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浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd
(a joint stock company established in the People’s Republic of China with limited liability)
(Stock Code: 1527)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

FINANCIAL HIGHLIGHTS

- The revenue of Zhejiang Tengy Environmental Technology Co., Ltd (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”) was approximately RMB165.70 million, representing a decrease of approximately 30.69% when compared with that of the corresponding period of last year.
- The Group’s profit attributable to owners of the parent for the Reporting Period was approximately RMB1.52 million, representing a decrease of approximately 37.85% when compared with that of the corresponding period of last year.
- The board (the “**Board**”) of directors of the Company (the “**Directors**”) did not recommend the payment of any dividend for the Reporting Period.

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the Reporting Period.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	165,696	239,055
Cost of goods sold		<u>(144,305)</u>	<u>(196,815)</u>
GROSS PROFIT		21,391	42,240
Other income	5	15,916	1,617
Selling expenses		(5,274)	(4,996)
Administrative expenses		(29,875)	(31,375)
Other operating expenses		<u>(133)</u>	<u>(109)</u>
Profit from operations		2,025	7,377
Finance costs	7	<u>(3,246)</u>	<u>(3,682)</u>
(LOSS)/PROFIT BEFORE TAX		(1,221)	3,695
Income tax credit/(expense)	8	<u>2,738</u>	<u>(1,254)</u>
PROFIT FOR THE PERIOD		<u>1,517</u>	<u>2,441</u>
ATTRIBUTABLE TO:			
Owners of the parent		<u>1,517</u>	<u>2,441</u>
EARNINGS PER SHARE			
Basic (RMB)		<u>0.01</u>	<u>0.02</u>
Diluted (RMB)		<u>0.01</u>	<u>0.02</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June 2021	31 December 2020
	Note	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		75,531	72,320
Prepaid land lease payments		38,070	41,039
Intangible assets		912	1,046
Deferred tax assets		57,563	56,045
Pledged deposits		1,436	6,615
Deposit paid for intangible asset		–	–
Investment in an associate		75,782	75,499
Total non-current assets		249,294	252,564
CURRENT ASSETS			
Inventories		413,554	226,636
Trade and bills receivables		817,103	791,571
Contract assets and contract costs		13,646	72,889
Prepayments, deposits and other receivables		57,542	29,616
Prepaid land lease payments		1,980	–
Investments at fair value through profit or loss		–	13,464
Pledged deposits		17,579	9,283
Bank and cash balances		16,397	104,548
Tax receivable		20	–
Total current assets		1,337,821	1,248,007
CURRENT LIABILITIES			
Trade and bills payables		228,760	265,819
Contract liabilities		393,256	247,049
Other payables and accruals		96,868	95,358
Bank loans	9	106,710	122,809
Tax payable		–	9,532
Total current liabilities		825,594	740,567
NET CURRENT ASSETS		512,227	507,440
TOTAL ASSETS LESS CURRENT LIABILITIES		761,521	760,004
NET ASSETS		761,521	760,004
CAPITAL AND RESERVES			
Share capital		135,000	135,000
Share premium		239,064	239,064
Reserves		387,457	385,940
TOTAL EQUITY		761,521	760,004

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Zhejiang Tengy Environmental Technology Co., Ltd (the “**Company**”) is a joint stock company with limited liability established in the People’s Republic of China (the “**PRC**”). The registered office of the Company is located at TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, PRC. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company and its subsidiaries (collectively the “**Group**”) were principally engaged in design, development, manufacturing, installation and sale of environmental pollution prevention equipment and electronic products.

2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

These condensed financial statements should be read in conjunction with the 2020 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the Reporting Period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current Reporting Period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE

The Group’s revenue consisted of (i) sales of environmental protection equipment for installation and sale of environmental pollution prevention equipment and electronic products; (ii) the invoiced value of materials sold; and (iii) the value of services rendered during the Reporting Period.

	Six months ended 30 June	
	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Sales of environmental protection equipment	158,131	219,022
Sale of materials	7,561	11,729
Rendering of services	4	8,304
	165,696	239,055

Disaggregation of revenue from sales of environmental protection equipment:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Geographical markets		
Mainland China	158,126	208,570
Other countries	5	10,452
Total	158,131	219,022
Major products		
Electronstatic precipitator	61,908	98,625
Electronstatic-bag composite precipitator	6,709	32,867
Bag filter precipitator	5,256	11,321
SO ₂ and NO _x emission reduction (desulfurisation and denitrification devices)	70,352	68,748
Others (e.g. Pneumatic ash conveying system)	13,906	7,461
Total	158,131	219,022
Timing of revenue recognition		
At a point in time		
– Sales of environmental protection equipment	158,131	219,022
– Sale of materials	7,561	11,729
– Rendering of services	4	8,304
Total	165,696	239,055

5. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	113	444
Government grants	539	1,154
Others	164	19
Reversal of doubtful receivable amount	15,100	–
	15,916	1,617

6. OPERATING SEGMENT INFORMATION

The Group's revenue during the Reporting Period was mainly derived from (i) environmental protection equipment contract revenue for installation and sale of environmental pollution prevention equipment and electronic products; (ii) the invoiced value of goods sold; and (iii) the value of services rendered. The products of the Group are subject to similar risks and returns and, therefore, the Group has only one business segment.

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Mainland China	165,659	228,603
Other countries	37	10,452
	<u>165,696</u>	<u>239,055</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

All non-current assets of the Group are located in Mainland China.

7. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans	<u>3,246</u>	<u>3,682</u>

8. INCOME TAX (CREDIT)/EXPENSE

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the Group which operates in Mainland China is subject to Corporate Income Tax (“CIT”) at a rate of 25% on the taxable income.

The income tax (credit)/expense of the Group is analysed as follows:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax for the period	62	4,364
Deferred tax	<u>(2,800)</u>	<u>(3,110)</u>
Income tax (credit)/expense for the period	<u>(2,738)</u>	<u>1,254</u>

9. BANK LOANS

	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Bank loans analysed as:		
Secured	106,500	106,500
Unsecured		
Margin loan	<u>210</u>	<u>16,309</u>
Total	<u>106,710</u>	<u>122,809</u>

The secured bank loans of the Group amounting to RMB46,500,000 (2020: 46,500,000) were secured by (i) the Group’s building situated in the Mainland China, which had an aggregate net carrying value of RMB47,022,000 as at 30 June 2021 (2020: RMB7,972,000); (ii) the Group’s leasehold land situated in Mainland China, which had an aggregate carrying amount of RMB25,642,000 as at 30 June 2021 (2020: RMB13,996,000).

The effective interest rates per annum at the end of the Reporting Period were as follows:

	30 June 2021	31 December 2020
Fixed-rate	<u>5.62%–5.66%</u>	<u>4.79%–5.66%</u>

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the Reporting Period (six months ended 30 June 2020: Nil).

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the Reporting Period.

The calculations of basic earnings per share are based on:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)

Earnings

Profit attributable to ordinary equity holders of the parent
used in the basic earnings per share calculation

<u>1,517</u>	<u>2,441</u>
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Number of shares	
Six months ended 30 June	
2021	2020
(Unaudited)	(Unaudited)

Shares

Weighted average number of ordinary shares in issue during
the period used in the basic earnings per share calculation

<u>135,000,000</u>	<u>135,000,000</u>
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MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Our Group

The Group has over 23 years of industry experience and continue to innovate in industrial technologies.

The Group is a well-established integrated atmospheric pollution control solution provider, with a primary focus on particulate emission control by offering mega-sized precipitators to customers in various industries.

Our Products

The Group's main products are electronstatic precipitator, electronstatic-bag composite precipitator, bag filter precipitator and Sulphur Dioxide (SO₂) and Nitrogen Oxide (NO_x) emission reduction products. During the Reporting Period, the Group's revenue was mainly derived from electronstatic precipitator and SO₂ and NO_x emission reduction products, which accounted for approximately 37.36% and approximately 42.46% respectively of the total revenue. The Group's products and equipment are involved in the flue gas treatment projects distributed in various provinces, municipalities and autonomous regions and overseas markets. Key customers include large state-owned enterprises and private leading enterprises.

Precipitators are widely installed at coal-fired power plants, metallurgical plants, paper mills and other industrial production plants. As such, the Group has an extensive range of customers including the project owners of power plants and industrial production plants, or contractors who undertake the construction work of power plants and industrial production plants.

Domestic Market

The Group's major products are mainly applied in core industries such as electricity, metallurgy, steel, building materials, electrolytic aluminum, etc. The equipments are operated for a long time in harsh conditions such as high temperature, high pressure, high concentration and corrosive flue gas. Manufacturers of precipitators must pursue continuous enhancement of product performance, technological innovation and improvement of production process to gain a competitive advantage and profit. With more than 23 years of experience in the domestic industry and continuous technology innovation, the Group has more advantages in the domestic market.

International Markets

Leveraging on its extensive experience in the PRC market, the Group has been in the continuing expansion into international markets since 2005. This allows for the Group's application of its atmospheric pollution control solutions in foreign countries.

OVERVIEW

The Group is a well-established integrated atmospheric pollution control solution provider, with a primary focus on particulate emission control by offering mega-sized precipitators to customers in various industries. The Group has leveraging years of industry experience and continual innovation in industrial technologies.

During the Reporting Period, the Group generated its revenue primarily from (i) sales of environmental protection equipment; (ii) sale of materials; and (iii) rendering of services.

Sales of environmental protection equipment represented tailor-made and integrated atmospheric pollution control solutions offered by the Group to its customers, comprising equipment procurement and manufacturing, supervision of installation and commissioning, customer training, and repair and maintenance to its customers on a project basis. During the Year, the Group mainly offered four types of precipitators including electrostatic precipitators, electrostatic-bag composite precipitators, bag filter precipitators and SO₂ and NO_x emission reduction products.

The Group's sale of materials including raw materials, spare parts and components and scrap materials to related parties or independent third parties.

The Group's rendering of services represented its technology consultancy services to its customers on a stand-alone basis, which includes repair and replacement, and on-site engineering and maintenance services to those projects which were not constructed by the Group.

BUSINESS REVIEW

As one of the largest economies in the world, China has introduced numerous environmental protection policies. The introduction of China's "14th Five-Year" Plan for Ecological and Environmental Protection" (《國家「十四五」生態環境保護計劃》) and the Summary of the "14th Five-Year" Plan for Provincial National Economic and Social Development" (《省國民經濟和社會發展第十四個五年規劃綱要》) has continuously deepened the revolution in environmental protection industry, making the environmental protection industry to be one of China's key strategic emerging industries with boundless prospects for development.

China is committed to improving the green and low-carbon production mode and lifestyle, and substantially reducing the total amount of major pollutants discharged by 2025, so as to ensure the overall improvement in the ecological and environmental quality and the adaption of ecological civilization construction to the building of a moderately prosperous society in all respects.

As one of China's key strategic industries, governments at all levels throughout the country also attach great importance to the environmental protection industry in provinces and cities by actively taking measures to promote energy saving, emission reduction and environmental governance, including the implementation of urban air quality checklist management system and the continuously carrying out of the "Provincial Blue Sky Project Action Plan" (《省藍天工程行動計劃》), aiming to significantly lower the number of days of serious pollution; as well as the deepening of industrial pollution treatment by implementing cleaner production technology transformation in key industries such as steel, building materials, coking, nonferrous metals, etc.

Up to now, almost all provinces and cities in China have promulgated relevant policies, financial support or project management plans for ecological environment protection, providing strong support for China's comprehensive promotion of the environmental protection industry.

Meanwhile, China has been implementing a large number of infrastructure projects and telecommunications engineering projects in recent years, where the related projects need the support of the power generation industry, which has increased the demand for the Group's environmental protection equipment. The Group believes that leveraging on its track record and advanced technologies together with its stable workplaces and staff, its ability to secure new projects will be improved.

In addition, in view of China being committed to developing clean energy to improve green and low-carbon levels, the Group acquired 40% equity interest of Zhejiang Tianjie Magnetic Materials Co., Ltd.* (浙江天潔磁性材料股份有限公司) from the controlling shareholder of the Group on 8 June 2021.

The Group believes that the acquisition will lay a foundation for the Group to enter the new materials market in China, and will also broaden the Group's source of income, further improve the value of the Group, and maximize the returns to the shareholders of the Company (the "**Shareholders**").

The outbreak of the novel coronavirus disease (COVID-19) (the "**Pandemic**") resulted in downtrend of economy and transportation difficulties in China, which delayed new tenders of the Group and affected the customer orders of the Group due to slower economic activity. In response to the Pandemic, the PRC government has introduced a series of policies, providing reliefs and exemptions in different aspects including taxes and social security. It has also facilitated the rapid recovery of the market and enterprises by continuing to streamline government administrative procedures, supporting new methods and new modes of business operations, increasing investments in infrastructure and expanding domestic demands.

The outlook of the Group's business will be impacted by various uncertainties during the second half of 2021. However, the Group will continue to make concerted efforts and strive to battle the Pandemic and look for business opportunities to broaden sources of income, enhance the value of the Group and maximise Shareholders' return.

For the Reporting Period, the revenue and the profit and total comprehensive income of the Group amounted to approximately RMB165.70 million and approximately RMB1.52 million respectively. For the Reporting Period, the Group's gross profit amounted to approximately RMB21.39 million, representing a decrease of approximately 49.36% as compared with approximately RMB42.24 million for the corresponding period of 2020; and the gross profit margin decreased by approximately 4.76% to approximately 12.91% as compared with the corresponding period of 2020. The decrease in revenue for the Reporting Period of the Group was mainly due to large-scale projects commenced on the first half of 2021, which will take twelve to fifteen months to complete, and the relevant revenue will be recognized in the second half of 2021 or the first half of 2022 in accordance with the Group's revenue recognition method.

For the Reporting Period, the value of the Group's new contracts (which represents the aggregate value of the contracts it entered into during a specified period) was approximately RMB291 million. As at 30 June 2021, the Group's backlog (including applicable value-added tax) (which represents the total estimated contract value of work that remained to be completed pursuant to outstanding projects as of a certain date and assuming performance in accordance with the terms of the contract) was approximately RMB2,241 million.

The Group recorded a loss before tax which amounted to approximately RMB1.22 million for the Reporting Period while the Group recorded a profit before tax which amounted to approximately RMB3.70 million for the corresponding period of 2020. The Group's profit attributable to owners of the Company decreased to approximately RMB1.52 million representing a decrease of approximately 37.85% when compared to the corresponding period of 2020. The aforesaid decrease was mainly due to (i) the large-scale projects commenced in the first half of 2021, which will take twelve to fifteen months to complete, and the relevant revenue will only be recognised in the second half of 2021 or first half of 2022 in accordance with the Group's revenue recognition method; and (ii) the significant increase in the price of steel, one of the major raw materials of the products produced by the Company.

The Group spent great effort to enhance cost management to make its products and solutions more cost competitive. The atmospheric pollution control solutions offered by the Group mainly comprise the atmospheric pollution control devices designed and manufactured on its own. The Group possesses the qualifications and expertise in manufacture and supply of the key atmospheric pollution control system of the projects it undertakes based on customised design proposals. The Group is dedicated to improving manufacturing process and management system by managing the product quality and operation, reducing energy consumption and assessing the environmental impact in accordance with international standards. The quantitative management, environmental management and quality management systems of the Group were awarded with a number of ISO certificates. These systems help the company estimate costs, smoothen project operations and improve operating efficiency.

As of 30 June 2021, the Group had 47 registered patents (including 3 invention patents and 44 utility model patents) in the PRC. Based on the strong design and manufacturing capabilities, the Group primarily provides comprehensive atmospheric pollution control solutions to its customers. The Group offers a wide range of models of electrostatic precipitators which support electricity generators with capacity spanning from 6.25MW to over 1,000MW. The Group is one of the few manufacturers in the PRC which provides electrostatic precipitators for single generator unit with capacity of 1,000MW or above.

As at 30 June 2021, the Group maintained a total of 489 full-time employees (As at 31 December 2020: 501). The remuneration payable to the Group's employees includes basic wages, bonuses and other staff benefit. The Group conducts periodic performance reviews for the employees and determine their remuneration based on factors including qualifications, contributions, years of experience and performance.

FINANCIAL REVIEW

The accounting information contained in this interim report has not been audited by the Company's auditor.

Revenue

The revenue of the Group amounted to approximately RMB165.70 million for the Reporting Period, representing a decrease of approximately 30.69% as compared with the corresponding period of 2020. The decrease in revenue for the Reporting Period of the Group was mainly due to large-scale projects commenced in the first half of 2021, which will take twelve to fifteen months to complete, with the relevant revenue only recognized in the second half of 2021 or the first half of 2022 in accordance with the Group's revenue recognition method.

Revenue generated from environmental protection equipment products of the Group amounted to approximately 95.43% of its total revenue. Depending on the specifications and requirements of its customers, the Group may provide an integrated set of atmospheric pollution control devices comprising precipitators, desulfurisation system and/or denitrification system, or only provide one type of the said atmospheric pollution control devices on a stand-alone basis towards new installation projects or upgrading or modification projects. A majority of the Group's environmental protection equipment contracts are related to the manufacture, installation and sales of electrostatic precipitators.

Cost of Sales

The Group's costs incurred in environmental protection equipment contracts principally comprise material costs, staff costs, depreciation and overhead costs. The Group's major raw materials used in the manufacturing process of ash removal and transfer devices and desulfurisation and denitrification devices are steel, electrical instruments, filter bags and others.

The cost of sales of the Group amounted to approximately RMB144.31 million for the Reporting Period, representing a decrease of approximately 26.68% from approximately RMB196.82 million as compared with the corresponding period of 2020.

Gross Profit Margin

The unaudited gross profit margin for the Reporting Period was approximately 12.91%, representing a decrease of approximately 4.76% from approximately 17.67% as compared with the corresponding period of 2020.

Profit attributable to owners of the parent

The unaudited profit attributable to the owners of the parent for the Reporting Period was approximately RMB1.52 million, representing a decrease of approximately 37.85% from approximately RMB2.44 million as compared with the corresponding period of 2020. Weighted average earnings per share amounted to approximately RMB1 cent for the Reporting Period.

WORKING CAPITAL

As at 30 June 2021, the Group's working capital (current assets less current liabilities) amounted to approximately RMB512.23 million (31 December 2020: approximately RMB507.44 million).

Gearing Ratio

As of 30 June 2021, the Group's gearing ratio (*Note*) was approximately 11.86% (31 December 2020: approximately 2.4%).

Note: Gearing ratio = (total bank loan – cash and cash equivalents)/total equity x 100%

Foreign currency risk

The Group is exposed to transactional currency risk. Such exposures arise from sales by operating units in currencies other than the units' functional currencies. Approximately 0.00% and 4.37% of the Group's sales for the period ended 30 June 2021 and 30 June 2020, respectively were denominated in currencies other than the functional currencies of the operating units making the sale. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, management of the Group constantly monitors the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future should the need arise.

INTERIM DIVIDEND

The Directors did not propose to declare an interim dividend for the Reporting Period (six months ended 30 June 2020: Nil).

CONTINGENT LIABILITIES

The Group is neither currently involved in any material legal proceedings nor aware of any pending or potential material legal proceedings involving itself. If the Group were involved in such material legal proceedings, the Group would record any loss or contingent events when, based on information then available, it is likely that a loss has been incurred and the amount of the loss can be reasonably estimated.

As at 30 June 2021, the Group did not have any material contingent liabilities or guarantees.

MATERIAL ACQUISITION AND DISPOSAL

On 8 June 2021, the Company entered into the agreement with Tengy Group Limited* (天潔集團有限公司) (the “**Vendor**”), pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell 40% of the equity interest of Zhejiang Tianjie Magnetic Materials Co., Ltd.* (浙江天潔磁性材料股份有限公司) for the consideration of RMB68,000,000. For details, please refer to the announcement of the Company dated 8 June 2021 and the circular of the Company dated 29 June 2021. Save as above, the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures during the Reporting Period.

PROSPECT

In order to cooperate with the relevant environmental protection policies in PRC, the Group will devote to enhance its research and development capabilities, develop new technologies and expand our product portfolio (such as ash conveyers) to fight the atmospheric pollution control battle for our country for protecting our country’s blue sky and water, and give back to the society. The Group hopes to capture the growing opportunities in the atmospheric pollution control solution industry in the PRC through internal research and development to consolidate the Group’s existing business, and enhance the Group’s national and international brand recognition in order to expand the its domestic and international market share.

Besides, the Group will continue to actively seek appropriate acquisition projects and tap into various environmental business areas in order to broaden the Group’s revenue base, enhance the Group’s core value and maximise returns for Shareholders.

The Group believes that its established customer base in the PRC and its exposure to overseas markets could help it lay a solid foundation for future expansion in both domestic and overseas markets of the Group, and enable it to become the leading player in the atmospheric pollution control solution industry and other environmental protection industry.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by any members of the Group during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issues (the “**Model Code**”), as set out in Appendix 10 of the Listing Rules throughout the Reporting Period. Having made all reasonable enquiries from all Directors, each of them has complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the provisions listed in the Corporate Governance Code and Corporation Governance Report (the “**Corporate Governance Code**”) as set out in Appendix 14 of the Listing Rules throughout the Reporting Period.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) pursuant to a resolution of the Director passed on 10 November 2014 with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules. The written terms of reference of the Audit Committee were adopted in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code. Its terms of reference are available on the websites of the Company and the Stock Exchange. The Audit Committee comprises three independent non-executive Directors, namely Mr. Fung Kui Kei (Chairman), Mr. Li Jiannan and Mr. Zhang Bing.

APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements of the Group for the Reporting Period were reviewed by the Audit Committee and approved by the Board on 31 August 2021.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tengy.com). The interim report of the Company for the Reporting Period containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the aforesaid websites in due course.

By order of the Board

Zhejiang Tengy Environmental Technology Co., Ltd

Mr. BIAN Yu

Chairman and executive Director

Zhuji City, Zhejiang Province, the PRC

31 August 2021

As at the date of this announcement, the executive directors of the Company are Mr. BIAN Yu, Mr. BIAN Weican and Ms. BIAN Shu; the non-executive directors of the Company are Mr. BIAN Jianguang, Mr. CHEN Jiancheng and Mr. ZHU Xian Bo; and the independent non-executive directors of the Company are Mr. ZHANG Bing, Mr. FUNG Kui Kei and Mr. LI Jiannan.