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FUTIAN HOLDINGS LIMITED

福田股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8196)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE**”)**

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “**Directors**”) of Futian Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 together with the comparative audited figures for the corresponding period for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	45,801	106,584
Cost of sales		<u>(34,741)</u>	<u>(76,003)</u>
Gross profit		11,060	30,581
Other income	5	7,111	4,786
Selling and distribution expenses		(1,696)	(1,690)
Administrative expenses		(16,016)	(19,865)
Impairment losses on financial and contract assets, net		(5,973)	(7,952)
Other expenses		(1,809)	(2,735)
Finance costs	6	<u>(209)</u>	<u>(128)</u>
(LOSS)/PROFIT BEFORE TAXATION		(7,532)	2,997
Income tax credit/(expense)	8	<u>490</u>	<u>(127)</u>
(LOSS)/PROFIT FOR THE YEAR	7	<u>(7,042)</u>	<u>2,870</u>
Other comprehensive income/(loss) for the year, net of tax:			
Items that will not be reclassified to profit or loss:			
Loss on equity investments designated at fair value through other comprehensive income		(1,388)	(440)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u>223</u>	<u>9</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(1,165)</u>	<u>(431)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(8,207)</u>	<u>2,439</u>
(LOSS)/EARNINGS PER SHARE			(Restated)
Basic and diluted (RMB)	10	<u>(0.23)</u>	<u>0.96</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		6,649	7,035
Investment properties		25,800	27,500
Right-of-use assets		11	178
Other intangible assets		49	64
Receivables under a service concession arrangement		25,191	32,315
Equity investments designated at fair value through other comprehensive income		1,910	2,960
		59,610	70,052
CURRENT ASSETS			
Receivables under a service concession arrangement		7,124	7,124
Trade and bills receivables	<i>11</i>	51,458	103,764
Contract assets		15,803	18,334
Prepayments, other receivables and other assets		19,562	7,793
Pledged deposits		–	3,864
Cash and cash equivalents		72,333	53,360
		166,280	194,239
CURRENT LIABILITIES			
Trade payables	<i>12</i>	87,791	129,798
Contract liabilities		22,571	27,719
Other payables and accruals		26,564	23,730
Borrowings	<i>13</i>	–	67
Tax payable		976	2,397
		137,902	183,711
NET CURRENT ASSETS		28,378	10,528
TOTAL ASSETS LESS CURRENT LIABILITIES		87,988	80,580

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Borrowings	<i>13</i>	9,397	65
Deferred tax liabilities		5,055	5,509
		<u>14,452</u>	<u>5,574</u>
NET ASSETS		<u>73,536</u>	<u>75,006</u>
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital		2,579	2,397
Reserves		70,957	72,609
TOTAL EQUITY		<u>73,536</u>	<u>75,006</u>

NOTES

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Company and its subsidiaries (together referred to as the “Group”). Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

(b) Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for investment properties and equity investments designated at fair value through other comprehensive income which are measured at fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Certain comparative figures have been regrouped to conform with the current year’s presentation of the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

- Amendments to HKAS 1, Presentation of financial statements – Classification of liabilities as current or non-current and amendments to HKAS 1, Presentation of financial statements – Non-current liabilities with covenants
- Amendments to HKFRS 16, Leases – Lease liability in a sale and leaseback
- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements
- Hong Kong Interpretation 5 (Revised), Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

The adoption of new or amended HKFRSs did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability	1 January 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to HK-Int 5, Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has five reportable operating segments as follows:

- (1) the engineering, procurement and construction project (“**EPC Projects**”) segment comprises projects in which an enterprise is commissioned by a customer to act as a general contractor to take care of the overall design, procurement and construction of sludge or wastewater treatment facilities pursuant to the contract and be responsible for the quality, safety, time control and pricing of the project;
- (2) the construction projects (“**Construction Projects**”) segment represents construction projects other than EPC Projects;
- (3) the equipment projects (“**Equipment Projects**”) segment comprises projects in which an enterprise is engaged by a customer for procurement of necessary materials, equipment and machinery, installation, testing and commissioning of the equipment and machinery for the treatment facilities as well as provision of technical consulting services to upgrade or optimize the design of the water or wastewater treatment facilities pursuant to the contract;
- (4) the service concession arrangement (“**Service Concession Arrangement**”) segment comprises projects in which provides the construction of sludge treatment and operation of the sludge station upon the completion of construction for a long period, i.e. 10 years. The fee received under this arrangement for the provision of operation services includes a guaranteed tariff based on a guaranteed minimum treatment volume together with an additional tariff in excess of the minimum volume. Restoration of the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement is necessary. According to the term of such arrangement, the Group is responsible for all of the costs in construction, operation and maintenance as well as restoration of the infrastructure; and
- (5) the “Others” segment comprises, principally, the Group’s operation and maintenance services in which an enterprise of the Group is retained to operation and maintenance water or wastewater treatment facilities for a certain period for certain operation and maintenance fees on a monthly or quarterly basis. During the year ended 31 December 2024, the “Others” segment also comprise the provision of online advertising and related services for online games.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that interest income, non-lease-related finance costs, impairment losses on financial and contract assets, fair value changes from the Group’s investment properties as well as head office and corporate gains and expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, property, plant and equipment, investment properties, right-of-use assets, equity investments, pledged deposits and other unallocated head office and corporate assets as these assets are managed on a Group basis.

Segment liabilities exclude tax payable, deferred tax liabilities, interest-bearing bank and other borrowings and other unallocated head office and corporate liabilities as these liabilities are managed on a Group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information about reportable segment profit or loss, assets and liabilities:

	EPC Projects RMB'000	Construction Projects RMB'000	Equipment Projects RMB'000	Service Concession Arrangement RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2024						
Revenue from external customers	5,384	1,431	14,106	13,370	11,510	45,801
Segment profit/(loss)	1,147	1,098	7,343	1,012	460	11,060
Depreciation and amortisation	-	-	-	-	570	570
Additions to segment non-current assets	-	-	-	-	3	3
As at 31 December 2024						
Segment assets	16,432	7,296	32,881	43,508	12,655	112,772
Segment liabilities	40,832	10,304	38,256	20,030	939	110,361

	EPC Projects RMB'000	Construction Projects RMB'000	Equipment Projects RMB'000	Service Concession Arrangement RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2023						
Revenue from external customers	62,342	390	27,077	12,636	4,139	106,584
Segment profit	20,589	87	8,809	1,043	53	30,581
Depreciation and amortisation	-	-	-	-	922	922
Additions to segment non-current assets	-	-	-	-	105	105
As at 31 December 2023						
Segment assets	37,838	4,118	69,347	53,229	868	165,400
Segment liabilities	48,451	18,999	52,290	36,720	1,057	157,517

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2024	2023
	RMB'000	RMB'000
Revenue		
Total revenue of reportable segments	<u>45,801</u>	<u>106,584</u>
Consolidated revenue	<u><u>45,801</u></u>	<u><u>106,584</u></u>
Profit or loss		
Total profit or loss of reportable segments	11,060	30,581
Interest income	1,342	447
Unallocated gains	5,769	4,339
Impairment losses on financial and contract assets, net	(5,973)	(7,952)
Fair value loss on investment properties	(1,700)	(2,700)
Corporate and other unallocated expenses	(17,845)	(21,597)
Finance costs (other than interest on lease liabilities)	(185)	(121)
Consolidated (loss)/profit before tax	<u><u>(7,532)</u></u>	<u><u>2,997</u></u>
Assets		
Total assets of reportable segments	112,772	165,400
Corporate and other unallocated assets	113,118	98,891
Total assets	<u><u>225,890</u></u>	<u><u>264,291</u></u>
Liabilities		
Total liabilities of reportable segments	110,362	157,517
Corporate and other unallocated liabilities	41,992	31,768
Total liabilities	<u><u>152,354</u></u>	<u><u>189,285</u></u>

Geographical information:

	Revenue		Non-current assets	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Mainland China	42,501	106,544	32,337	34,582
Vietnam	3,300	40	172	195
	<u><u>45,801</u></u>	<u><u>106,584</u></u>	<u><u>32,509</u></u>	<u><u>34,777</u></u>

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Construction Projects		
Customer A	N/A*	32,691
Customer B	N/A*	24,627
Equipment Projects		
Customer C	8,937	26,082
<u>Service Concession Arrangement</u>		
<u>Customer D</u>	13,370	<u>12,636</u>
Others		
Customer E	6,910	<u>N/A*</u>

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in the particular year.

4. REVENUE

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of equipment	14,325	51,704
Construction services	6,596	38,105
Other services	24,880	<u>16,775</u>
Total revenue from contracts with customers	45,801	<u>106,584</u>

Disaggregation of revenue from contracts with customers:

Segments	2024					
	EPC Projects RMB'000	Construction Projects RMB'000	Equipment Projects RMB'000	Service Concession Arrangement RMB'000	Others RMB'000	Total RMB'000
<i>Geographical markets</i>						
Mainland China	2,084	1,431	14,106	13,370	11,510	42,501
Vietnam	3,300	-	-	-	-	3,300
Total	<u>5,384</u>	<u>1,431</u>	<u>14,106</u>	<u>13,370</u>	<u>11,510</u>	<u>45,801</u>
<i>Major products/service</i>						
Sale of equipment	219	-	14,106	-	-	14,325
Construction services	5,165	1,431	-	-	-	6,596
Other services	-	-	-	13,370*	11,510	24,880
Total	<u>5,384</u>	<u>1,431</u>	<u>14,106</u>	<u>13,370</u>	<u>11,510</u>	<u>45,801</u>
<i>Timing of revenue recognition</i>						
At a point in time	219	-	14,106	-	6,910	21,235
Over time	5,165	1,431	-	13,370	4,600	24,566
Total	<u>5,384</u>	<u>1,931</u>	<u>14,106</u>	<u>13,370</u>	<u>11,510</u>	<u>45,801</u>
2023						
Segments	EPC Projects RMB'000	Construction Projects RMB'000	Equipment Projects RMB'000	Service Concession Arrangement RMB'000	Others RMB'000	Total RMB'000
<i>Geographical markets</i>						
Mainland China	29,651	390	27,077	12,636	4,139	73,893
Vietnam	32,691	-	-	-	-	32,691
Total	<u>62,342</u>	<u>390</u>	<u>27,077</u>	<u>12,636</u>	<u>4,139</u>	<u>106,584</u>
<i>Major products/service</i>						
Sale of equipment	24,627	-	27,077	-	-	51,704
Construction services	37,715	390	-	-	-	38,105
Other services	-	-	-	12,636*	4,139	16,775
Total	<u>62,342</u>	<u>390</u>	<u>27,077</u>	<u>12,636</u>	<u>4,139</u>	<u>106,584</u>
<i>Timing of revenue recognition</i>						
At a point in time	24,627	-	27,077	-	-	51,704
Over time	37,715	390	-	12,636	4,139	54,880
Total	<u>62,342</u>	<u>390</u>	<u>27,077</u>	<u>12,636</u>	<u>4,139</u>	<u>106,584</u>

* Included in the revenue from other services is an amount of approximately RMB707,000 (2023: RMB834,000) of finance income from service concession arrangement for the year ended 31 December 2024.

Sale of equipment

Revenue from the sale of equipment is recognised at the point in time when the control of asset is transferred to the customer, generally on delivery of the equipment.

The performance obligation is satisfied upon delivery of equipment and payment is generally due within 30 days from the date of issuing tax invoice, extending up to the date of final acceptance of the whole projects for certain customers. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Construction services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of issuing tax invoice, extending up to the date of final acceptance of the whole projects for certain customers. A certain percentage of payment is retained by customers until end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Other services

Revenue from the provision of other services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

The performance obligation is satisfied upon delivery of equipment and payment is generally due within 30 days from the date of issuing tax invoice, extending up to the date of final acceptance of the whole projects for certain customers. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

During the year ended 31 December 2024, the Group through its wholly-owned subsidiary engaged in the provision of online advertising and related services for online games.

The performance obligation is satisfied upon delivery of services and payment is generally due within 120 days of issuing the relevant invoices.

5. OTHER INCOME

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	1,342	447
Rental income from investment property operating leases:		
Other lease payments, including fixed payments	4,943	3,362
Government grants	75	308
Others	751	669
	<u>7,111</u>	<u>4,141</u>

6. FINANCE COSTS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on borrowings	185	121
Interest on lease liabilities	24	7
	<u>209</u>	<u>128</u>

7. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is arrived at after charging/(crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Auditors' remuneration		
– audit service	800	1,000
Cost of inventories sold	7,075	29,312
Cost of construction contracting	4,530	43,437
Cost of services provided	<u>23,136</u>	<u>3,254</u>
	<u>34,741</u>	<u>76,003</u>
Depreciation of property, plant and equipment	389	498
Depreciation of right-of-use assets	166	176
Amortisation of other intangible assets	15	248
Direct operating expenses (including repairs and maintenance arising from rental-earning investment properties)	25	82
Loss on disposal of property, plant and equipment	–	4
Loss on written-off of property, plant and equipment	–	1
Fair value loss on investment properties	1,700	2,700
Impairment losses of financial and contract assets, net:		
Impairment loss on trade receivables	4,976	9,593
Impairment loss/(reversal of impairment loss) on contract assets	1,743	(930)
Reversal of impairment on prepayments, other receivables and other assets	<u>(746)</u>	<u>(711)</u>
	<u>5,973</u>	<u>7,952</u>
Staff costs including directors' remuneration:		
Wages and salaries	6,382	12,936
Pension scheme contributions*	668	904
Other welfare expenses	121	514
Employee share option benefits (equity-settled)	<u>1,445</u>	<u>1,514</u>
	<u>8,616</u>	<u>15,868</u>

* As at the end of the years 2024 and 2023, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years.

8. INCOME TAX (CREDIT)/EXPENSE

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current taxation:		
PRC	(36)	358
Deferred taxation	(454)	(231)
	<hr/>	<hr/>
Income tax (credit)/expense	(490)	127
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong for the year, except for one group entity operating in Hong Kong, which is a qualifying corporate under the two-tiered Profits Tax rate regime. For the qualifying group entity, the first HK\$2 million of assessable profits are taxed at the rate of 8.25% (2023: 8.25%), and the remaining assessable profits are taxed at the rate of 16.5% (2023: 16.5%).

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to Corporate Income Tax (“CIT”) at the rate of 25% on taxable income. Preferential tax treatment is available to the Group’s principal operating subsidiary, Great Water Guangzhou, since it was recognised as a High and New Technology Enterprise in Mainland China and a lower PRC CIT rate of 15% had been applied during the years ended 31 December 2024 and 2023.

Pursuant to Vietnam Income Tax Law and the respective regulations, the subsidiary which operates in Vietnam is subject to CIT at a rate of 20% on taxable income.

9. DIVIDENDS

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

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss (2023: earnings) per share is based on the loss for the year attributable to owners of the Company of RMB7,042,000 (2023: profit of RMB2,870,000), and the weighted average number of ordinary shares of 30,932,000 (2023: 30,000,000) in issue during the year.

No diluted loss/earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the year ended 31 December 2024 and 2023.

The calculation of the basic and diluted (loss)/earnings per share is based on the following data:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit		
(Loss)/profit attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u><u>(7,042)</u></u>	<u><u>2,870</u></u>
	Number of shares	
	2024	2023
		(Restated)
No. of shares		
Weighted average number of ordinary shares for the calculating basic and diluted (loss)/earnings per share	<u><u>30,932,000</u></u>	<u><u>30,000,000</u></u>

The weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share has been adjusted retrospectively for the effect of share consolidation completed on 6 December 2024.

11. TRADE AND BILLS RECEIVABLES

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables and bills receivables	87,533	135,619
Provision for loss allowance	<u><u>(36,075)</u></u>	<u><u>(31,855)</u></u>
	<u><u>51,458</u></u>	<u><u>103,764</u></u>

Trade receivables represented the outstanding contracted value for the sale of goods, construction contracts and rendering of services receivable from the customers at each of the reporting dates. The Group's trading terms with its customers are mainly on credit. Tax invoices are issued to the customers based on agreed schedules and the Group's trade receivables are subject to various credit terms. The credit period granted to the customers is 30 days from the date of issuing tax invoice, extending up to the date of final acceptance of the whole projects for certain customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

The aging analysis of trade and bills receivables, based on the invoice dates, and net of allowance, is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0-30 days	29,158	22,927
31-90 days	3,131	15,829
91-365 days	1,254	15,797
1-2 years	10,236	6,734
2-3 years	5,496	8,267
Over 3 years	2,183	34,210
	<u>51,458</u>	<u>103,764</u>

Reconciliation of the loss allowance for trade receivables:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	31,855	22,262
Impairment loss	4,976	9,593
Amount written off as uncollectible	(756)	—
At 31 December	<u>36,075</u>	<u>31,855</u>

12. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	9,683	7,582
31 to 90 days	1,459	888
91 days to 365 days	778	14,076
Over 1 year	75,871	107,252
	<u>87,791</u>	<u>129,798</u>

Trade payables are unsecured, non-interest-bearing and are normally settled in 30 to 90 days.

13. BORROWINGS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other borrowings (<i>Note (a)</i>)	9,397	–
Lease liabilities	–	132
	<u>9,397</u>	<u>132</u>

The borrowings are repayable as follows:

	2024		2023	
	Other borrowings <i>RMB'000</i>	Total <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
On demand or within one year	–	–	67	67
Beyond one year	9,397	9,397	65	65
	<u>9,397</u>	<u>9,397</u>	132	132
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	–	(67)	(67)
Amount due for settlement after 12 months	<u>9,397</u>	<u>9,397</u>	<u>65</u>	<u>65</u>

Notes:

- (a) During the year ended 31 December 2024, the Company borrowed an amount of HK\$10,000,000 (equivalent to RMB9,397,000), which is unsecured, bears interest at 5.0% per annum and repayable in 5 years from the date of borrowings.

14. COMMITMENTS

As at 31 December 2024, the Group contracted commitments of approximately RMB3,547,000 (2023:RMB2,592,000) on EPC and construction projects. It mainly represents the procurement of plant and machinery and construction materials.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 factors affecting the market due to the epidemic have basically disappeared. According to relevant statistics, China's GDP growth in 2024 was 5%. However, due to the influence of factors such as the international situation and geopolitics over the past year, the global and Chinese economic development has shown a trend of “continuing recovery, and the future is uncertain.” Under this situation, the Group will continue its previous strategy to pursue stable and pragmatic operations. On the one hand, it will consolidate the Group's traditional business foundation, and on the other hand, it will also seek new development.

For the year ended 31 December 2024, the revenue of the Group amounted to approximately RMB45,801,000, representing a decrease of approximately RMB60,783,000 or approximately 57.0% as compared with that of approximately RMB106,584,000 in 2023. For the year ended 31 December 2024, the Group recognized revenue from engineering, procurement and construction projects (“**EPC Projects**”) of approximately RMB5,384,000, revenue from construction projects other than EPC Projects (“**Construction Projects**”) of approximately RMB1,431,000, revenue from equipment projects (“**Equipment Projects**”) of approximately RMB14,106,000, revenue from the development, construction and operating agreement of a sewage treatment project (“**Service Concession Arrangement**”) of approximately RMB13,370,000 and revenue from others of approximately RMB11,510,000. For the year ended 31 December 2023, revenue from EPC Projects of approximately RMB62,342,000, revenue from Construction Projects of approximately RMB390,000, revenue from Equipment Projects of approximately RMB27,077,000, revenue from Service Concession Arrangement of approximately RMB12,636,000 and revenue from others of approximately RMB4,139,000 were recognised.

For the year ended 31 December 2024, the loss attributable to owners of the Company reached approximately RMB7,042,000 while the profit attributable to owners of the Company for the year ended 31 December 2023 amounted to approximately RMB2,870,000.

The recorded loss attributable to owners of the Company over the Reporting Period was mainly due to (i) the delay in the progress of their respective engineering, procurement and construction projects during the year; and (ii) the Group's existing projects in Vietnam were completed in 2023, while new projects were not commenced until the end of 2024, so less revenue was recognized during the year.

OUTLOOK

On the business front, as previously mentioned, the Group has adjusted the distribution of resources for business development. The Group has increased its investment in the Vietnam market, and the Group's many years of successful business experience in Vietnam has helped the Group to become more attractive to both long-term customers and new customers. At the beginning of 2023, the Group signed a new business contract with a long term customer amounting to several tens of million yuan of Renminbi, and the project construction of the new business contract has also commenced at the end of 2024. The Group has also increased its investment in the business expansion of new and existing customers in Vietnam, including this long-term customer. At the same time, the Group has also increased its human resources investment in the Vietnam market, especially in business sales and operation. The Group believes that Vietnam will gradually become one of the key markets for the Group's continuous development.

As for local customers, apart from continuing to handle service concession arrangement projects and other environmental protection projects as usual, the Group has been more prudent in handling new engineering, procurement and construction project business from local customers. Considering the increasingly obvious arrangement of extended billing period in the industry, as well as the declining payment ability of the customers, the Group has not rushed to open up the aforesaid new business with local customers. While for customers with whom the Group has a long-term co-operative relationship, apart from pressing for customer confirmation of completed projects, the Group has invested more resources in maintaining the relationship. For customers with whom the Group has a long-term relationship, the Group has invested more resources in maintaining the relationship. On the other hand, the Group has also invested more resources in (the "Service Concession Arrangement") and other environmental projects, which have relatively lower cash flow risk than engineering, procurement and construction projects. Nevertheless, the Group continues to focus on the Greater Bay Area of China and will continue to monitor the operations of our customers and maintain good communication with new customers. The Group believes that when the positive effects of the economic recovery become more favourable, it will be able to deliver better and more robust performance in familiar markets (such as the Greater Bay Area) and with familiar customers.

In 2024, the Group started to enter the data business market. Compared with the Group's traditional principal business. Based on the relevant data collected during the "epidemic period" and the "post-epidemic" era, as well as China's ongoing policies to boost the "consumer market", the data business has a wider consumer market and stronger payment capacity than the Group's traditional principal environmental protection business. According to the "Statistical Bulletin on National Economic and Social Development of the People's Republic of China 2024", final consumption expenditure in 2024 drove the growth of GDP by 2.2 percentage points. The Group expects to develop more business types in addition to its traditional main business. As the Greater Bay Area has been one of the key data business markets in the PRC, Hong Kong, Macao and Taiwan, the Group will be able to identify opportunities to enter the relevant industries more easily and finally record millions of dollars of revenue from the data business. The Group has reason to believe that if the data business remains positive, the Group will have certain geographical and market advantages in terms of market expansion and recruitment of talents. Admittedly, the data business is not an emerging market and the Group is not an industry leader in the data business. Therefore, the Group will proceed with its expansion to the data business in a prudent manner, hoping that the data business will become an effective supplement to the Group's revenue from its principal business.

Despite the gradual improvement of China's economy, based on the Group's judgement, the Board considers that the business environment in which the Group operates may not become optimistic within a short period of time in view of the various challenges that remain. For example, the global geopolitical situation and wars have had a negative impact on the global economy, China's economy and Chinese enterprises. In addition, the recovery and growth of China's economy is more evident in the personal consumption market or related markets in recent years, and the challenges in the general environment for the Group's traditional principal business of environmental protection still persist. Therefore, the Group is in the view that (i) the traditional business is the cornerstone of the Group and more investments should be made in all aspects, but there should be differentiated strategies to cope with market segmentation and different regions; (ii) under the premise of prudent operation, more investment should be made in new businesses such as data business if there is a certain possibility of good development; and (iii) "cost saving" efforts should always be maintained.

FINANCIAL REVIEW

Operating revenue

For the year ended 31 December 2024, the Group's operating revenue amounted to approximately RMB45,801,000 representing a decrease of approximately 57.0% as compared to approximately RMB106,584,000 for the year ended 31 December 2023.

EPC Projects and Construction Projects

For the EPC Projects, the Group assumes the role of the main contractor and is in charge of the overall project management of the construction of a treatment plant from launch to operation for a predetermined contractual amount. As an engineering, procurement and construction contractor, the Group provides engineering design of the treatment facilities, procures necessary raw materials and appoints sub-contractors to construct the facilities. The Group also engages in construction projects related to other environmental protection sectors (such as soil remediation projects and flue gas treatment projects, involving the provision of engineering and procurement services for the project owner).

– Revenue relating to EPC Projects

For the year ended 31 December 2024, the revenue generated from EPC Projects relating to wastewater and sludge treatment projects under construction and related business was approximately RMB5,384,000 (2023: approximately RMB62,342,000), representing a decrease of approximately 91.4% over the corresponding period in 2023. The decrease in revenue from EPC Projects for the year ended 31 December 2024 was primarily attributable to a large-sized EPC project in Vietnam which generated the progress income of approximately RMB52,466,000 in the first half of 2023, has completed in 2023. The revenue of approximately RMB5,384,000 in 2024 which was derived from other nine EPC Projects (2023: Seven EPC Projects).

– Revenue relating to Construction Projects

For the year ended 31 December 2024, the revenue generated from Construction Projects was approximately RMB1,431,000 (2023: approximately RMB390,000), representing an increase of approximately 266.9% over the corresponding period in 2023. The increase in revenue from Construction Projects for the year ended 31 December 2024 was primarily attributable to the recognition of revenue of approximately RMB1,431,000 from two Construction Projects. In contrast, the revenue from Construction Projects for the corresponding period in 2023 was derived from four Construction Project in the amount of approximately RMB390,000.

Equipment Projects

For the Equipment Projects, the Group mainly provides procurement services to a pre-defined section of a project. In determining the equipment and machinery best suited for the project operator's requirements, the Group's technical team often needs to work closely with the customers in identifying, evaluating and selecting different equipment before the procurement team comes into play.

For the year ended 31 December 2024, the revenue generated from Equipment Projects amounted to approximately RMB14,106,000 (2023: approximately RMB27,077,000), representing a decrease of approximately 47.9% as compared to the corresponding period in 2023. The decrease in revenue from Equipment Projects for the year ended 31 December 2024 was primarily attributable to the recognition of revenue of approximately RMB14,106,000 from five Equipment Projects. In contrast, the revenue from Equipment Projects for the corresponding period in 2022 was derived from the recognition of revenue of approximately RMB27,077,000 from five Equipments Projects with larger amounts.

Service Concession Arrangement

For the Service Concession Arrangement, the Group acquired a sludge treatment project in a wastewater treatment plant located in Dashadi from Guangzhou Sewage in the third quarter of 2018. The Group, as a contractor, is responsible for the development, construction and operation of the sludge treatment project for a term of 10 years. The construction of the project was completed and the plant passed the official examination in mid-2020 and since then, the Group has commenced its operation.

For the year ended 31 December 2024, the revenue generated from the Service Concession Arrangement segment was approximately RMB13,370,000 (2023: approximately RMB12,636,000), representing an increase of approximately 5.8% as compared to the corresponding period in 2023. The revenue from Service Concession Arrangement for the year ended 31 December 2024 was primarily attributable to the recognition of revenue of approximately RMB12,663,000 from service income and approximately RMB707,000 from interest income. In contrast, the revenue for the corresponding period in 2023 was derived from the recognition approximately RMB11,803,000 from service income and approximately RMB833,000 from interest income.

Others

The revenue under the other segment included revenue attributable to O&M Projects and technical advisory services. During the year ended 31 December 2024, the other segment also comprise the provision of online advertising and related services for online games.

For the year ended 31 December 2024, the revenue generated from the rendering of maintenance services amounted to approximately RMB11,510,000 (2023: approximately RMB4,139,000), representing an increase of approximately 178.1% as compared to the corresponding period in 2023. The Group engaged in (i) technical advisory projects and O&M projects, which revenue amounted to approximately RMB4,600,000 is recognised during the year ended 31 December 2024 as compared to approximately RMB4,139,000 in the corresponding period in 2023; and (ii) provision of online advertising and related services for online games, which revenue amounted to approximately RMB6,910,000 is recognised.

Cost of sales

For the year ended 31 December 2024, the cost of sales of the Group amounted to approximately RMB34,741,000 (2023: approximately RMB76,003,000), representing a decrease of approximately 54.3% or approximately RMB41,262,000 compared to the corresponding period in 2023.

The decrease in cost of sales was primarily due to the large-sized EPC project in Vietnam was completed in 2023. The cost of inventories sold decreased to approximately RMB7,075,000 for the year ended 31 December 2024 from approximately RMB29,312,000 for the year ended 31 December 2023. The cost of construction contracting decreased to approximately RMB4,530,000 for the year ended 31 December 2024 from approximately RMB43,437,000 for the year ended 31 December 2023. The cost of services provided increased to approximately RMB23,136,000 for the year ended 31 December 2024 from approximately RMB3,254,000 for the year ended 31 December 2023.

Gross profit

For the year ended 31 December 2024, the gross profit of the Group was approximately RMB11,060,000 (2023: approximately RMB30,581,000), representing a decrease of approximately 63.8% or approximately RMB19,521,000 as compared to the corresponding period in 2023. The decrease in gross profit of the Group was mainly because the large-sized EPC project in Vietnam, which contributed to the increase in the overall revenue and gross profit, was completed last year.

Other income and gains

For the year ended 31 December 2024, other income and gains amounted to approximately RMB7,111,000 (2023: approximately RMB4,786,000), representing an increase of approximately 48.6% or approximately RMB2,325,000 as compared to the corresponding period in 2023. The increase was mainly attributable to (i) an increase in rental income of approximately RMB1,581,000; and (ii) an increase in bank interest income of approximately RMB895,000.

Selling and distribution expenses

For the year ended 31 December 2024, the selling and distribution expenses of the Group amounted to approximately RMB1,696,000 (2023: approximately RMB1,690,000), representing an increase of approximately 0.4% or approximately RMB6,000 compared to the corresponding period in 2023 which did not have material change from 2023.

Administrative expenses

For the year ended 31 December 2024, the administrative expenses of the Group amounted to approximately RMB16,016,000 (2023: approximately RMB17,165,000), representing a decrease of approximately 6.7% or approximately RMB1,149,000 compared to the corresponding period in 2023. The decrease in the administrative expenses was mainly attributable to decrease in research and development costs and entertainment expenses during the year.

Other expenses

For the year ended 31 December 2024, the other expenses amounted to approximately RMB1,809,000 (2023: approximately RMB2,735,000) representing a decrease of approximately 33.9% or approximately RMB926,000 compared to the corresponding period in 2023. The decrease in other expenses was mainly due to the decrease in fair value loss of investment properties during the year.

Loss/profit for the year

The loss for the year ended 31 December 2024 amounted to approximately RMB7,042,000 (2023: profit of approximately RMB2,870,000). The generation of loss for the year ended 31 December 2024 was mainly attributable to (i) a delay in the progress of respective engineering, procurement and construction projects during the period; and (ii) the Group's existing projects in Vietnam were completed last year and the new projects are expected to commence in the second half of this year and hence no revenue was recognised during the period.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil), in order to cope with the future business development of the Group. There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 9 December 2015, since then there was no change in the capital structure of the Group. The capital of the Company comprises only of ordinary shares (the “Share”).

As at 31 December 2024, the total equity attributable to the shareholders of the Company was approximately RMB73,536,000 (2023: approximately RMB75,006,000). The Group continued to maintain a healthy financial position with cash and cash equivalents amounted to approximately RMB72,333,000 (2023: approximately RMB53,360,000). The Group's net current assets was approximately RMB28,378,000 (2023: net current liabilities was approximately RMB10,528,000). Based on the Group's existing cash and cash equivalents on hand available to the Group, the Group has adequate financial resources to fund the working capital required for its business operations in the coming year. There was no hedging for any financial instruments.

During the year ended 31 December 2024, the Group's cash and cash equivalents were mainly denominated in RMB, Hong Kong dollars, VND and US dollars and they were placed in reputable financial institutions as deposits with maturity dates falling within one year. This is in line with the Group's treasury policy to maintain liquidity of its funds and this will continue to contribute stable income to the Group.

There was no banking facilities as at 31 December 2024 (2023: Nil).

GEARING RATIO

As at 31 December 2024, the Group's gearing ratio (being the net debt of the Group divided by its total capital plus net debt) was 41% (2023: 57%). Net debt of the Group includes borrowings, trade payables and other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the Company.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

There was no significant investment held by the Group for the year ended 31 December 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2024.

COMMITMENTS

The contractual operating commitments of the Group were primarily related to the purchases of items of equipment for projects. As at 31 December 2024, the Group's contractual operating commitments amounted to approximately RMB3,547,000 (2023: approximately RMB2,592,000).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have future plans for material investments and capital assets as at the date of this report.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2024 and 2023, as the Group did not have any banking facilities, there were no pledges on the Group's buildings, investment properties and leasehold land to secure general banking facilities.

FOREIGN EXCHANGE EXPOSURE

The Group's main operations are in the PRC with most of its transactions settled in RMB. The Directors are of the opinion that the Group's exposure to foreign exchange risk is insignificant. During the year ended 31 December 2024, the Group did not hedge any exposure to foreign exchange risk.

ADVANCES TO AN ENTITY

As at 31 December 2024, the Group did not provide any advances to any entity outside the Group.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDERS

As at 31 December 2024, there was no pledging of Shares by the controlling shareholders of the Company (the "**Controlling Shareholders**").

LOAN AGREEMENTS OF THE GROUP

As at 31 December 2024, the Group did not enter into any loan agreement with covenants relating to specific performance of the Controlling Shareholders.

During the year ended 31 December 2024, the Group did not breach any terms of agreement in respect of any loan that is significant to the Group's operations.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

As at 31 December 2024, the Group did not provide any financial assistance and guarantees to affiliated companies of the Group.

SHARE OPTION SCHEME

On 17 June 2022, the Company adopted a share option scheme (the "**Share Option Scheme**") in accordance with Chapter 23 of the GEM Listing Rules. For principal terms of the Share Option Scheme, please refer to the circular of the Company dated 25 May 2022. On 29 June 2022, the Company subsequently granted 18,000,000 share options (the "**Option(s)**") to certain Directors and employees of the Company to subscribe for an aggregate of 18,000,000 Shares pursuant to the terms of the Share Option Scheme.

No employees have been granted and will be granted in excess of the 1% individual limit.

Details of the Share Option Scheme

(1) *Purpose*

The purpose of the Share Option Scheme is to (i) motivate the eligible persons to work hard and provide for the Group's future development by providing them with an opportunity to acquire the Shares, thereby promoting long-term stable development of the Group; (ii) provide the eligible persons with incentives and/or rewards for their contributions to the Group; and (iii) enhance the Group's ability to attract and retain individuals with outstanding skills and extensive experience.

(2) *Participants*

The eligible persons to be granted Options under the Share Option Scheme include (i) any current employee, executive or officer of the Group; or (ii) any Director (including non-executive Director and independent non-executive Director) of the Company whom the Board or its authorized person considers at its sole discretion has made or will make contributions to the Group. The Board will have the sole discretion to consider and determine which eligible persons are to be granted Options based on the Directors' opinion as to such eligible persons' contribution to the development and growth of the Group.

(3) *The maximum number of Shares available for issue*

The total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme shall not in aggregate exceed 18,000,000 Shares, representing 6% of the total number of Shares in issue as at the date of the adoption of the Share Option Scheme and as at the date of this annual results announcement.

(4) *The maximum entitlement of each participant*

Grant of Options to non-connected persons

Subject to the paragraph below in relation to the grant of Options to connected persons, the total number of Shares issued and which may fall to be issued upon exercise of Options under the Share Option Scheme and the share options granted under any other share option schemes of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of Options to a grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all Options granted and proposed to be granted to such person (including exercised, cancelled and outstanding Options) under the Share Option Scheme and any other share option scheme of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such grantees and their close associates (or his associates if the participant is a connected person) abstaining from voting.

Grant of Options to core connected persons

The granting of any Option to any Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Option).

In addition, where any grant of Options to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue as at the date of grant, such further grant of Options must be approved by the Shareholders in general meeting. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

(5) *Time of acceptance and exercise of Options*

An Option may, subject to the terms and conditions upon which such Option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the Option is there by exercised and the number of Shares in respect of which it is exercised. An Option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted. The period during which an Option may be exercised will be determined by the Board in its absolute discretion, save that no Option may be exercised more than 10 years after the date of grant.

(6) *Vesting Period*

The vesting period under the Share Option Scheme is 3 years at the following ratios on the date of issuance of the audited financial report of the Group for the relevant financial year:

- (a) the first financial year immediately following the year of the grant date, 40% of the total number of share options granted to the grantee;
- (b) the second financial year immediately following the year of the grant date, 30% of the total number of share options granted to the grantee; and
- (c) the third financial year immediately following the year of the Grant Date, 30% of the total number of share options granted to the grantee.

If the vesting conditions are not fulfilled for a relevant financial year, the corresponding portion of share options granted will lapse.

(7) *Exercise price for the Shares*

The exercise price of the Options granted under the Share Option Scheme shall be the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

(8) *Grant offer letter and notification of grant of Options.*

An offer shall be deemed to have been accepted and the Option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of the offer duly signed by the grantee with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer, which must be received by the Company within ten business days from the date of grant. Such remittance shall in no circumstances be refundable.

To the extent that the offer is not accepted within the time specified in the offer, it will be deemed to have been irrevocably declined.

(9) The duration of the Share Option Scheme

The Share Option Scheme shall be valid and effective for the period of 10 years from the date of adoption of the Share Option Scheme (after which, no further Options shall be offered or granted under the Share Option Scheme), but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto and remain outstanding. As at the date of this report, the remaining life of the Share Option Scheme is approximately 7 years.

Name of grantee	Date of grant	Exercise period	Vesting Period	Exercise price as at 1 January 2024 (HKD)	Exercise price as at 31 December 2024 (HKD)	Balance as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ forfeited/ lapsed during the period	Effect of Share consolidation	Balance as at 31 December 2024
Directors											
Mr. XIE Yang	29 June 2022	Date of issuance of the audited financial report for the year ended 31 December 2023 to 28 June 2032	From the date of grant to the date preceding the date of issuance of the audited financial report for the year ended 31 December 2023	1.19	11.9	1,200,000	-	-	-	(1,080,000)	120,000
		Date of issuance of the audited financial report for the year ended 31 December 2024 to 28 June 2032	From the date of grant to the date preceding the date of issuance of the audited financial report for the year ended 31 December 2024	1.19	11.9	900,000	-	-	-	(810,000)	90,000
		Date of issuance of the audited financial report for the year ended 31 December 2025 to 28 June 2032	From the date of grant to the date preceding the date of issuance of the audited financial report for the year ended 31 December 2025	1.19	11.9	900,000	-	-	-	(810,000)	90,000
Mr. HE Xuanxi	29 June 2022	Date of issuance of the audited financial report for the year ended 31 December 2023 to 28 June 2032	From the date of grant to the date preceding the date of issuance of the audited financial report for the year ended 31 December 2023	1.19	11.9	400,000	-	-	-	(360,000)	40,000
		Date of issuance of the audited financial report for the year ended 31 December 2024 to 28 June 2032	From the date of grant to the date preceding the date of issuance of the audited financial report for the year ended 31 December 2024	1.19	11.9	300,000	-	-	-	(270,000)	30,000
		Date of issuance of the audited financial report for the year ended 31 December 2025 to 28 June 2032	From the date of grant to the date preceding the date of issuance of the audited financial report for the year ended 31 December 2025	1.19	11.9	300,000	-	-	-	(270,000)	30,000
Others											
Other Employees	29 June 2022	Date of issuance of the audited financial report for the year ended 31 December 2023 to 28 June 2032	From the date of grant to the date preceding the date of issuance of the audited financial report for the year ended 31 December 2023	1.19	11.9	3,200,000	-	-	-	(2,880,000)	320,000
		Date of issuance of the audited financial report for the year ended 31 December 2024 to 28 June 2032	From the date of grant to the date preceding the date of issuance of the audited financial report for the year ended 31 December 2024	1.19	11.9	2,400,000	-	-	-	(2,160,000)	240,000
		Date of issuance of the audited financial report for the year ended 31 December 2025 to 28 June 2032	From the date of grant to the date preceding the date of issuance of the audited financial report for the year ended 31 December 2025	1.19	11.9	2,400,000	-	-	-	(2,160,000)	240,000

As a result of the share consolidation completed on 6 December 2024, adjustments were made to the number of shares subject to, and exercise price of, the outstanding share options under the Scheme (the “Share Options Adjustments”). The Share Option Adjustment took effect on the same date of the share consolidation.

The fair value of equity settled share options granted during the year was estimated as at the date of grant, taking into account the terms and conditions upon which the options were granted.

At the end of the reporting period, the Company had 1,200,000 (2023:12,000,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 1,200,000 additional ordinary shares of the Company and additional share capital of HK\$14,280,000 (before issue expense).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 39 employees (2023: 52 employees). Employee costs amounted to approximately RMB8.6 million for the year ended 31 December 2024 (2023: approximately RMB15.9 million). The remuneration policy of the Group is to provide remuneration packages, including salary and various kinds of bonuses to reward employees’ outstanding performance and contribution to the Group. The Company has also adopted the Share Option Scheme on 17 June 2022. In addition, the Board will review and determine the remuneration and compensation packages of our Directors and senior management with the recommendation from the remuneration committee (the “**Remuneration Committee**”). The Group will endeavor to ensure that the employees’ salary levels are in line with industry practice and prevailing market conditions and that employees’ remuneration is determined based on their performance.

TRAINING AND SUPPORT FOR DIRECTORS AND EMPLOYEES

The Company recognises the importance of keeping the Directors up to date with the latest information of duties and obligations of a director of a company the shares of which are listed on the Stock Exchange and the general regulatory requirements and environment for such listed company. To meet this goal, each newly appointed Director would receive an introductory training regarding the statutory and regulatory obligations of a director of a listed company in Hong Kong. As part of the continuous professional development program, the Company has also kept the Directors updated of any material changes in the GEM Listing Rules and corporate governance practices from time to time. Directors are provided with reading materials summarising the duties and responsibilities in acting as directors from time to time to keep the Directors abreast of such duties and responsibilities.

Periodical training will be provided to the employees of the Group in order to maintain and enhance their professional and technical skills. Those trainings will be organised internally by the Group or will involve courses and forums organised by external parties.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2024 (the “AGM”) will be held on Friday, 23 May 2025. A notice convening the AGM will be issued and sent to the shareholders of the Company in due course.

The register of members of the Company will not be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the forthcoming AGM to be held on Friday, 23 May 2025. However, in order to qualify for attending and voting at the forthcoming AGM, all transfers documents accompanied by the relevant share certificates must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 May 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

EVENTS AFTER THE END OF REPORTING PERIOD

Save for disclosed in this announcement, there was no material event which could have material impact to the Group’s operating and financial performance after the Reporting Period and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a good corporate governance standard, with the chairman being primarily responsible for establishing relevant practices and procedures. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate its business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen accountability to Shareholders and creditors. The Board acknowledges the responsibility for reviewing the effectiveness of the Group’s internal control and risk management systems. The Board communicates regularly with the Audit Committee and independent advisor to identify, evaluate and manage significant risks associated with the Group’s business and operations. Therefore the Board has reviewed and will continue to review and improve the Company’s corporate governance practices from time to time.

The Company adopted the Corporate Governance Code (the “CG Code”) contained in Appendix 15 (currently known as Appendix C1) to the GEM Listing Rules effective during the year ended 31 December 2023 as its own code of corporate governance. Save for code provision C.2.1 of the CG Code, which provides that the roles of the chairman and chief executive of the Company should be separate and should not be performed by the same individual, the Board is satisfied that the Company had complied with the CG Code for the year ended 31 December 2024. Mr. Xie Yang (“Mr. Xie”) is the chairman and the chief executive officer of the Company. With extensive experience in the wastewater and water treatment engineering services industry, Mr. Xie is responsible for the Group’s overall strategic planning and management of its business. The Board considers that vesting the roles of chairman and chief executive officer in Mr. Xie is beneficial to the business prospects and management of the Group given Mr. Xie’s expertise in wastewater and water treatment engineering and thus will allow Mr. Xie to provide strong and consistent leadership capabilities to the Group. Furthermore, the balance of power and authority is already ensured by the operation of the senior management and the Board, which comprises experienced individuals, in overseeing different aspects of the Company’s affairs and thereby provides adequate safeguards to ensure the balance of power and authority. The Board comprised of five executive Directors (including Mr. Xie) and three independent non-executive Directors as at 31 December 2024 and therefore has sufficient independent elements in its composition.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors, its employees, and the directors and employees of its subsidiaries and holding companies, who may likely possess inside information on the Company or its securities, 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 had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors for the year ended 31 December 2024.

REVIEW OF FINANCIAL STATEMENT

During the year ended 31 December 2024, the Audit Committee comprised three independent non-executive Directors, namely, Mr. Tse Chi Wai, Ms. Bai Shuang and Mr. Ha Cheng Yong. Mr. Tse Chi Wai had tendered its resignation as an independent non-executive director and the chairman of the Audit Committee of the Company with effect from 5 March 2025. Mr. Yam Yuet Hang has been appointed as an independent non-executive Director and the chairman of the Audit Committee with effect from 5 March 2025.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2024 and this announcement and is of the view that such results and the annual report complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made. The Audit Committee has also reviewed the effectiveness of the internal control and risk management systems of the Group.

FINANCIAL INFORMATION

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been reviewed by the Audit Committee, approved by the Board and agreed by the Group's auditor, Beijing Xinghua Caplegend CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Beijing Xinghua Caplegend CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Beijing Xinghua Caplegend CPA Limited on the preliminary announcement.

By order of the Board
Futian Holdings Limited
XIE Yang
Chairman

Guangzhou, PRC, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. XIE Yang, Mr. HE Xuanxi, Ms. LIU Chujun, Ms. SUN Zhaoyang and Ms. FENG Li; and the independent non-executive Directors are Ms. BAI Shuang, Mr. HA Chengyong and Mr. YAM Yuet Hang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Announcements" page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its posting and be posted on the website of the Company at www.greatwater.com.cn.