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ECO-TEK HOLDINGS LTD: THE PERQUISITES OF OFFICE CAN BE VERY REWARDING

For What Reason(s) Do Not The Principal Banks Come To The Eco-Tek Holdings Party ?

Being the Controlling Shareholding of a public company, the shares of which are listed on an internationally well-known equity market, it has a number of very major material advantages.

As the Controlling Shareholder of a public company, such a person has the ability to crack the whip when it is determined that such an action is required in order to demonstrate the full authority of he/she so as to make employees come to heel, following close to his/her wishes with regard as to how the company, over which the Controlling Shareholder has the unquestionable right to control, including organisation and management.

On scanning the 2021 Annual Report of Eco-Tek Holdings Ltd (環康集團有限公司) (Code: 8169, The Growth Enterprise Market [the GEM], The Stock Exchange of Hongkong Ltd), this medium discovered that a Ms Lily Chiang Lai Lei (蔣麗莉), also commonly known as Lily Chiang, the Founder of the Lily Chiang Family Trust, has an indirect equity interest, amounting to 53.06 percent of the entire Issued and Fully Paid-Up Share Capital of Eco-Tek Holdings Ltd.

As such, accordingly, Ms Lily Chiang Lai Lei is deemed to be interested in 344,621,200 Ordinary Shares of the Issued Share Capital of Eco-Tek Holdings Ltd, representing the Controlling Interest in this public company.

At Page 75 of the 2021 Annual Report of Eco-Tek Holdings Ltd, under Note 25 to the Accounts of the Company, the following was brought to light as far as this medium is concerned:

LOANS FROM A SHAREHOLDER

‘Loan from a shareholder represented amount due to a substantial shareholder of the Company who has control over the Group. The balance was regarded as amount due to a related party.

‘The loans were unsecured and interest-bearing at 5.25% (2020: 5.25%) per annum.

‘Except for the loan from a shareholder of HK\$4,391,000 as at 31 October 2021, they were not repayable within twelve months from the reporting date as at 31 October 2021 and 2020.

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

At Page 34 of the 2021 Annual Report of Eco-Tek Holdings Ltd, on the page, headlined, **‘CONSOLIDATED STATEMENT OF FINANCIAL POSITION’**, under the sub-heading, **‘Non-current Liabilities’**, the following was noted:

	<u>2021</u>	<u>2020</u>
<i>‘Loans from a shareholder’</i>	\$HK9,500,000.00	\$HK11,200,000.00

It appears, therefore, that Ms Lily Chiang Lai Lei had, over the years, been the unofficial *‘quasi-banker’* in respect of the Company that she controls via her very material equity holdings ... and, of course, her very deep pockets, to boot.

Which was, of course, very generous and gracious of this lady.

Except, perhaps, that the interest rate of 5.25 percent per annum that Ms Lily Chiang Lai Lei had been charging the Company in which she has a Controlling Interest in the past – and continues to charge the Company – was considerably higher than banks, operating in the **Hongkong Special Administrative Region (HKSAR)** of the **People’s Republic of China (PRC)** over the past three years – at least.

According to the senior managerial executive of a reputable Hongkong company, one that is incorporated in the HKSAR and has been in business in the territory for more than 30 years, the interest factor, charged by any of his company’s three principal bankers, over the past three years, has never been in excess of 2.50 percent per annum.

(The intelligence that **TARGET** (泰達財經) obtained was on the condition that the name of the company and the executive, who talked to this medium, would not be divulged to anybody without express permission, in writing, from this medium’s direct source.)

One can only come to the conclusion that Ms Lily Chiang Lai Lei, operating as the *‘quasi-banker’* of the Company, in which she is the Controlling Shareholder, must have determined that the *‘unsecured and interest-bearing loans’* plus the interest factor that she charges on the loans, afforded to Eco-Tek Holdings Ltd, are, in fact, amongst her many perquisites of office.

The Business Of Eco-Tek Holdings Ltd

Eco-Tek Holdings Ltd is a Hongkong-based investment holding company, principally engaged in the environmental protection-related products businesses.

The Company is said to operate through three business segments, namely:

- The General Environmental Protection Related Products and Services. This segment is engaged in the sales of particulate removal devices and provision of related ancillary services in the PRC;
- The Industrial Environmental Products. This segment is engaged in the sales of hydraulic components and other related accessories in the PRC; and,
- The Water Supply Plant. This segment is engaged in the supply of processed water in the PRC.

This Company was listed on the GEM on December 5, 2001.

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