082
Right-of-use assets	9	<b>4,863</b>	5,273
Interest in a joint venture		<b>4,350</b>	4,177
Deferred tax assets		<b>476</b>	440
Pledged bank deposits	12	–	9,020
		<b>81,123</b>	87,992
<b>Current assets</b>			
Inventories	10	<b>14,518</b>	16,435
Accounts receivable	11	<b>17,236</b>	18,256
Deposits, prepayments and other receivables		<b>12,348</b>	8,291
Cash and cash equivalents	12	<b>47,316</b>	41,064
		<b>91,418</b>	84,046
<b>Current liabilities</b>			
Accounts payable	13	<b>10,144</b>	18,447
Accrued liabilities and other payables		<b>16,998</b>	14,499
Contract liabilities	14	<b>3,739</b>	4,343
Lease liabilities		<b>852</b>	970
Loan from a related company	15	<b>1,200</b>	1,100
Provision for tax		<b>5,856</b>	10,667
		<b>38,789</b>	50,026
<b>Net current assets</b>		<b>52,629</b>	34,020
<b>Total assets less current liabilities</b>		<b>133,752</b>	122,012

	<i>Notes</i>	<b>As at 30 April 2023 HK\$'000 (Unaudited)</b>	As at 31 October 2022 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		<b>144</b>	570
Loan from a related company	15	<b>12,567</b>	13,764
		<b>12,711</b>	14,334
<b>Net assets</b>		<b>121,041</b>	107,678
<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
Other reserve		<b>13,015</b>	13,015
Exchange translation reserve		<b>19,081</b>	7,722
Capital contribution reserve		<b>7,971</b>	7,971
Retained profits		<b>54,798</b>	52,794
<b>Total equity</b>		<b>121,041</b>	107,678

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

	Six months Ended 30 April	
	2023 HK\$'000	2022 HK\$'000
<b>Net cash used in operating activities</b>	<b>(2,493)</b>	(7,258)
<b>Net cash generated from/(used in) investing activities</b>	<b>7,613</b>	(1,558)
<b>Net cash used in financing activities</b>	<b>(1,541)</b>	(560)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>3,579</b>	(9,376)
<b>Effect of foreign exchange rate changes</b>	<b>2,673</b>	(99)
<b>Cash and cash equivalents at beginning of the period</b>	<b>41,064</b>	63,270
<b>Cash and cash equivalents at end of the period</b>	<b>47,316</b>	53,795

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 April 2023

	Share capital	Share premium	Capital reserve	General reserve	Exchange translation reserve	Capital contribution reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 November 2021</b>	6,495	19,586	95	13,015	20,661	7,971	48,415	116,238
Profit for the period	-	-	-	-	-	-	3,099	3,099
Other comprehensive income for the period	-	-	-	-	3,561	-	-	3,561
Total comprehensive income for the period	-	-	-	-	3,561	-	3,099	6,660
<b>At 30 April 2022</b>	6,495	19,586	95	13,015	24,222	7,971	51,514	122,898
<b>At 1 November 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>
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>	<b>6,495</b>	<b>19,586</b>	<b>95</b>	<b>13,015</b>	<b>19,081</b>	<b>7,971</b>	<b>54,798</b>	<b>121,041</b>

# 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 2023 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 2023 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 2023 should be read in conjunction with audited consolidated financial statements and notes thereto for the year ended 31 October 2022 (“2022 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 2022 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 2022, 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

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

	Three months ended 30 April		Six months ended 30 April	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Water supply plant	9,846	6,587	25,141	17,122
Environment-friendly products	15,768	16,498	20,002	32,618
	25,614	23,085	45,143	49,740

## 3. SEGMENT INFORMATION

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.

	Water supply plant		Environment-friendly Products		Total	
	Six months ended 30 April		Six months ended 30 April		Six months ended 30 April	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	<b>20,002</b>	17,122	<b>25,141</b>	32,618	<b>45,143</b>	49,740
Reportable segment revenue	<b>20,002</b>	17,122	<b>25,141</b>	32,618	<b>45,143</b>	49,740
Reportable segment profit	<b>9,238</b>	5,282	<b>5,988</b>	8,060	<b>15,226</b>	13,342
Interest income	<b>99</b>	11	<b>39</b>	-	<b>138</b>	11
Depreciation	<b>2,348</b>	2,086	<b>77</b>	129	<b>2,425</b>	2,215
Provision for/(reversal of) slow-moving inventories, net	-	-	<b>118</b>	(609)	<b>118</b>	(609)
Additions to non-current assets	<b>1,383</b>	1,473	<b>24</b>	85	<b>1,407</b>	1,558
Reportable segment assets	<b>115,391</b>	123,215	<b>52,324</b>	60,846	<b>167,715</b>	184,061
Reportable segment liabilities	<b>11,343</b>	24,057	<b>26,390</b>	27,360	<b>37,733</b>	51,417

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

	<b>Six months ended 30 April 2023 HK\$'000 (Unaudited)</b>	2022 HK\$'000 (Unaudited)
Reportable segment revenue	<b>45,143</b>	49,740
Group revenue	<b>45,143</b>	49,740
Reportable segment profit	<b>15,226</b>	13,342
Other corporate expenses	<b>(10,844)</b>	(8,688)
Finance costs	<b>(444)</b>	(375)
Share of (loss)/profit of a joint venture	<b>(25)</b>	114
Profit before income tax	<b>3,913</b>	4,393

  

	<b>As at 30 April 2023 HK\$'000 (Unaudited)</b>	As at 30 April 2022 HK\$'000 (Unaudited)
Reportable segment assets	<b>167,715</b>	184,061
Interest in a joint venture	<b>4,350</b>	4,519
Other corporate assets	<b>476</b>	988
Group assets	<b>172,541</b>	189,568
Reportable segment liabilities	<b>37,733</b>	51,417
Loan from a shareholder	<b>13,767</b>	13,891
Other corporate liabilities	<b>–</b>	1,362
Group liabilities	<b>51,500</b>	66,670

#### 4. PROFIT FROM OPERATIONS

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

	Three months ended 30 April		Six months ended 30 April	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Auditor's remuneration				
— Provision for the period	172	227	343	453
Cost of inventories recognised as expenses, including	15,893	16,006	28,457	34,439
— Provision for/(reversal of) slow-moving inventories	118	–	118	(609)
Depreciation of property, plant and equipment	1,212	1,108	2,425	2,215
Depreciation of right-of-use assets	297	146	595	291
Exchange loss/(gain), net	370	(195)	(63)	(513)
Short term lease expenses	511	310	979	620
Staff costs (including directors' remuneration)				
— Wages and salaries	3,818	3,703	7,485	7,405
— Pension scheme contributions	410	249	840	588
	<b>4,228</b>	3,952	<b>8,325</b>	7,993

## 5. TAXATION

	Three months ended 30 April		Six months ended 30 April	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax:				
— PRC	672	194	1,909	1,294
	672	529	1,909	1,294

Hong Kong profits tax has been provided for at 8.25% (2022: 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 2023 and 2022. No provision has been provided as the Group has tax losses to set off with assessable profits for the 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% (2022: 25%) on the estimated assessable profits arising in the PRC for the period.

## 6. INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 April 2023 (2022: Nil).

## 7. EARNINGS PER SHARE

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

	Three months ended 30 April		Six months ended 30 April	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	917	752	2,004	3,099

  

	Number of shares			
	Three months ended 30 April		Six months ended 30 April	
	2023	2022	2023	2022
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	649,540	649,540	649,540	649,540

No diluted earnings per share is calculated for the three months and six months ended 30 April 2023 and 2022 as there was no dilutive potential ordinary share in existence.

## 8. PROPERTY, PLANT AND EQUIPMENT

	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Plant, molds and machinery</b>	<b>Furniture and fixtures</b>	<b>Building and structure</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Six months ended 30 April 2023</b>						
Opening net book value	1,366	388	1,159	1,756	64,413	69,082
Additions	-	92	-	-	1,315	1,407
Depreciation	(265)	(60)	(82)	(182)	(1,836)	(2,425)
Translation difference	46	15	54	-	3,255	3,370
Closing net carrying amount	1,147	435	1,131	1,574	67,147	71,434
<b>At 30 April 2023</b>						
Cost	5,324	3,099	37,326	2,651	122,130	170,530
Accumulated depreciation	(4,177)	(2,664)	(36,195)	(1,077)	(54,983)	(99,096)
Net carrying amount	1,147	435	1,131	1,574	67,147	71,434

## 9. RIGHT-OF-USE ASSETS

	<b>Leasehold land</b> HK\$'000 (Unaudited)	<b>Buildings leased for own use</b> HK\$'000 (Unaudited)	<b>Office equipment leased for own use</b> HK\$'000 (Unaudited)	<b>Total</b> HK\$'000 (Unaudited)
Net carrying amount at 1 November 2022	3,761	1,471	41	5,273
Depreciation	(59)	(524)	(12)	(595)
Translation differences	179	6	–	185
Net carrying amount at 30 April 2023	3,881	953	29	4,863

## 10. INVENTORIES

	<b>As at 30 April 2023 HK\$'000 (Unaudited)</b>	<b>As at 31 October 2022 HK\$'000 (Audited)</b>
Merchandise	<b>18,246</b>	19,882
Less: provision for slow-moving inventories	<b>(3,728)</b>	(3,447)
	<b>14,518</b>	16,435

## 11. ACCOUNTS RECEIVABLE

	<b>As at 30 April 2023 HK\$'000 (Unaudited)</b>	As at 31 October 2022 HK\$'000 (Audited)
Accounts receivables	<b>18,535</b>	19,544
Less: Provision for impairment loss	<b>(1,299)</b>	(1,288)
	<b>17,236</b>	18,256

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:

	<b>As at 30 April 2023 HK\$'000 (Unaudited)</b>	As at 31 October 2022 HK\$'000 (Audited)
Outstanding balances with ages:		
Within 90 days	<b>17,832</b>	19,049
91–180 days	<b>559</b>	221
181–365 days	<b>29</b>	4
Over 365 days	<b>115</b>	270
	<b>18,535</b>	19,544

## 12. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	<b>As at 30 April 2023 HK\$'000 (Unaudited)</b>	As at 31 October 2022 HK\$'000 (Audited)
Cash at bank and in hand	<b>47,316</b>	50,084
Less: pledged bank deposits for banking facilities	–	(9,020)
Cash and cash equivalents	<b>47,316</b>	41,064
Pledged bank deposits analysed for reporting purposes as non-current assets	–	9,020

## 13. ACCOUNTS AND BILLS 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 2023 HK\$'000 (Unaudited)</b>	As at 31 October 2022 HK\$'000 (Audited)
Outstanding balances with ages:		
Within 90 days	<b>6,401</b>	11,198
91–180 days	<b>3,660</b>	7,166
Over 180 days	<b>83</b>	83
	<b>10,144</b>	18,447

#### 14. CONTRACT LIABILITIES

	<b>As at 30 April 2023 HK\$'000 (Unaudited)</b>	As at 31 October 2022 HK\$'000 (Audited)
Contract liabilities arising from — Sales of goods	<b>3,739</b>	4,343

#### 15. 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 5.25% to 5.875% (31 October 2022: 5.25%) per annum.

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

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.

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

#### 16. 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) bank deposits of the Group amounting to approximately HK\$9,020,000 as at 31 October 2022;
- (b) properties held by a company, which is owned by a beneficial shareholder of the Company, as at 30 April 2023;
- (c) corporate guarantee executed by the Company as at 30 April 2023 and 31 October 2022.

## 17. 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:

	Three months ended 30 April		Six months ended 30 April	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest expenses (note (i))	200	231	423	357
Short term lease expenses (note (ii))	173	173	347	347

Notes:

- (i) Interest expenses were paid to a related company in accordance with the terms as set out in note 15.
- (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:

	Three months ended 30 April		Six months ended 30 April	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries				
Allowances and benefits in kind	1,247	1,062	2,493	2,124
Pension scheme contributions	22	14	44	27
	1,269	1,076	2,537	2,151

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review and Prospects**

The total revenue of the Group for the six months ended 30 April 2023 (“Current Period”) decreased by 9% to HK\$45,143,000 when compared with that of the last corresponding period for six months ended 30 April 2022 (“Last Period”) HK\$49,740,000 as the revenue of our environment-friendly products business decreased by 23% from Last Period HK\$32,618,000 to Current Period HK\$25,141,000 under tough industrial market in China but the revenue of our water supply plant business increased by 17% from Last Period HK\$17,122,000 to Current Period HK\$20,002,000 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 manufacturing Purchasing Managers’ Index (the “PMI”) was 48.8 in May 2023, continuous two months below threshold 50 indicating contraction of China manufacturers’ purchase. In the process of transforming the Chinese economy to the “new normal” era with the new growth model emphasizing domestic consumption and quality, there are risks of decline in demand of low-end machinery and equipment but also opportunities under the national strategies of “Energy Conservation and Emission Reduction”. Leverage on the Group’s past experience in Current area, the Group will source supply of new products or services which fulfill the policy of energy conservation and emission reduction in China, although we will monitor the situation cautiously and adjust our development plan accordingly. 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.

The water supply plant in Tianjin has the exclusive right to supply processed water to certain areas inside and near Baodi District of Tianjin City including Jing-Jin New City. Under the Beijing-Tangshan Intercity Railways and Tianjin Binhai New Area Intercity Railway (together as the “New Intercity Railways”), the construction of the railway station in Baodi district near our water supply plant in Tianjin has been completed. It was believed that the New Intercity Railways will promote the integrative and cooperative economic development of the Baodi District and Jing-Jin New City which will benefit our Group’s water supply plant in Tianjin.

## Financial Review

The Group's total revenue for the period ended 30 April 2023 was HK\$45,143,000 representing a decrease of 9% as compared with the last corresponding period (six months ended 30 April 2022: HK\$49,740,000). It was due to the decrease of our environment-friendly product business's sales under tough industrial market in China.

The gross profit of the Group for the six months ended 30 April 2023 was amounted to HK\$16,686,000 which represented an increase of 9% when compared with that of last corresponding period (six months ended 30 April 2022: HK\$15,301,000) due to increase in the Group's gross profit margin. The gross profit margin of the Group for Current Period was 37% which is higher than that of Last Period (six months ended 30 April 2022: 31%). The increase in the Group's gross profit margin was due to the favorable fluctuation of foreign currencies, especially the depreciation of Japanese Yen, one of the major currencies for our Group's purchase activities and the increase in proportion of water supply plant business's revenue with higher profit margin. The percentage of higher profit margin water supply plan business's revenue to the Group's total revenue is increased from the Last Period 34% to Current Period 44%. As a result, the gross profit margin of the Group for the Current Period increased to 37% (six months ended 30 April 2022: 31%).

The Group's other income, gains and losses for the six months ended 30 April 2023 was HK\$1,993,000 representing a decrease of 31% due to decrease of the agency service income.

The Group's administrative expenses for the six months ended 30 April 2023 was amounted to HK\$12,837,000 representing an increase of 11% compared with the last corresponding period (six months ended 30 April 2022: HK\$11,579,000) due to increase of the staff costs, rental expenses and legal professional costs. The Group's selling expenses for the six months ended 30 April 2023 was amounted to HK\$1,460,000, representing a decrease of 25% compared with the last corresponding period (six months ended 30 April 2022: HK\$1,959,000) due to decrease of marketing expenses in Current Period.

The Group recorded a profit attributable to owners of the Company for the six months ended 30 April 2023 amounted to HK\$2,004,000 (six months ended 30 April 2022 amounted to HK\$3,099,000), representing a decrease of approximately 35% as compared with 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 2023, the Group had net current assets of HK\$52,629,000 (31 October 2022: HK\$34,020,000) including bank balances and cash of approximately HK\$47,316,000 (31 October 2022: HK\$41,064,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.36 as at 30 April 2023 (31 October 2022: 1.68). The Group's inventory turnover was about 92 days (31 October 2022: 74 days). The Group's accounts receivable turnover was about 69 days (31 October 2022: 77 days). The increase in inventory turnover was due to decrease in the Group's total revenue in Current Period.

## **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 2023 decreased to 11% (31 October 2022: 14%) due to partial repayment of the borrowing and increase of the total equity during Current Period.

## **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 2023, Group did not have any pledged its bank deposits (31 October 2022: HK\$9 million pledged its bank deposits) to secure its banking facilities. Save as aforesaid, the Group did not have any other significant contingent liabilities as at 30 April 2023 (31 October 2022: Nil).

### **Information on Employees**

As at 30 April 2023, the Group had 80 employees (2022: 76) 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 2023 amounted to approximately HK\$8.3 million (for the six months ended 30 April 2022: HK\$8 million). The dedication and hard work of the Group's staff during the six months ended 30 April 2023 are generally appreciated and recognized.

### **Contingent liabilities**

The Group had no material contingent liabilities at 30 April 2023 (31 October 2022: Nil).

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

During the six months ended 30 April 2023, 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 2023, 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 2023, 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 2023, 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 2023	% to the Company's issued shares as at 30 April 2023
Lily Chiang (Note 1)	Founder of a discretionary trust	344,621,200	53.06
Virtue Trustees (Switzerland) AG (Note 2)	Through a unit trust and controlled corporation	344,621,200	53.06
Wide Sky Management Limited (Note 2)	Through a controlled corporation	344,621,200	53.06
Team Drive Limited (Note 2)	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 2023. The Company and its subsidiaries did not redeem any of its listed securities during the six months ended 30 April 2023.

## 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 2023.

## 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 2023 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 30 March 2023 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 2023.

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

The Company established a nomination committee in February 2006. The principal duties of the nomination committee are to formulate nomination policy and make recommendation to the Board on nomination and appointment of the directors and board succession. The chairman of the nomination committee is Mr. CHAU Kam Wing Donald and other members include Ms. CHAN Siu Ping Rosa and Professor NI Jun, all of them are independent non-executive directors of the Company.

## 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.

## AUDIT COMMITTEE

The Company established an audit committee on 5 December 2001 with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The chairman of the audit committee is Mr. CHAU Kam Wing Donald and other members include Ms. CHAN Siu Ping Rosa and Professor NI Jun, all of them are independent non-executive directors of the Company.

The Group's unaudited results for the three months and six months ended 30 April 2023 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, 12 June 2023

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