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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)**

**AUDITED ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**SUMMARY**

- The revenue of Zhejiang Tengy Environmental Technology Co., Ltd (the “**Company**”) and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 (the “**Year**”) was approximately RMB753.8 million, representing an increase of approximately 1.2% when compared with that of the corresponding period of last year.
- The Group’s profit attributable to owners of the Company for the Year was approximately RMB81.4 million, representing a decrease of approximately 3.8% when compared with that of the corresponding period of last year.
- The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of the Company does not recommend the payment of any final dividend for the Year.

## AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The Board is pleased to announce the audited consolidated results of the Group for the Year and the audited comparative figures of the corresponding period of 2024 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4	<b>753,750</b>	744,942
Cost of sales		<u>(495,046)</u>	<u>(526,767)</u>
Gross profit		<b>258,704</b>	218,175
Other income	5	<b>16,054</b>	18,227
Distribution and selling expenses		<b>(21,995)</b>	(17,882)
Administrative expenses		<b>(121,243)</b>	(86,167)
Other expenses		<u><b>(8,056)</b></u>	<u>(5,652)</u>
<b>Profit from operations</b>		<b>123,464</b>	126,701
Finance costs	6	<b>(11,644)</b>	(8,962)
Share of losses of associates		<u><b>(10,480)</b></u>	<u>(9,846)</u>
<b>Profit before tax</b>		<b>101,340</b>	107,893
Income tax expenses	7	<u><b>(19,894)</b></u>	<u>(23,256)</u>
<b>Profit and total comprehensive income for the year attributable to owners of the Company</b>		<u><b>81,446</b></u>	<u>84,637</u>
<b>Earnings per share</b>			
<i>Basic and diluted (RMB per share)</i>	8	<u><b>0.60</b></u>	<u>0.63</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

		2025	2024
	Notes	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		55,847	57,495
Right-of-use assets		14,748	15,063
Intangible assets		–	–
Deferred tax assets	15	75,042	59,008
Investment properties		33,978	35,175
Investment in associates		97,881	108,361
		<u>277,496</u>	<u>275,102</u>
<b>Current assets</b>			
Inventories	9	650,709	366,776
Trade and bills receivables	10	394,957	586,576
Contract assets		43,976	69,698
Prepayments, deposits and other receivables	11	170,062	66,761
Pledged deposits	12	16,024	20,000
Bank and cash balances	12	817,212	660,123
		<u>2,092,940</u>	<u>1,769,934</u>

		2025	2024
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Current liabilities</b>			
Trade and bills payables	<i>13</i>	<b>234,778</b>	203,193
Contract liabilities		<b>862,375</b>	683,591
Other payables and accruals	<i>14</i>	<b>93,025</b>	88,325
Bank loans		<b>114,000</b>	85,000
Tax payable		<b>29,997</b>	30,112
		<u><b>1,334,175</b></u>	<u>1,090,221</u>
<b>Net current assets</b>		<u><b>758,765</b></u>	<u>679,713</u>
<b>Total assets less current liabilities</b>		<u><b>1,036,261</b></u>	<u>954,815</u>
<b>NET ASSETS</b>		<u><b>1,036,261</b></u>	<u>954,815</u>
<b>Capital and reserves</b>			
Share capital	<i>16</i>	<b>135,000</b>	135,000
Share premium		<b>239,064</b>	239,064
Reserves	<i>17</i>	<b>662,197</b>	580,751
<b>TOTAL EQUITY</b>		<u><b>1,036,261</b></u>	<u>954,815</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company					
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Safety production reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	135,000	239,064	51,289	8,778	436,047	870,178
Total comprehensive income for the year	-	-	-	-	84,637	84,637
Appropriation to statutory surplus reserve	-	-	194	-	(194)	-
Appropriation to safety production reserve	-	-	-	237	(237)	-
At 31 December 2024	<u>135,000</u>	<u>239,064</u>	<u>51,483</u>	<u>9,015</u>	<u>520,253</u>	<u>954,815</u>
At 1 January 2025	<b>135,000</b>	<b>239,064</b>	<b>51,483</b>	<b>9,015</b>	<b>520,253</b>	<b>954,815</b>
Total comprehensive income for the year	-	-	-	-	<b>81,446</b>	<b>81,446</b>
At 31 December 2025	<u><b>135,000</b></u>	<u><b>239,064</b></u>	<u><b>51,483</b></u>	<u><b>9,015</b></u>	<u><b>601,699</b></u>	<u><b>1,036,261</b></u>

These reserve accounts comprise the consolidated reserves of approximately RMB441,078,000 (2024: approximately RMB465,712,000) in the consolidated statements of financial position.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability established in the People’s Republic of China (the “PRC” or “China”). The registered office of the Company is located at TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, the PRC.

The Group is principally engaged in the design, development, manufacturing, installation and sale of environmental pollution prevention equipment and electronic products.

As at 31 December 2025, (i) Tengy Group Limited (天潔集團有限公司) (“TGL”), a company established in the PRC, held 43,200,350 Domestic Shares, representing approximately 32.00% of the issued share capital of the Company, being the single largest shareholder of the Company; and (ii) Changshan County Guoxi Equity Investment Co., Ltd.\* (常山縣國熙股權投資有限公司) (“Guoxi Equity Investment”), a state-owned enterprise, owned 35,235,000 Domestic Shares, representing 26.10% of the issued share capital of the Company, being the second single largest shareholder of the Company.

Particulars of the principal subsidiaries as at 31 December 2025 are set out below:

Name	Registered/ paid-up capital	Percentage of equity attributable to the Company directly	Place and date of establishment/ registration and place of operations	Principal activities
諸暨市天潔安裝工程有限公司 (“Tianjie Installation Engineering”)	RMB4,500,000	100%	The PRC 14 May 2003	Provision of installation services
浙江天潔環境工程有限公司 (“Tianjie Environmental and Engineering”)	RMB50,000,000	100%	The PRC 29 June 2009	Manufacture and sale of electronic products
吐魯番天潔環境科技有限公司 (“Turpan Environmental and Technology”)	RMB20,000,000	100%	The PRC 19 July 2013	Manufacture and sale of environmental pollution prevention equipment
濟寧天潔環境工程有限公司 (“Jining Tianjie Environmental and Engineering”)	RMB50,000,000	100%	The PRC 30 April 2021	Manufacture and sale of electronic products
浙江常山環境工程有限公司 (“Changshan Environmental and Engineering”)	RMB50,000,000	100%	The PRC 28 October 2022	Manufacture and sale of electronic products

## **2.1 BASIS OF PREPARATION**

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

They have been prepared under the historical cost convention as modified by the investments at fair value through profit or loss and derivative instruments which are carried at their fair values/ fair values less costs to sell. These consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

## **2.2 ADOPTION OF NEW AND REVISED HKFRSs**

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise HKFRS; HKAS; and Interpretations. The adoption of these new and revised HKFRS Accounting Standards 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 year and prior years.

The Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. The application of these new HKFRS Accounting Standards will not have material impact on the consolidated financial statements of the Group.

## **3. OPERATING SEGMENT INFORMATION**

The Group’s revenue during the year was mainly derived from environmental protection equipment contract revenue for installation and sale of environmental pollution prevention equipment and electronic products; the invoiced value of goods sold and 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

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Mainland China	<b>753,750</b>	744,888
Other countries	<u>–</u>	<u>54</u>
Consolidated total	<b><u>753,750</u></b>	<b><u>744,942</u></b>

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.

Revenue from major customers

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Customer A	N/A*	115,487
Customer B	N/A*	112,372
Customer C	N/A*	111,292
Customer D	<b>136,163</b>	N/A*
Customer E	<b>157,614</b>	N/A*
Customer F	<b>185,451</b>	N/A*
Customer G	<b><u>139,570</u></b>	<b><u>N/A*</u></b>

\* Customer did not contribute more than 10% of the total consolidated revenue of the Group for the Year and for the corresponding period of 2024.

#### 4. REVENUE

The Group's revenue represents sales of environmental protection equipment for installation and sales of environmental pollution prevention equipment and electronic products; the invoiced value of materials sold and the value of services rendered during the year.

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Revenue</b>		
Sales of environmental protection equipment	<b>740,304</b>	737,143
Sales of materials	<b>13,446</b>	7,705
Rendering of services	–	94
	<b><u>753,750</u></b>	<u>744,942</u>

Disaggregation of revenue from sales of environmental protection equipment:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Geographical markets</b>		
Mainland China	<b>740,304</b>	737,089
Other countries	–	54
Total	<b><u>740,304</u></b>	<u>737,143</u>

<b>Major products</b>		
Electrostatic precipitator	<b>677,226</b>	633,089
Bag filter precipitator	<b>35,081</b>	69,486
SO <sub>2</sub> and NO <sub>x</sub> emission reduction (desulfurisation and denitrification devices)	<b>27,997</b>	31,107
Others (e.g. Pneumatic ash conveying system)	–	3,461
Total	<b><u>740,304</u></b>	<u>737,143</u>

#### Timing of revenue recognition

At a point in time		
– Sales of environmental protection equipment	<b>740,304</b>	737,143
– Sale of materials	<b>13,446</b>	7,705
– Rendering of services	–	94
Total	<b><u>753,750</u></b>	<u>744,942</u>

### **Sales of Environmental protection equipment**

The Group manufactures, sells and installs environmental pollution prevention equipment to the customers. The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts within one month. Sales are recognised when control of the products and services have transferred, being when the products are delivered to a customer. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

If a contract includes the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

The contract price is allocated to the performance obligations based on the relative stand-alone selling prices of the performance obligations. The stand-alone selling prices are determined by applying the expected cost plus a margin approach.

### **Sales of materials**

The Group sells the materials to the customers. The products amount is repayable within one month. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 5. OTHER INCOME

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Bank interest income	<b>5,213</b>	1,840
Rental income	<b>900</b>	–
Government grants	<b>8,894</b>	8,290
Waiver of account payable	–	423
Additional deduction on value-added tax	<b>675</b>	824
Litigation claim for account receivables	–	4,282
Gain on disposal of investments at fair value through profit or loss	<b>2</b>	174
Reversal of impairment loss on bills receivables	–	2,081
Gain on disposal of property, plant and equipment	<b>6</b>	–
Others	<b>364</b>	313
	<b>16,054</b>	18,227

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Interest on bank loans	<b>4,378</b>	3,340
Charge on letter of guarantee	<b>7,266</b>	5,622
	<b>11,644</b>	8,962

## 7. INCOME TAX EXPENSES

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the Company and its subsidiaries which operate in Mainland China are subject to corporate income tax at a rate of 25% on the taxable income.

The income tax expenses of the Group are analysed as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
PRC Enterprise Income Tax for the year	<b>35,670</b>	32,890
PRC Enterprise Income Tax under/(over) provision prior year	<b>258</b>	(692)
Deferred tax ( <i>note 15</i> )	<b>(16,034)</b>	(8,942)
	<b><u>19,894</u></b>	<b><u>23,256</u></b>

A reconciliation of the tax expenses applicable to profit before tax at the statutory rate to the tax expenses at the effective tax rate is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Profit before tax	<b><u>101,340</u></b>	<b><u>107,893</u></b>
Tax at the statutory tax rate of 25%	<b>25,335</b>	26,973
Additional deduction on research and development expenses	<b>(2,539)</b>	(2,437)
Tax effect of non-deductible expenses	<b>4,180</b>	1,093
Prior year under-provision/(over-provision) tax	<b>258</b>	(692)
Tax effect of non-taxable income	<b>(357)</b>	–
Tax losses for which no deferred tax asset was recognised	–	(1,681)
Effect of different tax rates in other tax jurisdictions and tax concessions	<b>(6,983)</b>	–
Income tax expenses for the year	<b><u>19,894</u></b>	<b><u>23,256</u></b>

**8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

The calculation of basic earnings per share amount is based on the profit attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 135,000,000 (2024: 135,000,000) in issue during the Year.

There were no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculations of basic earnings per share are based on:

	<b>2025</b>	2024
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	<u><u><b>81,446</b></u></u>	<u><u>84,637</u></u>
	<b>Number of shares</b>	
	<b>2025</b>	2024
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u><u><b>135,000,000</b></u></u>	<u><u>135,000,000</u></u>

## 9. INVENTORIES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	21,273	18,380
Work in progress	10,512	2,198
Finished goods	<u>618,924</u>	<u>346,198</u>
	<u><b>650,709</b></u>	<u><b>366,776</b></u>

## 10. TRADE AND BILLS RECEIVABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	538,600	700,281
<i>Less: provision for loss allowance</i>	<u>(188,297)</u>	<u>(156,049)</u>
	<b>350,303</b>	544,232
Bills receivable	<u>44,654</u>	<u>42,344</u>
	<u><b>394,957</b></u>	<u><b>586,576</b></u>

Trade receivables are non-interest-bearing and the credit term is generally one month. The Group seeks to maintain strict control over its outstanding 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 31 December 2025, the Group's bills receivable of approximately RMBnil (2024: approximately RMB14,101,000) were pledged to secure the Group's bills payable (note 13).

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

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>158,060</b>	301,171
1 to 2 years	<b>79,487</b>	94,442
2 to 3 years	<b>59,590</b>	46,236
3 to 4 years	<b>53,166</b>	102,383
	<b><u>350,303</u></b>	<u>544,232</u>

Reconciliation of loss allowance for trade receivables:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At 1 January	<b>156,049</b>	143,043
Written off the loss allowance for the year	<b>(15,138)</b>	(5,236)
Increase in loss allowance for the year	<b>47,386</b>	18,242
	<b><u>188,297</u></b>	<u>156,049</u>

Reconciliation of loss allowance for bills receivables:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At 1 January	–	2,081
Decrease in loss allowance for the year	–	(2,081)
	<b><u>–</u></b>	<u>–</u>

The Group applies the simplified approach under HKFRS 9 “Financial Instrument” to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the aging. The expected credit losses also incorporate forward looking information.

	Current	1 to 2 years	2 to 3 years	Over 3 years	Total
<b>At 31 December 2025</b>					
Weighted average expected loss rate	5%	19%	26%	72%	35%
Receivable amount (RMB'000)	166,681	98,671	80,820	192,428	538,600
Loss allowance (RMB'000)	8,621	19,184	21,230	139,262	188,297
<b>At 31 December 2024</b>					
Weighted average expected loss rate	0%	12%	18%	56%	22%
Receivable amount (RMB'000)	301,171	107,931	56,518	234,661	700,281
Loss allowance (RMB'000)	–	13,489	10,282	132,278	156,049

As at 31 December 2025, the Group had endorsed certain bills receivable accepted by certain banks in the PRC (the “**Endorsed Notes**”) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. In accordance with the “Law of Negotiable Instruments” in the PRC, the holders of the Endorsed Notes have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). The total carrying amount of the Endorsed Notes of the Group as at 31 December 2025 was approximately RMB69,510,000 (2024: approximately RMB73,010,000). In the opinion of the Directors, the Group has transferred substantially all the risks and rewards relating to certain Endorsed Notes accepted by large and reputable banks (the “**Derecognised Notes**”) with an amount of approximately RMB35,433,000 as at 31 December 2025 (2024: approximately RMB60,296,000). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in these Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group’s Continuing Involvement in these Derecognised Notes are not significant. The Group continued to recognise the full carrying amount of the remaining Endorsed Notes and the associated trade payables settled with an amount of approximately RMB34,077,000 as at 31 December 2025 (2024: approximately RMB12,714,000), because the Directors believe that the Group has retained substantial risks and rewards, which include default risks relating to such remaining Endorsed Notes.

During the Year, the Group has not recognised any gain or loss (2024: Nil) on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the Year or cumulatively. The Endorsement has been made evenly throughout the Year.

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other receivables	35,648	40,707
<i>Less: impairment losses</i>	<u>(1,901)</u>	<u>(2,596)</u>
	33,747	38,111
Prepayments	128,845	25,008
Due from holding company ( <i>Note</i> )	<u>7,470</u>	<u>3,642</u>
	<u><b>170,062</b></u>	<u><b>66,761</b></u>

*Note:* The amount due from the holding company is unsecured, non-interest bearing and has no fixed repayment terms.

The movements in impairment losses of other receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At 1 January	2,596	2,808
Written off the loss allowance for the year	(350)	–
Reversal of impairment loss on other receivables	<u>(345)</u>	<u>(212)</u>
At 31 December	<u><b>1,901</b></u>	<u><b>2,596</b></u>

## 12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

At the end of the reporting period, the bank and cash balances of the Group denominated in RMB amounted to approximately RMB833,178,000 (2024: approximately RMB659,758,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

Pledged deposit with banks have been placed as security for bills payables issued by the Group. Bank guarantees are performance guarantees and made for varying periods ranging from several months to five years depending on the agreement of the contract, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

### 13. TRADE AND BILLS PAYABLES

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables	<b>218,754</b>	184,900
Bills payables	<b>16,024</b>	18,293
	<b><u>234,778</u></b>	<u>203,193</u>

Bills payables were secured by the Group's pledged bank deposit of RMB16,024,000 (2024: RMB20,000,000) and bills receivables of RMBnil (2024: RMB14,101,000).

An aging analysis of the trade payables at the end of the reporting periods, based on the invoice dates, is as follows:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>162,463</b>	129,603
1 to 2 years	<b>28,267</b>	35,111
2 to 3 years	<b>16,875</b>	11,855
Over 3 years	<b>11,149</b>	8,331
	<b><u>218,754</u></b>	<u>184,900</u>

## 14. OTHER PAYABLES AND ACCRUALS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Other payables	<u><u>93,025</u></u>	<u><u>88,325</u></u>

## 15. DEFERRED TAX

### Deferred tax assets

	Changes in investments at fair value through profit or loss <i>RMB'000</i>	Impairment of other receivables <i>RMB'000</i>	Impairment of trade and bills receivables <i>RMB'000</i>	Accruals <i>RMB'000</i>	Tax loss <i>RMB'000</i>	Unrealised profit in inventories <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	86	703	36,280	2,130	1,073	9,794	50,066
– Credit/(debit) to consolidated statement of profit or loss	<u>(86)</u>	<u>(53)</u>	<u>2,731</u>	<u>228</u>	<u>407</u>	<u>5,715</u>	<u>8,942</u>
At 31 December 2024 and 1 January 2025	–	650	39,011	2,358	1,480	15,509	59,008
– Credit/(debit) to consolidated statement of profit or loss	<u>–</u>	<u>(174)</u>	<u>8,661</u>	<u>(382)</u>	<u>393</u>	<u>7,536</u>	<u>16,034</u>
At 31 December 2025	<u><u>–</u></u>	<u><u>476</u></u>	<u><u>47,672</u></u>	<u><u>1,976</u></u>	<u><u>1,873</u></u>	<u><u>23,045</u></u>	<u><u>75,042</u></u>

## 16. SHARE CAPITAL

### Shares

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Issued and fully paid:		
135,000,000 (2024: 135,000,000) ordinary shares	<b><u>135,000</u></b>	<u>135,000</u>

No changes in the Company's share capital for the Year.

## 17. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

### Statutory surplus reserve

Pursuant to the PRC Company Law and the respective entities' articles of association, the Company and its subsidiaries established in the PRC shall appropriate 10% of their annual statutory net profit (determined in accordance with the PRC accounting principles and regulations and after offsetting any prior years' losses) to the statutory surplus reserve until such reserve fund reaches 50% of the share capital of these entities. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, except for offsetting prior years' losses, such reserve must be maintained at a minimum of 25% of the share capital after usage.

### Safety production reserve

Pursuant to the regulation of "Administrative Measures for the Withdrawal and Use of Expenses for Safety Production of Enterprises" in the PRC relating to the construction industry, a subsidiary of the Group, Tianjie Installation Engineering, is required to transfer an amount to the reserve account as safety production reserve. The amount is calculated based on the revenue of construction each year and at the applicable rate of 2%. The safety production reserve will be used for modification and maintenance of safety equipment in accordance with the rules of the Company Law of the PRC and is not available for distribution to shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

The Group is a first-class manufacturer of environmental protection products in China specializing in the design, manufacture, installation and servicing of environmental protection products as well as a general contractor for air pollution control projects such as precipitators and flue gas desulfurisation and denitrification devices in China, with a primary focus on particulate emission control by offering mega-sized precipitators to customers in various industries. The Group has years of industry experience and a record of continual innovation in industrial technologies.

The Group has formed an all-round technology research and development system comprising technical scheme design, engineering design centers and technical transformation project improvement. The Group has an R&D center in Hangzhou and employs more than 10 professional engineers, whose fields of expertise are environmental engineering, civil engineering and mechanical and electrical engineering. In addition, the Group's design center also employs a number of professionals. The Group has become a municipal R&D center and technology center in Shaoxing.

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

The Group's sales of environmental protection equipment represented tailor-made and integrated atmospheric pollution control solutions offered by the Group to its customers, comprising engineering design, equipment procurement and manufacturing, supervision of installation and commissioning, customer training, and repair and maintenance services provided to its customers on a project basis.

During the Year, the Group mainly offered three types of precipitators: electrostatic precipitators, bag filter precipitator and SO<sub>2</sub> and NO<sub>x</sub> emission reduction (desulfurisation and denitrification devices).

The Group's sales of materials represented sales 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 provided to its customers on a stand-alone basis, which include repair and replacement, and on-site engineering and maintenance services for those projects which were not constructed by the Group.

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.

## **Business Review**

Super-large dust collectors remain an indispensable component of industrial environmental protection infrastructure in China, serving critical functions across high-emission sectors including power generation, steel production, cement manufacturing, chemical processing, and waste incineration. These advanced filtration systems, renowned for their exceptional efficiency in particulate matter removal, continue to play a pivotal role in controlling industrial emissions and enhancing ambient air quality throughout the nation. As China's manufacturing sector maintains its trajectory of sustainable development, the increasingly stringent environmental protection requirements have further accelerated the expansion of the dust collector market.

China's manufacturing sector continues to occupy a predominant position in the national economy, contributing approximately 31% to the country's gross domestic product ("GDP") in 2024, encompassing heavy industry, light industry, and emerging high-technology sectors (National Bureau of Statistics of China, 2025). High-pollution industries such as steel, cement, and chemicals remain the primary sources of industrial emissions, necessitating the deployment of advanced dust collection equipment to meet regulatory requirements. According to market research from Grand View Research, the China industrial dust collector market is expected to grow at a compound annual growth rate of 5.3% from 2025 to 2030, reflecting the sustained demand driven by environmental compliance requirements and industrial modernization initiatives.

The year 2025 marks a significant milestone in China's environmental governance framework, as it represents the concluding year of the 14th Five-Year Plan period. The binding indicators established under this plan, including a 13.5% decrease in energy consumption per unit of GDP and an 18% reduction in carbon dioxide emissions per unit of GDP, have driven substantial investments in environmental protection equipment across all major industrial sectors. According to analysis published by Carbon Brief in August 2025, China's carbon dioxide emissions experienced a 1% year-on-year decline in the first half of 2025, demonstrating the effectiveness of the nation's emissions reduction policies and the increasing adoption of advanced pollution control technologies.

China's dual carbon goals, targeting peak carbon emissions by 2030 and carbon neutrality by 2060, continue to serve as the fundamental policy framework driving technological upgrades in industrial environmental protection. In November 2025, China submitted its 2035 Nationally Determined Contribution to the United Nations Framework Convention on Climate Change, committing to reduce economy-wide net greenhouse gas emissions by 7 to 10 percent from their peak levels. This enhanced commitment further reinforces the policy imperative for industrial enterprises to adopt high-efficiency dust collection and emissions control equipment.

The policy landscape in 2025 has been characterized by the continued implementation and strengthening of the State Council's Energy Conservation and Carbon Reduction Action Plan for 2024-2025. According to official documentation, non-fossil energy consumption is targeted to reach approximately 20% by the end of 2025, while energy conservation and carbon reduction transformations in key industries are projected to yield energy savings equivalent to approximately 50 million tonnes of standard coal, resulting in reductions of approximately 130 million tonnes of carbon dioxide emissions. The National Development and Reform Commission has expanded its energy conservation review scope to include enterprises consuming over 5,000 tonnes of standard coal annually by the end of 2025, covering approximately 70% of total energy consumption and carbon emissions.

A landmark development in 2025 has been the expansion of China's national Emissions Trading System to include the cement, steel, and aluminum industries. According to the International Carbon Action Partnership, this expansion increases the programme's coverage to 60% of China's total greenhouse gas emissions, representing the world's largest carbon market by covered emissions. The first compliance deadline for these newly included sectors is scheduled for the end of 2025, creating significant regulatory pressure for industrial enterprises to accelerate their adoption of advanced environmental protection equipment, including super-large dust collectors.

The steel industry, which represents one of the largest sources of industrial emissions in China, has made substantial progress toward meeting ultra-low emissions standards. According to industry reports, China's steel sector aims to achieve comprehensive ultra-low emissions compliance by the end of 2025, with standards encompassing pollutant emissions limits throughout the entire production process, including requirements for raw materials handling, sintering, coking, ironmaking, steelmaking, and rolling operations. Steel companies that meet ultra-low emission standards are eligible for tax incentives, including reduced rates on environmental protection taxes, providing strong economic motivation for equipment upgrades.

The cement industry has similarly been subject to intensified emissions requirements. The Chinese government has mandated that 50% of cement clinker production capacity, representing approximately 850 million tonnes annually, must conform with ultra-low emissions standards by 2025, with this requirement increasing to 80% by 2028. These regulations have generated substantial demand for advanced dust collection systems capable of meeting the stringent particulate matter limits specified in the new standards.

In July 2025, China established its first renewable energy mandates for the steel, cement, and polysilicon industries, as reported by Reuters. These requirements represent a further integration of environmental and energy policies, compelling industrial enterprises to consider comprehensive approaches to emissions reduction that encompass both pollution control equipment and energy source transitions.

To support the development of the environmental protection equipment industry, the Chinese government has maintained and enhanced its portfolio of targeted support policies throughout 2025. These measures include preferential tax treatments for environmental protection equipment manufacturers, which serve to reduce the financial burden on enterprises while encouraging technological innovation and capacity expansion. The government has continued to allocate special environmental protection funds to support research and development activities focused on advanced dust collection technologies, particularly in applications related to technological upgrades in high-pollution industries. Environmental protection agencies at both national and provincial levels have strengthened their oversight of heavily polluting industries, with stringent enforcement of requirements for the installation of advanced dust collection equipment capable of meeting ultra-low emission standards.

The global context for environmental protection equipment demand has remained supportive throughout 2025, although with increasing complexity arising from trade policy developments. New tariffs introduced by the United States in 2025 targeting specialty ceramics, metallic alloys, and engineered fabrics have affected costs for advanced filtration systems. Nevertheless, the fundamental drivers of demand for super-large dust collectors remain intact, as countries worldwide continue to implement increasingly strict controls on carbon emissions and industrial pollution.

The waste-to-energy sector continues to represent a significant growth market for super-large dust collectors in China. As urbanization continues and waste management practices evolve toward more sustainable approaches, the demand for efficient particulate matter removal during waste incineration processes has expanded. Super-large dust collectors are particularly valued in these applications for their effectiveness in removing fine particulates from high-temperature flue gases, ensuring compliance with emission standards while enabling safe operation of waste-to-energy facilities.

For the Year, the revenue and total comprehensive income of the Group amounted to approximately RMB753.8 million and approximately RMB81.4 million respectively. During the Year, the Group's gross profit amounted to approximately RMB258.7 million, representing an increase of approximately 18.6% as compared with approximately RMB218.2 million of the corresponding period of last year; and the Group's gross margin increased by approximately 5.0% from last year to approximately 34.3%. The increase was mainly attributable to the decrease in the price of raw material steel and the majority of contracts for the Year being large-scale projects where the Company is more competitive and managed to secure higher profit margins.

For the Year, 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 RMB1,460.3 million. As at 31 December 2025, the Group's backlog (including applicable value-added tax) (which represents the total estimated contract value of work that remains to be completed pursuant to outstanding contracts as of a certain date and assuming performance in accordance with the terms of the contract) was approximately RMB3,504.3 million.

The Group's profit before tax for the Year decreased to approximately RMB101.3 million and profits attributable to owners of the Company decreased to approximately RMB81.4 million, representing a year-on-year decrease of approximately 6.1% and decrease of approximately 3.8% respectively. The aforesaid decreases in profit before tax and profits attributable to owners of the Company are mainly due to increases in distribution and selling expenses, administrative expenses, and other expenses, which were partially offset by an increase in gross profit.

At the time of raising the amount of product sales, the Group spent great effort in enhancing 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 by itself. The Group possesses the qualifications and expertise in manufacturing 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 its 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 facilitate the Company in estimating costs, smoothening project operations and improving operating efficiency.

As at 31 December 2025, the Group had 73 registered patents (including 12 invention patents and 61 utility model patents) in the PRC. Based on its strong design and engineering 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 6MW to over 1,240MW. 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 31 December 2025, the Group maintained a total of 450 full-time employees (2024: 434). 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

### Revenue

The revenue of the Group amounted to approximately RMB753.8 million for the Year representing an increase of approximately 1.2% from approximately RMB744.9 million of the corresponding period of last year. The increase in revenue was mainly due to the majority of contracts for the Year being large-scale projects, consistent with the corresponding period of last year.

The following table sets forth a breakdown of the Group's revenue by segment and each item as a percentage of revenue for the respective years indicated:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
<b>Revenue</b>				
Sales of environmental protection equipment	740,304	98	737,143	99
Sales of materials	13,446	2	7,705	1
Rendering of services	—	0	94	0
Total	<u>753,750</u>	<u>100</u>	<u>744,942</u>	<u>100</u>

Revenue generated from sales of environmental protection equipment of the Group amounted to approximately 98% 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 sales of environmental protection equipment are related to the manufacturing, installation and sales of electrostatic precipitators.

The following table sets forth a further revenue breakdown of sales of environmental protection equipment by types of atmospheric pollution control solutions for the respective years indicated:

	<b>Year ended 31 December</b>			
	<b>2025</b>		<b>2024</b>	
	<i><b>RMB'000</b></i>	<i><b>%</b></i>	<i><b>RMB'000</b></i>	<i><b>%</b></i>
<b>Environmental protection equipment</b>				
Ash removal and transfers				
– Electrostatic precipitator	<b>677,226</b>	<b>91</b>	633,089	86
– Bag filter precipitator	<b>35,081</b>	<b>5</b>	69,486	9
– Others (e.g. Pneumatic ash conveying system)	–	<b>0</b>	3,461	1
– SO <sub>2</sub> and NO <sub>x</sub> emission reduction (desulfurisation and denitrification devices)	<b>27,997</b>	<b>4</b>	31,107	4
	<b><u>740,304</u></b>	<b><u>100</u></b>	<b><u>737,143</u></b>	<b><u>100</u></b>

The Group's revenue for the Year was mainly generated from sales of electrostatic precipitator and bag filter precipitator. During the Year, as compared with the corresponding period of last year, the revenue derived from sales of electrostatic precipitator was increased by approximately RMB44.1 million while the revenue derived from sales of bag filter precipitator and SO<sub>2</sub> and NO<sub>x</sub> emission reduction (desulfurisation and denitrification devices) were decreased by approximately RMB34.4 million and approximately RMB3.1 million respectively.

With the experience in delivery of new installation projects, the Group also provided large scale upgrading and modification projects for power plants and other industries. The following table sets forth a revenue breakdown of sales of environmental protection equipment by types of new installation project as well as upgrading/modification project for the respective years indicated:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
<b>Revenue</b>				
Newly installed	<b>740,304</b>	<b>100</b>	735,263	99
Upgrading/modification	<u>—</u>	<u>0</u>	<u>1,880</u>	<u>1</u>
	<b><u>740,304</u></b>	<b><u>100</u></b>	<b><u>737,143</u></b>	<b><u>100</u></b>

#### ***Cost of sales***

The Group's costs incurred in sales of environmental protection equipment 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 RMB495 million for the Year representing a decrease of approximately 6.0% from approximately RMB526.8 million of the corresponding period of last year.

### ***Gross profit and gross margin***

The following table sets forth the breakdown of gross profit and gross margin of the Group (stated as a percentage of revenue) for the respective years indicated:

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Gross profit ( <i>RMB'000</i> )	<b>258,704</b>	218,175
Gross margin (%)	<b>34.3%</b>	29.3%

The Group's gross profit of the Year amounted to approximately RMB258.7 million, representing a significant increase of approximately RMB40.5 million or approximately 18.6% as compared with approximately RMB218.2 million of the corresponding period of last year. The gross margin of the Group increased to approximately 34.3% for the Year. The increase was mainly attributable to the decrease in the price of raw material steel and the majority of contracts in the Year being large-scale projects where the Company is more competitive and managed to secure higher profit margins.

### ***Other income and gains***

Other income and gains of the Group during the Year decreased to approximately RMB16.1 million, representing a significant decrease of approximately 11.9% from approximately RMB18.2 million of the corresponding period of last year. The other income and gains of the Group of the year were mainly derived from government grants and bank interest income amounting to approximately RMB8.9 million and approximately RMB5.2 million respectively.

### ***Selling and distribution expenses***

The Group's selling and distribution expenses of the Year amounted to approximately RMB22.0 million, representing an increase of approximately RMB4.1 million as compared with approximately RMB17.9 million of the corresponding period of last year. The selling and distribution expenses of the Group are mainly comprised of salaries and travelling expenses amounting to approximately RMB8.2 million and approximately RMB4.6 million respectively.

### ***Administrative expenses***

The administrative expenses of the Group for the Year amounted to approximately RMB121.2 million, representing an increase of approximately 40.7% as compared with approximately RMB86.2 million of the corresponding period of last year, mainly due to **the impairment loss on assets in 2025 increased by approximately RMB33.5 million.**

### ***Finance costs***

The finance costs of the Year amounted to approximately RMB11.6 million, representing an increase of approximately 29.9% as compared with approximately RMB9.0 million of the corresponding period of last year.

### ***Income tax expenses***

The Group's income tax expenses of the Year amounted to approximately RMB19.9 million, as compared with the income tax expenses approximately RMB23.3 million of the corresponding period of last year.

### ***Trade and bills receivables***

As at 31 December 2025, the trade and bills receivables of the Group were approximately RMB394.9 million, decreased by approximately RMB191.6 million as compared to approximately RMB586.6 million of the corresponding period of last year. The decrease in trade receivables before provision for loss allowance by approximately RMB161.7 million as compared with the corresponding period of the last year is mainly due to the early settlement during the Year while the increase in bill receivables before provision for loss allowance by approximately RMB2.3 million as compared with the corresponding period of last year is mainly due to the fact that more bill receivables are used for the settlement of trade payables during the Year.

## ***Inventories***

As at 31 December 2025, the Group experienced an increase of inventories by approximately RMB283.9 million to approximately RMB650.7 million when compared to approximately RMB366.8 million of the corresponding period of last year. The inventories mainly consisted of steels, filter bags, electrical instruments and other components.

## ***Liquidity and capital resources***

### ***Cash and cash equivalents***

As at 31 December 2025, the cash and cash equivalents of the Group increased by approximately RMB157.1 million to approximately RMB817.2 million when compared to approximately RMB660.1 million of the corresponding period of last year, which was mainly due to:

- (i) the net cash inflow of approximately RMB1.7 million used in investing activities of the Group in the Year, which mainly consists of the cash inflow of approximately RMB4 million on the change in pledged deposits and cash outflow of approximately RMB3.2 million on purchase of property, plant and equipment;
- (ii) the net cash inflow of approximately RMB126.4 million generated from the operation of the Group in the Year; and
- (iii) the net cash inflow of approximately RMB29 million generated from financing activities, which mainly consists of the cash inflow of approximately RMB29 million on proceeds from bank borrowings and repayments of bank borrowings.

### *Indebtedness*

As at 31 December 2025, the Group incurred outstanding bank loans (excluding margin loans) of approximately RMB114 million.

### *Net current assets*

As at 31 December 2025, the net current assets of the Group (being the difference between total current assets and current liabilities) increased by approximately 11.6% from approximately RMB679.7 million of the corresponding period of last year to approximately RMB758.8 million for the Year.

### *Capital expenditure*

During the Year, the Group acquired property, plant and equipment of approximately RMB3.2 million and did not acquire any right-of-use assets.

### *Exchange risk*

The Group has transactional currency exposures. Such exposures arise from sales by operating units in currencies other than the functional currencies adopted by the units. Approximately 0% (2024: 0%) of its sales for the Year 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, the Group's management will constantly monitor the economic situation and the foreign exchange risk profile of the Group, and will consider appropriate hedging measures in the future should the need arise.

### ***Major acquisitions and disposals***

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the Year.

### ***Significant investments***

During the Year, the Group did not have any significant investments.

### ***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 31 December 2025, the Group did not have any material contingent liabilities or guarantees.

### **DIVIDENDS**

The Board does not recommend the payment of final dividend for the Year (2024: Nil).

### **PROSPECTS**

The super-large dust collector industry in China is positioned for continued development opportunities through 2026 and beyond, driven by the confluence of strengthening regulatory requirements, ongoing industrial modernization, and technological advancement. As China transitions from the 14th Five-Year Plan period to the 15th Five-Year Plan, the policy framework for environmental protection is expected to maintain its emphasis on emissions reduction while potentially introducing more stringent standards for specific pollutants and industrial processes.

The expansion of the national Emissions Trading System to cover steel, cement, and aluminum sectors, with plans to encompass all major industrial emitters by 2027, will create sustained demand for advanced environmental protection equipment. Enterprises in these sectors will face increasing economic incentives to reduce their emissions through the adoption of high-efficiency dust collection systems, as carbon costs become an increasingly significant factor in operational economics. The Group anticipates that this regulatory evolution will generate substantial opportunities for equipment sales and service provision in the coming years.

The Group will continue to invest significant resources in the research and development of energy-efficient environmental protection devices to meet market demands for green technologies that deliver both environmental compliance and operational cost savings. Particular emphasis will be placed on developing dust collection systems with reduced energy consumption, enhanced automation capabilities, and improved integration with digital monitoring and control platforms. The Group's product portfolio expansion will encompass complementary environmental protection equipment including ash handling systems and flue gas desulfurization and denitrification devices, thereby enhancing the Group's market competitiveness through comprehensive solution offerings.

In 2026, the Group expects the implementation of the 80% ultra-low emissions compliance requirement for cement clinker production capacity by 2028 to drive a wave of equipment procurement and facility upgrades across the cement industry. Similarly, continued enforcement of ultra-low emissions standards in the steel industry will generate ongoing demand for replacement and upgrade of existing dust collection equipment. The Group is well-positioned to capitalize on these market opportunities through its established product capabilities and customer relationships.

The Group will continue to explore strategic acquisition opportunities to enhance its capabilities and market position in the environmental protection and emissions reduction industry. Such acquisitions may encompass complementary technologies, geographic market access, or service capabilities that strengthen the Group's competitive position in the China market.

In the coming year, the Group will focus on capturing opportunities arising from the intensified regulatory environment while continuing to enhance its technological capabilities and operational efficiency. This approach will serve to consolidate the Group's market position and support sustainable business growth as environmental protection requirements continue to evolve.

The Group maintains confidence that as China advances toward its dual carbon goals, the application prospects for super-large dust collectors will continue to expand. The Group remains committed to contributing to the achievement of industrial pollution control and environmental protection objectives, positioning itself as a leading participant in China's environmental protection equipment industry.

## **MATTERS RELATING TO THE FINANCIAL REPORT**

### **Approval of financial statements**

The audited financial statements of the Group for the Year were approved by the Board on 31 March 2026.

### **Accounting policies, accounting estimates and other auditing methods**

There were no changes in accounting policies and other auditing methods of the Group during the Year.

### **Material accounting error correction**

There was no correction to material accounting errors for the Group during the Year.

### **Change in the scope of consolidation**

There was no change in the scope of consolidation for the financial statements of the Group during the Year.

## OTHER MATTERS

### Directors' and chief executive's interest and/or short position in the shares, underlying shares and debentures of the Company

As at 31 December 2025, the interests and short positions of each of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“SFO”)), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) were as follows:

1. Long position in respect of domestic shares of the Company (“Domestic Shares”) as at 31 December 2025:

Name of Director/Chief executive	Capacity/ Nature of interest	Number of Domestic Shares	Approximate % of total issued Domestic Shares	Approximate % of Company's share capital
Mr. Bian Yu	Beneficial owner	7,693,250	7.69	5.70
	Interest in a controlled corporation (Note 1)	43,200,350	43.20	32.00
Ms. Bian Shu	Beneficial owner	2,739,750	2.74	2.03
	Family interest of spouse (Note 2)	43,200,350	43.20	32.00
Mr. Chen Jiancheng	Beneficial owner	1,851,000	1.85	1.37
Mr. Zhang Yuanyuan	Interest of corporation controlled by you (Note 3)	43,200,350	43.20	32.00
	Family interest of spouse (Note 4)	2,739,750	2.74	2.03

*Notes:*

1. According to the disclosure of interest filings, these 43,200,350 Domestic Shares in the Company are beneficially owned by TGL which is in turn approximately 64.08% owned by Mr. Bian Yu and approximately 35.92% by 諸暨市科源企業管理有限公司 (“Keyuan Enterprise”). Pursuant to Part XV of the SFO, Mr. Bian Yu is deemed to be interested in TGL's interest in the Company.
2. Ms. Bian Shu, the spouse of Mr. Zhang Yuanyuan, is deemed to be interested in Mr. Zhang Yuanyuan's interest in the Company by virtue of the SFO.
3. The 43,200,350 Domestic Shares in the Company are beneficially owned by TGL which is in turn approximately 35.92% owned by Keyuan Enterprise. Keyuan Enterprise is owned as to 99% by Mr. Zhang Yuanyuan. By virtue of the SFO, each of Keyuan Enterprise and Mr. Zhang Yuanyuan is deemed to be interested in TGL's interest in the Company.
4. Mr. Zhang Yuanyuan, the spouse of Ms. Bian Shu, is deemed to be interested in Ms. Bian Shu's interest in the Company by virtue of the SFO.

## Substantial shareholders' interests and/or short position in the shares and underlying shares of the Company

According to the register of substantial shareholders (not being a director or chief executive of the Company) required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2025, the Company had been notified of the following substantial shareholders' interests and short positions. These interests are in addition to those disclosed above in respect of the directors and chief executive of the Company.

### 1. Long position in respect of Domestic Shares as at 31 December 2025:

Name	Capacity/ Nature of interest	Number of Domestic Shares	Approximate % of total issued Domestic Shares	Approximate % of Company's share capital
Changshan County Guoxi Equity Investment Co., Ltd.* (常山縣國熙股權投資有限公司) ("Guoxi Equity Investment")	Beneficial owner	35,235,000	35.24	26.10
TGL (Note 1)	Beneficial owner	43,200,350	43.20	32.00
Keyuan Enterprise (Note 2)	Interest in a controlled corporation	43,200,350	43.20	32.00

#### Notes:

1. TGL is directly interested in approximately 32.00% in the Company.
2. These 43,200,350 Domestic Shares in the Company are beneficially owned by TGL which is in turn approximately 35.92% owned by Keyuan Enterprise. By virtue of the SFO, Keyuan Enterprise is deemed to be interested in TGL's interest in the Company.

2. Long position in respect of H Shares of the Company (“**H Shares**”) as at 31 December 2025:

Name	Capacity/ Nature of interest	Number of H Shares	Approximate % of total issued H Shares	Approximate % of Company’s share capital
Shou Erjun	Beneficial owner	6,000,000	17.14	4.44
Hong Kong Joint Financial Investment Ltd	Beneficial owner	5,504,400	15.73	4.08
Zhao Kaiyuan ( <i>Note 1</i> )	Interest in a controlled corporation	5,504,400	15.73	4.08

*Notes:*

1. Mr. Zhao Kaiyuan, the controlling shareholder of Hong Kong Joint Financial Investment Ltd, is deemed to be interested in Hong Kong Joint Financial Investment Ltd’s interests in the Company by virtue of the SFO.

### **Purchase, sale or redemption of listed securities**

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

### **Model Code for Directors’ Securities Transactions**

The Group adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (“**Model Code**”) under Appendix C3 to the Listing Rules as the code of conduct on securities transactions entered into by the directors and supervisors of the Company, in order to govern such transactions. Having made specific written enquiries, all directors and supervisors of the Company confirmed their compliance with the provisions under the Model Code throughout the Year.

## **Corporate Governance Code**

The Group is committed to maintaining high standards of corporate governance to ensure managerial optimisation and to safeguard the interests of all shareholders of the company. The Group has always been emphasising on transparency and accountability to the Shareholders. The Board believes that a high standard of corporate governance could maximise the benefits for the Shareholders. Throughout the Year, the Group complied with all principles and code provisions as well as adopted the recommended best practices set out in Part 2 of Appendix C1 to the Listing Rules.

## **Audit Committee**

The Group's audit committee ("**Audit Committee**") has reviewed the accounting principles and practices adopted by the Group, and discussed with the management the internal control and financial reporting matters. The Audit Committee also reviewed this announcement and the audited consolidated financial statements of the Group for the Year. The relevant financial information are prepared under the Hong Kong Financial Reporting Standards.

## **Events of material impact**

From the end of the Year to the date of this announcement, no important events (other than those in the ordinary and usual course of business of the Company) had been occurred in a way of affecting the Company and any of its subsidiaries.

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by ZHONGHU ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

## **PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT**

The audited annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company (<http://www.tengy.com>). The Company's annual report for the Year will be despatched to the Shareholders and published on the aforementioned websites in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as the Shareholders, investors and business associates for their continuing trust in and support to the Group throughout the Year.

\* *In this announcement, the English translation of the Chinese name of certain PRC entities or title of documents in the PRC are included herein for identification purpose only. In the event of any inconsistency, the Chinese names or titles shall prevail.*

By order of the Board  
**Zhejiang Tengy Environmental Technology Co., Ltd**  
**ZHU Xian Bo**  
*Chairman and non-executive Director*

Zhuji City, Zhejiang Province, the PRC  
31 March 2026

*As at the date of this announcement, the executive directors of the Company are Mr. BIAN Yu, Mr. ZHANG Yuanyuan 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. YU Chi Wing, Mr. XIA Jiebin and Mr. WANG Feng.*