

TARGET

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FUTIAN HOLDINGS LTD: IT SEEMS THAT, PERHAPS, THE WORM HAS TURNED

The 2023 Annual Report of Futian Holdings Ltd (福田股份有限公司) (formerly known as China TianYF Holdings Group Ltd) (中國天億福控股集團有限公司) (Code: 8196, The Growth Enterprise Market – The **GEM** – The Stock Exchange of Hongkong Ltd) presented a ‘**BUSINESS REVIEW**’ at Page Seven as follows:

*‘The Group is a provider of wastewater and drinking water treatment engineering services in the People’s Republic of China (the “**PRC**” or “**China**”). The main business of the Group is the provision of engineering services for wastewater and drinking water treatment facilities. The Group acts either as the contractor, who is responsible for the whole project from launch to final operational management (the “**EPC Projects**”), or as the equipment contractor, who is responsible for providing technical advice and equipment procurement services for the project (the “**Equipment Projects**”). Since mid-2020, the Group started operating a sludge treatment service concession arrangement (the “**Service Concession Arrangement**”) in a wastewater treatment plant located in Guangzhou, the PRC. The Group is also engaged in other environmental protection projects, the provision of operating and maintenance services (the “**O&M Projects**”) for customers in connection with the management of wastewater treatment and drinking water treatment facilities, as well as consultation services in relation to the improvement of wastewater and drinking water treatment facilities of various constructions.’*

The Chairman of the Board of Directors, as well as the Chief Executive Officer of the Company, is Mr Xie Yang (謝楊) who, on Pages Four and Five of the 2023 Annual Report, took pen to paper, inscribing the following message to shareholders and prospective investors, alike:

‘ANNUAL REVIEW

*‘The shares of the Company (the “**Shares**”) became listed on the GEM of the Stock Exchange (of Hongkong Ltd) on 9 December 2015 by way of placing (the “**Placing**”) (the “**Listing**”).*

*‘As the three-year pandemic has subsided in the People’s Republic of China (the “**PRC**” or “**China**”) as well as the rest of the world in 2022, comprehensive re-opening had begun in the PRC at the end of 2022. According to the National Bureau of Statistics (**NBS**), China’s Gross Domestic Product (**GDP**) recorded a year-on-year growth of 5.2% for the full year of 2023, which was better than the market expectation of 5% GDP growth rate target. While Premier Li Qiang of the State Council addressed the World Economic Forum in Davos, Switzerland, he stated that despite ups and downs in its operation, China’s economy holds promising prospects in the long run.*

*‘For the year ended 31 December 2023, the revenue of the Group amounted to approximately RMB106,584,000, representing a decrease of approximately RMB150,165,000 or approximately 58.5% as compared with that of approximately RMB256,749,000 in 2022. For the year ended 31 December 2023, the Group recognized revenue from engineering, procurement and construction projects (“**EPC Projects**”) of approximately 62,342,000, revenue from construction projects other than EPC Projects (“**Construction Projects**”) of approximately 390,000, revenue from equipment projects (“**Equipment Projects**”) of approximately 27,077,000, revenue from the development, construction and operating agreement of a sewage treatment project (“**Service Concession Arrangement**”) of approximately 12,636,000 and revenue from other environmental protection projects of approximately 4,139,000. For the year ended 31 December 2022, revenue from EPC Projects of approximately RMB256,749,000, revenue from Construction Projects of approximately RMB1,675,000, revenue from Equipment Projects of approximately RMB218,795,000, revenue from Service Concession Arrangement of approximately RMB16,014,000 and revenue from other environmental protection projects of approximately RMB9,631,000 were recognised.*

‘For the year ended 31 December 2023, the profit attributable to owners of the Company reached approximately RMB2,870,000 while the loss attributable to owners of the Company for the year ended 31 December 2022 amounted to approximately RMB11,547,000.

‘The recorded profit attributable to owners of the Company over the Reporting Period was mainly due to (i) the recognition of the progress income of approximately 57.3 million for a large-scale EPC Project in Vietnam with fairly high gross profit margin; (ii) the decrease in administrative expenses; and (iii) the decrease in finance costs.

‘OUTLOOK

‘During the pandemic in the past three years, the Group was able to make investments in markets and regions which were relatively mature and stable and to which the Group was relatively familiar with and relied on a relatively conservative business strategy to monitor the Group’s cash flow, allowing the Group to maintain its operations. In the post-pandemic era,

although the sudden pandemic-related influences in the market have generally disappeared, the Group will also continue to utilise its strategies from the previous three years to operate steadily and pragmatically to regain its strength first. After strengthening the foundation of the Group's operations, the Group expects to achieve better results in the gradually recovering market environment.

'In terms of business, the Group has adjusted the allocation of its resources for business development as mentioned previously. The Group will increase its investment in the Vietnamese market as it believes that the Vietnamese market has recovered significantly, and it has many years of successful experience in doing business in Vietnam, which is an attractive advantage for its long-term customers and new customers. The Vietnam project, which was delayed due to the pandemic, was resumed in 2022 and is currently under smooth construction. Besides, a new business contract worth tens of millions of Renminbi was signed between the Group and the project client at the beginning of 2023. The project is expected to start construction by the end of 2024 or the start of 2025. The Group has also increased investment in human resources in the Vietnamese market. The Group believes that Vietnam will gradually become one of the key markets for its continuous development. As for local customers, the Group does not expect quick results after the end of the pandemic. For customers with long-term partnerships with the Group, we have invested relatively more resources to facilitate our cooperation. Although the level of confirmed business opportunities are still relatively small at present, the Group believes that good relationship with customers coupled with the customers' recognition of the Group in such markets and industries will be favourable to the Group's future business development. On the other hand, the Group continues to focus on the Greater Bay Area ... [CLICK TO ORDER FULL ARTICLE](#)

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