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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 2023**

**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 2023 (the “**Reporting Period**”) was approximately RMB288.71 million, representing a decrease of approximately 7.59% 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 RMB6.87 million, representing a decrease of approximately 23.84% 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

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
		<b><i>RMB'000</i></b> <b>(Unaudited)</b>	<i>RMB'000</i> (Unaudited)
<b>REVENUE</b>	4	<b>288,706</b>	312,428
Cost of goods sold		<u>(226,894)</u>	<u>(245,066)</u>
<b>GROSS PROFIT</b>		<b>61,812</b>	67,362
Other income	5	<b>5,901</b>	3,395
Distribution and selling expenses		<b>(7,272)</b>	(3,904)
Administrative expenses		<b>(33,615)</b>	(37,071)
Other expenses		<u><b>(3,654)</b></u>	<u>(1,033)</u>
Profit from operations		<b>23,172</b>	28,749
Finance costs	7	<b>(3,779)</b>	(2,829)
Share of loss of associates		<u><b>(7,273)</b></u>	<u>(7,439)</u>
<b>PROFIT BEFORE TAX</b>		<b>12,120</b>	18,481
Income tax expense	8	<u><b>(5,250)</b></u>	<u>(9,460)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>6,870</b></u>	<u>9,021</u>
<b>ATTRIBUTABLE TO:</b>			
Owners of the parent		<u><b>6,870</b></u>	<u>9,021</u>
<b>EARNINGS PER SHARE</b>			
Basic ( <i>RMB</i> )		<u><b>0.05</b></u>	<u>0.07</u>
Diluted ( <i>RMB</i> )		<u><b>0.05</b></u>	<u>0.07</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At 30 June 2023 <i>RMB'000</i> (Unaudited)	At 31 December 2022 <i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		28,924	27,963
Right-of-use assets		1,009	1,020
Intangible assets		443	592
Deferred tax assets		45,110	43,878
Investment in associates		115,398	122,671
Pledged deposits		–	173
		<b>190,884</b>	196,297
<b>Current assets</b>			
Inventories		261,589	291,288
Trade and bills receivables	9	675,636	700,899
Contract assets and contract cost		36,132	44,295
Prepayment, deposits and other receivables		88,211	61,906
Bank and cash balances		293,376	241,041
		<b>1,354,944</b>	1,339,429
<b>Current liabilities</b>			
Trade and bills payables	10	189,460	200,711
Contract liabilities		377,005	354,675
Other payables and accruals		39,255	77,852
Bank loans	11	85,000	55,000
Tax payable		14,017	13,267
		<b>704,737</b>	701,505
<b>Net current assets</b>		<b>650,207</b>	637,924
<b>Total assets less current liabilities</b>		<b>841,091</b>	834,221
<b>NET ASSETS</b>		<b>841,091</b>	834,221
<b>Capital and reserves</b>			
Share capital		135,000	135,000
Share premium		239,064	239,064
Reserves		467,027	460,157
<b>TOTAL EQUITY</b>		<b>841,091</b>	834,221

# 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 TENGY 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 2022 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 2022.

### 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 2023. 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	
	2023	2022
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Sales of environmental protection equipment	284,470	306,237
Sale of materials	4,236	5,988
Rendering of services	—	203
	<u>288,706</u>	<u>312,428</u>

Disaggregation of revenue from sales of environmental protection equipment:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Geographical markets</b>		
Mainland China	280,633	305,389
Other countries	3,837	848
	<hr/>	<hr/>
Total	<b>284,470</b>	<b>306,237</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Major products</b>		
Electrostatic precipitator	225,235	256,820
Bag filter precipitator	18,089	26,777
SO <sub>2</sub> and NO <sub>x</sub> emission reduction (desulfurisation and denitrification devices)	32,708	13,879
Others (e.g. Pneumatic ash conveying system)	8,438	8,761
	<hr/>	<hr/>
Total	<b>284,470</b>	<b>306,237</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Timing of revenue recognition</b>		
At a point in time		
– Sales of environmental protection equipment	284,470	306,237
– Sale of materials	4,236	5,988
– Rendering of services	–	203
	<hr/>	<hr/>
Total	<b>288,706</b>	<b>312,428</b>
	<hr/> <hr/>	<hr/> <hr/>

## 5. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Bank interest income	892	53
Government grants	304	3,240
Others	161	102
Written off of amount payable	3,760	–
Gain on disposal of property, plant and equipment	784	–
	<hr/>	<hr/>
Total	<b>5,901</b>	<b>3,395</b>
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## 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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Mainland China	284,869	311,580
Other countries	3,837	848
	<u>288,706</u>	<u>312,428</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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans	<u>3,779</u>	<u>2,829</u>

## 8. INCOME TAX 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 expense/(credit) of the Group is analysed as follows:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax for the period	6,482	8,021
Deferred tax	<u>(1,232)</u>	<u>1,439</u>
Income tax expense for the period	<u><b>5,250</b></u>	<u><b>9,460</b></u>

## 9. TRADE AND BILLS RECEIVABLES

	As at	
	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	731,314	740,524
Bills receivable	<u>99,206</u>	<u>99,783</u>
	830,520	840,307
Impairment provision	<u>(154,884)</u>	<u>(139,408)</u>
	<u><b>675,636</b></u>	<u><b>700,899</b></u>

The Group’s trading terms with its customers are payment in advance normally required from customers. Trade receivables are non-interest-bearing and the credit period is generally 1 month. The Group seeks to maintain strict control over its outstanding trade receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.



The Group's bills receivable are all due within one year. As at 30 June 2023, the Group's bills receivable of approximately RMB25,157,000 (31 December 2022: approximately RMB18,264,000) were pledged to secure the Group's bills payable (note 10).

An aging analysis of the trade receivables, based on the invoice date and net of provisions, is as follows:

	<b>As at</b>	
	<b>30 June 2023 <i>RMB'000</i> (Unaudited)</b>	31 December 2022 <i>RMB'000</i> (Audited)
Within 1 year	<b>150,584</b>	206,770
1 to 2 years	<b>223,702</b>	178,630
2 to 3 years	<b>101,041</b>	111,710
Over 3 years	<b>104,095</b>	106,998
	<b>579,422</b>	604,108

#### **10. TRADE AND BILLS PAYABLES**

	<b>As at</b>	
	<b>30 June 2023 <i>RMB'000</i> (Unaudited)</b>	31 December 2022 <i>RMB'000</i> (Audited)
Trade payables	<b>160,857</b>	183,498
Bills payable	<b>28,603</b>	17,213
	<b>189,460</b>	200,711

The bills payable were secured by the Group's bills receivable of approximately RMB25,157,000 (31 December 2022: approximately RMB18,264,000) as at 30 June 2023.

An aging analysis of the trade payables, based on the invoice date, is as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within 1 year	<b>119,763</b>	103,891
1 to 2 years	<b>11,545</b>	59,314
2 to 3 years	<b>17,518</b>	6,865
Over 3 years	<b>12,031</b>	13,428
	<b><u>160,857</u></b>	<u>183,498</u>

## 11. BANK LOANS

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Bank loans analysed as:		
Secured	<b>55,000</b>	55,000
Unsecured	<b>30,000</b>	–
Total	<b><u>85,000</u></b>	<u>55,000</u>

As at 30 June 2023, the secured bank loan of the Group amounting to RMB25,000,000 (31 December 2022: RMB25,000,000) were secured by equity interest in 內蒙古國電和潔風能有限公司, the associate of the Group which had an aggregate net carrying value of RMB78,872,000 (31 December 2022: RMB77,972,000). The remaining amount were secured by corporate guarantee.

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

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Fixed-rate	<u><u>4.00-5.22%</u></u>	<u><u>4.00-5.22%</u></u>

## 12. DIVIDENDS

Final dividend of RMB0.05 per share of the Company for the year ended 31 December 2022 was approved and unpaid. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 and 2022.

## 13. 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:

	<b>Six months ended 30 June 2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	<u><u>6,870</u></u>	<u><u>9,021</u></u>
	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	<b>2023 (Unaudited)</b>	2022 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u><u>135,000,000</u></u>	<u><u>135,000,000</u></u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

### Our Group

The Group has over 25 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 (SO<sub>2</sub>) and Nitrogen Oxide (NO<sub>x</sub>) emission reduction products. During the Reporting Period, the Group's revenue was mainly derived from electronstatic precipitator and SO<sub>2</sub> and NO<sub>x</sub> emission reduction (desulfurisation and denitrification devices), which accounted for approximately 79.18% and approximately 11.50% 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 25 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 SO<sub>2</sub> and NO<sub>x</sub> 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**

The 20th National Congress of the Communist Party of China was held on 16 October 2022 at the Great Hall of the People in Beijing. On behalf of the 19th Central Committee, President Xi Jinping delivered a report to the congress entitled “Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects” (the “**20th National Congress Report**”).

When summarizing the achievements of ecological civilization construction in the past decade, the 20th National Congress Report pointed out that “this has led to historic, transformative, and comprehensive changes in ecological and environmental protection and has brought us bluer skies, greener mountains, and cleaner waters”. It also clarified that the construction of ecological civilization has a fundamental and strategic position in the central tasks of the Communist Party of China in the new era and new journey, including promoting green development and promoting the harmonious coexistence of mankind and nature which has become one of the core elements of the new development concept.

China’s ecological civilization construction has established a strategic direction focusing on carbon reduction and promoting synergies between pollution reduction and carbon reduction. The 20th National Congress Report made strategic arrangements for the construction of ecological civilization in the future, such as coordinately promoting carbon reduction, pollution reduction, green expansion and growth and promoting ecological priority, conservation and intensiveness, green and low-carbon development, so as to form a mutually reinforcing relationship between environment and development.

Based on the concept of “promoting green development and harmonious coexistence between mankind and nature” proposed by the 20th National Congress Report, coupled with the 14th Five-Year Comprehensive Work Plan for Energy Conservation and Emission Reduction (“**14th Five-Year Work Plan**”) issued by the State Council of the PRC, energy conservation and emission reduction projects will become one of the priorities for accelerating the comprehensive green transformation of economic and social development and further achieving carbon peaking and carbon neutrality. Therefore, the environmental protection and emission reduction industry continues to be one of the important strategic industries in China with great development prospects.

According to the 14th Five-Year Work Plan, by 2025, China's total emissions of chemical oxygen demand, ammonia nitrogen, nitrogen oxides and volatile organic compounds must be reduced by 8%, 8%, more than 10% and more than 10%, respectively, compared with 2020, so that the emission control level of major pollutants in China's key industries will basically reach the internationally advanced level, so as to fully, accurately and comprehensively implement the statement of "respecting, adapting to, and protecting nature is essential for building China into a modern socialist country in all respects" as indicated in the 20th National Congress Report. We must firmly establish and practice the concept of "lucid waters and lush mountains are invaluable assets", and seek development from the perspective of "harmonious coexistence between mankind and nature".

In addition, the 14th Five-Year Work Plan also proposed to deploy ten key projects for energy conservation and emission reduction, among which, the green upgrade project in key industries, the pollutant emission reduction project in key regions, the clean and efficient coal utilization project and the comprehensive volatile organic compound treatment project are all within the scope of the Group's professional fields.

Therefore, the Group believes that the governments at all levels in China will more actively promote energy conservation, emission reduction and environmental governance, and formulate more policies, financial support or project management plans for ecological environment protection. With previous design and manufacturing experience and advanced technology, coupled with our strong R&D team, the Group believes that it can seize the business opportunities brought about by the 20th National Congress Report and the 14th Five-Year Work Plan to expand the Group's domestic market share.

The sporadic outbreak of the novel coronavirus disease (COVID-19) (the "**Epidemic**") in China at the end of 2022 resulted in a slowdown in economic activities and transportation difficulties in China. As a result, the Group's new tenders were delayed and customers' orders were affected. In response to the Epidemic, the Chinese government had issued a series of policies to provide relief in different aspects such as taxation and social security. The Chinese government also continued to streamline government administrative procedures, support new methods and models of business operations, increase investment in infrastructure and expand domestic demand, which contributed to a rapid recovery of the market and businesses.

In 2023, various uncertainties will affect the prospects of the Group's business. However, the Group will continue to work together to combat the Epidemic and seek business opportunities to expand revenue streams, enhance the Group's value and maximize the returns of the Shareholders.

As of 30 June 2023, the Group had 53 registered patents (including 3 invention patents and 50 utility model patents) in the PRC. Based on its 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 2023, the Group maintained a total of 427 full-time employees (As at 31 December 2022: 446). 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 RMB288.71 million for the Reporting Period, representing a decrease of approximately 7.59% as compared with the corresponding period of 2022. The decrease in revenue of the Group for the Reporting Period was mainly due to large-scale projects commenced in the first half of 2023, which will take twelve to fifteen months to complete, with the relevant revenue only recognized in the second half of 2023 or the first half of 2024 in accordance with the Group's revenue recognition method.

Revenue generated from environmental protection equipment products of the Group amounted to approximately 98.53% 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 sale 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 RMB226.89 million for the Reporting Period, representing a decrease of approximately 7.42% from approximately 245.07 million as compared with the corresponding period of 2022.

## **Gross Profit Margin**

The unaudited gross profit margin for the Reporting Period was approximately 21.41%, representing a decrease of approximately 0.15% from approximately 21.56% as compared with the corresponding period of 2022.

## **Profit attributable to owners of the parent**

The unaudited profit attributable to the owners of the parent for the Reporting Period was approximately RMB6.87 million, representing a decrease of approximately 23.84% from approximately RMB9.02 million as compared with the corresponding period of 2022. Weighted average earnings per share amounted to approximately RMB5 cents for the Reporting Period.

## **WORKING CAPITAL**

As at 30 June 2023, the Group's working capital (current assets less current liabilities) amounted to approximately RMB650.21 million (31 December 2022: approximately RMB637.92 million).

## **Gearing Ratio**

As of 30 June 2023, the Group's gearing ratio (*Note*) was approximately 10.11% (31 December 2022: approximately 6.59%).

*Note:* Gearing ratio = total bank loan/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 1.33% and 0.27% of the Group's sales for the period ended 30 June 2023 and 30 June 2022, 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 2022: 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 2023, the Group did not have any material contingent liabilities or guarantees.

## **MATERIAL ACQUISITION AND DISPOSAL**

On 30 March 2023, the Company entered into the an agreement with 海越能源集團股份有限公司 (Haiyue Energy Group Company Limited\*) as the vendor, pursuant to which the Company agreed to further acquire and the vendor agreed to sell the 5% equity interest in 浙江天潔磁性材料股份有限公司 (Zhejiang Tianjie Magnetic Materials Co., Ltd.\*) ("**Tianjie Magnetic**") held by the vendor, subject to the terms and conditions of the agreement for a consideration of RMB6,421,165. Upon completion of the transaction under the agreement, the Company's equity interest in Tianjie Magnetic increased from 40% to 45% and Tianjie Magnetic remains to be an associated company of the Company and the financial results of Tianjie Magnetic will not be consolidated into the accounts of the Company. For details, please refer to the announcement of the Company dated 30 March 2023.

On 2 May 2023, the Company announced that the Company intended to acquire the land use right of a piece of land with an area of approximately 52,571.90 sq. m. located at No.15, Innovation South Road, Jinchuan Street, Changshang County together with a building erected thereon with an area of approximately 25,216.07 sq. m (the “**Target Land**”) from Changshan Luhui Investment, an investment carrier wholly-owned by Changshan Investment Group whose ultimate beneficial owner is the Changshan County People’s Government and a third party independent of the Group and its connected persons (as defined in the Listing Rules), through the process (the “**Process**”) of bidding invitation, auction or listing\* (招拍掛). The shareholders of the Company had approved the acquisition of the Target Land at the extraordinary general meeting of the Company held on 17 July 2023. The Target Land has been successfully acquired by the Company through the Process at the total consideration of approximately RMB47 million (inclusive of the bid deposit of RMB2.82 million) on 4 July 2023 and will be developed and utilised by the Company as a plant for the production of environmental pollution prevention equipment and electronic products. For details, please refer to the circular of the Company dated 23 June 2023.

On 25 May 2023, the Company entered into an agreement with 天潔集團有限公司 (Tengy Group Limited\*) (“**TGL**”), who is a controlling shareholder (as defined under the Listing Rules) of the Company holding approximately 30% of the issued share capital of the Company, pursuant to which the Company conditionally agreed to acquire and TGL conditionally agreed to sell 95% equity interest in 浙江天潔新能源股份有限公司 (Zhejiang Tianjie New Energy Co., Ltd.\*) held by TGL for the consideration of RMB51.2 million (subject to downward adjustment). The resolution approving the agreement and the transactions contemplated thereunder will be put forth at the extraordinary general meeting of the Company to be held on 28 September 2023. For details, please refer to the circular of the Company dated 7 July 2023.

## **PROSPECT**

In order to facilitate the implementation of the 14th Five-Year Work Plan in the PRC, the Group will devote time and resources to enhance its research and development capabilities, develop new technologies and expand our portfolio of environmental protection equipment (such as precipitators, conveyers and desulfurisation and denitrification devices) to fight the atmospheric pollution control battle in the PRC and achieve carbon peaking and carbon neutrality.

Besides, the Group will continue to actively seek appropriate acquisition projects to enter more different environmental protection and emission reduction industries, new materials and new energy fields.

The Group hopes to capture the opportunities arising from the 14th Five-Year Work Plan in the PRC through internal research and development and external expansion to consolidate the Group's existing business, and promote the diversification of the Group's business, thereby expanding the Group's domestic and international market share.

The Group believes that its established customer base in the PRC and its years of experience in the overseas market 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 environmental protection and emission reduction 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 code provisions listed in the Corporate Governance Code (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 D.3.3 and D.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 2023.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.tengy.com](http://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. ZHU Xian Bo**  
*Chairman and non-executive Director*

Zhuji City, Zhejiang Province, the PRC  
31 August 2023

*As at the date of this announcement, the executive Directors are Mr. BIAN Yu, Mr. ZHANG Yuanyuan and Ms. BIAN Shu; the non-executive Directors are Mr. CHEN Jiancheng, Mr. ZHU Xian Bo and Mr. LAN Lei; and the independent non-executive Directors are Mr. ZHANG Bing, Mr. FUNG Kui Kei and Mr. LI Jiannan.*

*\* For identification purpose only*