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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 2024**

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 2024 (the “**Reporting Period**”) was approximately RMB356.74 million, representing an increase of approximately 23.57% 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 RMB14.78 million, representing an increase of approximately 115.11% 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	
		2024	2023
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	356,742	288,706
Cost of goods sold		<u>(266,127)</u>	<u>(226,894)</u>
GROSS PROFIT		90,615	61,812
Other income	5	2,408	5,901
Distribution and selling expenses		(6,715)	(7,272)
Administrative expenses		(42,356)	(33,615)
Other expenses		<u>(3,544)</u>	<u>(3,654)</u>
Profit from operations		40,408	23,172
Finance costs	7	(4,907)	(3,779)
Share of loss of associates		<u>(9,610)</u>	<u>(7,273)</u>
PROFIT BEFORE TAX		25,891	12,120
Income tax expense	8	<u>(11,113)</u>	<u>(5,250)</u>
PROFIT FOR THE PERIOD		<u>14,778</u>	<u>6,870</u>
ATTRIBUTABLE TO:			
Owners of the parent		<u>14,778</u>	<u>6,870</u>
EARNINGS PER SHARE			
Basic (RMB)		<u>0.11</u>	0.05
Diluted (RMB)		<u>0.11</u>	0.05

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		59,555	63,772
Right-of-use assets		15,221	15,378
Intangible assets		145	294
Deferred tax assets		53,119	50,066
Investment properties		35,168	35,837
Investment in associates		108,597	118,207
		<u>271,805</u>	<u>283,554</u>
Current assets			
Inventories		341,857	374,862
Trade and bills receivables	9	571,442	559,998
Contract assets		37,208	40,886
Prepayments, deposits and other receivables		71,773	78,966
Investments at fair value through profit or loss		5,448	5,448
Bank and cash balances		535,296	453,142
		<u>1,563,024</u>	<u>1,513,302</u>
Current liabilities			
Trade and bills payables	10	189,828	195,040
Contract liabilities		561,148	542,933
Other payables and accruals		85,860	78,684
Bank loans	11	89,502	89,502
Tax payable		23,535	20,519
		<u>949,873</u>	<u>926,678</u>
Net current assets		<u>613,151</u>	<u>586,624</u>
Total assets less current liabilities		<u>884,956</u>	<u>870,178</u>
NET ASSETS		<u><u>884,956</u></u>	<u><u>870,178</u></u>
Capital and reserves			
Share capital		135,000	135,000
Share premium		239,064	239,064
Reserves		510,892	496,114
TOTAL EQUITY		<u><u>884,956</u></u>	<u><u>870,178</u></u>

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**”) are 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 2023 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 2023.

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 2024. 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; and (ii) the invoiced value of materials sold during the Reporting Period.

	Six months ended 30 June	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Sales of environmental protection equipment	350,711	284,470
Sale of materials	6,031	4,236
	356,742	288,706

Disaggregation of revenue from sales of environmental protection equipment:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Geographical markets		
Mainland China	350,711	280,633
Other countries	–	3,837
Total	350,711	284,470
Major products		
Electronstatic precipitator	272,518	225,235
Bag filter precipitator	45,496	18,089
SO ₂ and NO _x emission reduction (desulfurisation and denitrification devices)	29,795	32,708
Others (e.g. Pneumatic ash conveying system)	2,902	8,438
Total	350,711	284,470
Timing of revenue recognition		
At a point in time		
– Sales of environmental protection equipment	350,711	284,470
– Sale of materials	6,031	4,236
Total	356,742	288,706

5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	123	892
Government grants	1,766	304
Gain on disposal of property, plant and equipment	–	784
Written off of amount payable	442	3,760
Others	77	161
	2,408	5,901

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; and (ii) the invoiced value of goods sold. 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Mainland China	356,742	284,869
Other countries	—	3,837
	<hr/>	<hr/>
Consolidated total	356,742	288,706

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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans	4,907	3,779

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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax for the period	14,166	6,482
Deferred tax	(3,053)	(1,232)
	<hr/>	<hr/>
Income tax expense for the period	<u>11,113</u>	<u>5,250</u>

9. TRADE AND BILLS RECEIVABLES

	As at	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	694,472	647,915
Bills receivable	31,340	57,207
	<hr/>	<hr/>
	725,812	705,122
Impairment provision	(154,370)	(145,124)
	<hr/>	<hr/>
	<u>571,442</u>	<u>559,998</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 2024, the Group's bills receivable of approximately RMBnil (31 December 2023: approximately RMB8,432,000) 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 allowance, is as follows:

	As at	
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 1 year	240,321	222,172
1 to 2 years	151,572	124,383
2 to 3 years	88,132	81,566
Over 3 years	62,158	76,751
	542,183	504,872

10. TRADE AND BILLS PAYABLES

	As at	
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade payables	181,878	185,131
Bills payable	7,950	9,909
	189,828	195,040

The bills payable were secured by the Group's bills receivable of approximately RMBnil (31 December 2023: approximately RMB8,432,000) as at 30 June 2024.

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

	As at	
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 1 year	146,673	137,082
1 to 2 years	10,117	28,155
2 to 3 years	5,500	12,203
Over 3 years	19,588	7,691
	<u>181,878</u>	<u>185,131</u>

11. BANK LOANS

	As at	
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Bank loans analysed as:		
Secured	85,000	85,000
Margin loan	<u>4,502</u>	<u>4,502</u>
Total	<u>89,502</u>	<u>89,502</u>

As at 30 June 2024, the secured bank loan of the Group amounting to RMB55,000,000 (31 December 2023: RMB55,000,000) 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 RMB79,790,000 (31 December 2023: RMB78,851,000).

As at 30 June 2024, the secured bank loan of the Group amounting to RMB30,000,000 (31 December 2023: RMB30,000,000) were secured by (i) the Group's building situated in the Mainland China, which had an aggregate net carrying value of RMB29,739,000 (31 December 2023: RMB30,492,000); and (ii) the Group's land use rights situated in Mainland China, which had an aggregate carrying amount of RMB14,236,000 (31 December 2023: RMB14,381,000). The margin loan was secured by the investments at fair value through profit or loss.

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

	As at	
	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
Fixed-rate	<u>3.55% – 5.22%</u>	<u>3.55% – 5.22%</u>

12. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 and 2023.

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:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent		
used in the basic earnings per share calculation	<u>14,778</u>	<u>6,870</u>
Number of shares		
Six months ended 30 June		
2024	2023	
(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>

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Our Group

The Group has over 26 years of industry experience and continues 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 (desulfurisation and denitrification devices), which accounted for approximately 77.70% and approximately 8.50% 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, as well as 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 equipment 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 26 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; and (ii) sale of materials.

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.

BUSINESS REVIEW

On 27 December 2023, the National Development and Reform Commission of the People's Republic of China issued the Guidance Catalogue for Industrial Restructuring (2024 edition) (the “**Guidance Catalogue**”).

The “Guidance Catalogue” consists of three categories: encouraged, restricted and eliminated. The encouraged category mainly refers to the technologies, equipment and products that have an important role in promoting China's economic and social development, which is conducive to the economical and intensive utilisation of natural resources and the green and low-carbon transformation, helping to reach the peak of carbon neutrality. In particular, the encouraged category of the environmental protection industry includes the treatment of air pollutants, carbon emission reduction and ecological environment restoration and resource utilisation.

Under the background of “green and low-carbon transformation”, China's environmental protection industry has developed rapidly. According to the “2023-2028 China Environmental Protection Equipment Market Research and Prospect Forecast Report” released by China Business Industry Research Institute, the output value of China's environmental protection equipment manufacturing industry increased by 2% year-on-year in 2022, reaching RMB960 billion. In addition, according to the data released by the Ministry of Industry and Information Technology of the People's Republic of China, it is expected that by 2025, the output value of China's environmental protection equipment manufacturing industry will increase to RMB1.3 trillion.

Currently, the large regulatory pattern of China's environmental protection industry has basically formed, and it has entered the era of comprehensive policy deep cultivation from the era of policy sowing, and the all-round policies and regulations involving water, soil, gas and solid waste treatment are becoming increasingly improved. The “14th Five-Year Plan” period (from 2021 to 2025) has entered a critical period of focusing on the strategic direction of carbon reduction, promoting the synergies of pollution reduction and carbon reduction, promoting the comprehensive green transformation of economic and social development, and realising the improvement of ecological environment quality from quantitative change to qualitative change.

In addition, the “Holding High the Great Banner of Socialism with Chinese Characteristics and Striving for the Comprehensive Construction of A Modern Socialist Country” (the “**20th National Congress Report**”) makes strategic plans for the construction of China’s future ecological civilization, which “jointly promote carbon reduction, pollution reduction, green expansion, growth, and promote ecological priority, conservation and intensive, green and low-carbon development”, and hence forming a mutually reinforcing relationship between environment and development. The “20th National Congress Report” also made it clear that the construction of ecological civilization in the new era and new journey has a basic and strategic position among the main tasks of the Communist Party of China, including promoting green development and promoting harmonious coexistence between human and nature, which has become one of the core elements of the new development concept.

The “promoting green development, promoting harmonious coexistence between human and nature” proposed by the “20th National Congress Report”, in conjunction with the “14th Five-Year Plan” Comprehensive Work Plan for energy conservation and emission reduction issued by the State Council of the People’s Republic of China (the “**14th Five-Year Plan**”), energy conservation and emission reduction projects will become one of the key points for accelerating the comprehensive green transformation of economic and social development and further achieving carbon neutrality. Therefore, the environmental protection and emission reduction industry continues to become one of China’s important strategic industries, with great prospects for development.

The “14th Five-Year Plan” proposes the deployment of ten key projects for energy conservation and emission reduction, of which key industrial green upgrading projects, key regional pollutant emission reduction projects, clean and efficient use of coal projects and volatile organic compounds comprehensive remediation projects are all within the Group’s professional fields.

Therefore, the Group believes that the Chinese government at all levels will more actively promote energy conservation, emission reduction and environmental governance, formulate more policies related to ecological and environmental protection, and provide financial support or project management schemes.

With its past design and manufacturing experience, advanced technology and strong R&D team, the Group is confident that it can seize the business opportunities brought by the “20th National Congress Report” and the “14th Five-Year Plan” to expand the Group’s domestic market share.

Considering the drastic economic fluctuations across the globe as a result of, among other things, the on-going Sino-US tensions, the Russo-Ukrainian war, the bearish market sentiment, the hike in the interest rate and the poor performance of the Hong Kong stock market in 2024, various uncertainties may affect the prospects of the Group's business. However, the Group will continue to work together and seek business opportunities to expand revenue streams, enhance the Group's value and maximize the returns of the Shareholders.

For the Reporting Period, the revenue and the profit and total comprehensive income of the Group amounted to approximately RMB356.74 million and approximately RMB14.78 million respectively. For the Reporting Period, the Group's gross profit amounted to approximately RMB90.62 million, representing an increase of approximately 46.60% as compared with approximately RMB61.81 million for the corresponding period of 2023; while the gross profit margin increased by approximately 3.99% to approximately 25.40% as compared with the corresponding period of 2023. The increase in revenue and profit and total comprehensive income for the Reporting Period of the Group was mainly due to the (i) the increase in gross profit margin of completed projects for the Reporting Period; (ii) more large-scale projects completed during the Reporting Period; and (iii) the decrease in the price of raw materials of the products produced by the Company.

As of 30 June 2024, the Group had 57 registered patents (including 3 invention patents and 54 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 2024, the Group maintained a total of 508 full-time employees (As at 31 December 2023: 422). The remuneration payable to the Group's employees includes basic salaries, 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 RMB356.74 million for the Reporting Period, representing an increase of approximately 23.57% as compared with the corresponding period of 2023. The increase in revenue of the Group for the Reporting Period was mainly due to more large-scale projects completed during the Reporting Period.

Revenue generated from environmental protection equipment products of the Group amounted to approximately 98.31% 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 RMB266.13 million for the Reporting Period, representing an increase of approximately 17.29% from approximately 226.89 million as compared with the corresponding period of 2023.

Gross Profit Margin

The unaudited gross profit margin for the Reporting Period was approximately 25.40%, representing an increase of approximately 3.99% from approximately 21.41% as compared with the corresponding period of 2023.

Profit attributable to owners of the parent

The unaudited profit attributable to the owners of the parent for the Reporting Period was approximately RMB14.78 million, representing an increase of approximately 115.11% from approximately RMB6.87 million as compared with the corresponding period of 2023. Weighted average earnings per share amounted to approximately RMB0.11 cents for the Reporting Period.

WORKING CAPITAL

As at 30 June 2024, the Group's working capital (current assets less current liabilities) amounted to approximately RMB613.15 million (31 December 2023: approximately RMB586.62 million).

Gearing Ratio

As of 30 June 2024, the Group's gearing ratio (*Note*) was approximately 10.11% (31 December 2023: approximately 10.29%).

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 nil% and 1.33% of the Group's sales for the period ended 30 June 2024 and 30 June 2023, 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 2023: 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 2024, the Group did not have any material contingent liabilities or guarantees.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material investment and material acquisition or disposal of subsidiaries, associates or joint ventures during the Reporting Period.

PROSPECT

In line with the new development concept proposed in the “20th National Congress Report” and the “14th Five-Year Plan”, the Group will continue to invest more time and resources in the research and development and production of energy-efficient environmental protection equipment to meet the market demand for green technology, and expand our environmental protection equipment portfolio (such as dust collectors, ash delivery systems and desulfurization and denitrification devices) to promote green and low-carbon development in China to achieve carbon peaking and carbon neutrality.

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

The Group hopes to capture the opportunities arising from the 20th National Congress Report and the 14th Five-Year Plan 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.

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 C3 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 Part 2 of the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix C1 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. Wang Feng.

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 30 August 2024.

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. ZHU Xian Bo
Chairman and non-executive Director

Zhuji City, Zhejiang Province, the PRC
30 August 2024

As at the date of this announcement, the executive directors of the Company are Mr. BIAN Yu, Mr. ZHANG Yuan Yuan and Ms. BIAN Shu; the non-executive directors of the Company are Mr. ZHU Xian Bo, Ms. YU Ji and Mr. CHEN Jiancheng; and the independent non-executive directors of the Company are Mr. FUNG Kun Kei, Mr. LI Jiannan and Mr. WANG Feng.

** For identification purpose only*