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 2023

SUMMARY

- The revenue of Zhejiang Tengy Environmental Technology Co., Ltd (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 (the "**Year**") was approximately RMB620.1 million, representing an increase of approximately 31.3% 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 RMB42.7 million, representing a decrease of approximately 20.3% 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 2023

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 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
Revenue	*4*	**620,134**	472,471
Cost of sales		**(479,315)**	(405,032)
Gross profit		**140,819**	67,439
Other income	*5*	**21,006**	120,820
Distribution and selling expenses		**(22,149)**	(15,834)
Administrative expenses		**(53,349)**	(63,279)
Other expenses		**(4,499)**	(3,814)
Profit from operations		**81,828**	105,332
Finance costs	*6*	**(9,892)**	(7,668)
Share of losses of associates		**(10,885)**	(21,894)
Profit before tax		**61,051**	75,770
Income tax expenses	*7*	**(18,344)**	(22,165)
Profit and total comprehensive income for the year attributable to owners of the Company		**42,707**	53,605
Earnings per share			
Basic and diluted (RMB per share)	*8*	**0.32**	0.40

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**63,772**	27,963
Right-of-use assets		**15,378**	1,020
Intangible assets		**294**	592
Deferred tax assets	*16*	**50,066**	43,878
Investment properties		**35,837**	–
Investment in associates		**118,207**	122,671
Pledged deposits	*13*	**–**	173
		283,554	196,297
Current assets			
Inventories	*10*	**374,862**	291,288
Trade and bills receivables	*11*	**559,998**	700,899
Contract assets		**40,886**	44,295
Prepayments, deposits and other receivables	*12*	**78,966**	61,906
Investments at fair value through profit or loss	*9*	**5,448**	–
Bank and cash balances	*13*	**453,142**	241,041
		1,513,302	1,339,429

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Current liabilities			
Trade and bills payables	*14*	**195,040**	200,711
Contract liabilities		**542,933**	354,675
Other payables and accruals	*15*	**78,684**	77,852
Bank loans		**89,502**	55,000
Tax payable		**20,519**	13,267
		926,678	701,505
Net current assets		**586,624**	637,924
Total assets less current liabilities		**870,178**	834,221
NET ASSETS		**870,178**	834,221
Capital and reserves			
Share capital	*17*	**135,000**	135,000
Share premium		**239,064**	239,064
Reserves	*18*	**496,114**	460,157
TOTAL EQUITY		**870,178**	834,221

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company					
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Statutory surplus reserve** *RMB'000*	**Safety production reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*
At 1 January 2022	135,000	239,064	44,121	8,153	354,278	780,616
Total comprehensive income for the year	–	–	–	–	53,605	53,605
Appropriation to statutory surplus reserve	–	–	5,202	–	(5,202)	–
Appropriation to safety production reserve	–	–	–	364	(364)	–
At 31 December 2022	135,000	239,064	49,323	8,517	402,317	834,221
At 1 January 2023	**135,000**	**239,064**	**49,323**	**8,517**	**402,317**	**834,221**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**42,707**	**42,707**
Appropriation to statutory surplus reserve	**–**	**–**	**1,966**	**–**	**(1,966)**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**(6,750)**	**(6,750)**
Appropriation to safety production reserve	**–**	**–**	**–**	**261**	**(261)**	**–**
At 31 December 2023	**135,000**	**239,064**	**51,289**	**8,778**	**436,047**	**870,178**

These reserve accounts comprise the consolidated reserves of approximately RMB463,776,000 (2022: approximately RMB450,863,000) in the consolidated statements of financial position.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

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 TENGY 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 2023, (i) Tengy Group Limited（天潔集團有限公司）("**TGL**"), a company established in the PRC, held 40,500,350 Domestic Shares, representing approximately 30% 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 39,150,000 Domestic Shares, representing 29.00% 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 2023 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 Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") 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 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 HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise HKFRSs; 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 year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs 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 sale of 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

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**607,159**	471,341
Other countries	**12,975**	1,130
	620,134	472,471

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

	2023	2022
	RMB'000	*RMB'000*
Customer A	**N/A***	109,345
Customer B	**N/A***	55,905
Customer C	**118,558**	N/A*
Customer D	**84,867**	N/A*
Customer E	**65,857**	N/A*

* Customer did not contribute more than 10% of the total consolidated revenue of the Group for the Year and for the corresponding period of 2022.

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.

	2023	2022
	RMB'000	*RMB'000*
Revenue		
Sales of environmental protection equipment	**607,348**	442,739
Sales of materials	**12,781**	29,549
Rendering of services	**5**	183
	620,134	472,471

Disaggregation of revenue from sales of environmental protection equipment:

	2023	2022
	RMB'000	*RMB'000*
Geographical markets		
Mainland China	**594,514**	442,739
Other countries	**12,834**	–
Total	**607,348**	442,739
Major products		
Electrostatic precipitator	**436,146**	326,480
Electrostatic-bag composite precipitator	**–**	10,393
Bag filter precipitator	**39,668**	63,836
SO_2 and NOx emission reduction (desulfurisation and denitrification devices)	**95,110**	11,027
Others (e.g. Pneumatic ash conveying system)	**36,424**	31,003
Total	**607,348**	442,739
Timing of revenue recognition		
At a point in time		
– Sales of environmental protection equipment	**607,348**	442,739
– Sale of materials	**12,781**	29,549
– Rendering of services	**5**	183
Total	**620,134**	472,471

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

	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**1,397**	297
Government grants	**8,803**	3,310
Waiver of insurance service	**5,222**	–
Waiver of account payable	**3,547**	–
Gain on disposal investments at fair value through profit or loss	**–**	810
Reversal of impairment loss on bills receivables	**911**	6
Gain on disposal of property, plant and equipment and right-of-use assets	**784**	116,344
Others	**342**	53
	21,006	120,820

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans	**9,892**	7,668

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 is analysed as follows:

	2023	2022
	RMB'000	*RMB'000*
PRC Enterprise Income Tax for the year	**24,532**	13,941
Deferred tax *(note 16)*	**(6,188)**	8,224
	18,344	22,165

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:

	2023	2022
	RMB'000	*RMB'000*
Profit before tax	**61,051**	75,770
Tax at the statutory tax rate of 25%	**15,263**	18,943
Additional deduction on research and development expenses	**(2,906)**	(2,986)
Tax effect of non-deductible expenses	**5,987**	6,208
Income tax expenses for the year	**18,344**	22,165

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

The calculation of the 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 (2022: 135,000,000) in issue during the Year.

There were no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculations of basic earnings per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**42,707**	53,605

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**135,000,000**	135,000,000

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Ferrous metal future contract, at fair value – current assets	**5,448**	–

10. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**11,798**	14,634
Work in progress	**7,814**	1,001
Finished goods	**355,250**	275,653
	374,862	291,288

11. TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**647,915**	740,524
Less: provision for loss allowance	**(143,043)**	(136,416)
	504,872	604,108
Bills receivable	**57,207**	99,783
Less: provision for loss allowance	**(2,081)**	(2,992)
	559,998	700,899

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 2023, the Group's bills receivable of approximately RMB8,432,000 (2022: approximately RMB18,264,000) were pledged to secure the Group's bills payable (note 14).

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**222,172**	206,770
1 to 2 years	**124,383**	178,630
2 to 3 years	**81,566**	111,710
3 to 4 years	**76,751**	106,998
	504,872	604,108

Reconciliation of loss allowance for trade receivables:

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**136,416**	175,756
Written off the loss allowance for the year	**(245)**	(51,892)
Increase in loss allowance for the year	**6,872**	12,552
At 31 December	**143,043**	136,416

Reconciliation of loss allowance for bills receivables:

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**2,992**	2,998
Increase in loss allowance for the year	**(911)**	(6)
At 31 December	**2,081**	2,992

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**
At 31 December 2023					
Weighted average expected loss rate	**0%**	**12%**	**17%**	**59%**	**22%**
Receivable amount *(RMB'000)*	**222,172**	**140,629**	**98,861**	**186,253**	**647,915**
Loss allowance *(RMB'000)*	**–**	**16,246**	**17,295**	**109,502**	**143,043**
At 31 December 2022					
Weighted average expected loss rate	0%	14%	12%	46%	18%
Receivable amount *(RMB'000)*	206,770	207,868	126,593	199,293	740,524
Loss allowance *(RMB'000)*	–	29,238	14,883	92,295	136,416

As at 31 December 2023, 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 2023 was approximately RMB67,586,000 (2022: approximately RMB75,944,000). 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 RMB38,590,000 as at 31 December 2023 (2022: approximately RMB44,301,000). 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 RMB28,996,000 as at 31 December 2023 (2022: approximately RMB31,643,000), 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 (2022: 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.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Other receivables	**29,357**	44,781
Less: impairment losses	**(2,808)**	(3,284)
	26,549	41,497
Prepayments	**48,509**	20,409
Due from holding company *(note)*	**3,908**	–
	78,966	61,906

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

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**3,284**	3,161
Written off the loss allowance for the year	**(88)**	–
(Reversal of impairment loss)/impairment loss on other receivables	**(388)**	123
At 31 December	**2,808**	3,284

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

At the end of the Year, the bank and cash balances of the Group denominated in RMB amounted to approximately RMB453,020,000 (2022: approximately RMB240,945,000). 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.

14. TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**185,131**	183,498
Bills payables	**9,909**	17,213
	195,040	200,711

The Group's bills receivables of approximately RMB8,432,000 (2022: approximately RMB18,264,000) as at 31 December 2023 (note 11).

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**137,082**	103,891
1 to 2 years	**28,155**	59,314
2 to 3 years	**12,203**	6,865
Over 3 years	**7,691**	13,428
	185,131	183,498

15. OTHER PAYABLES AND ACCRUALS

	2023	2022
	RMB'000	*RMB'000*
Other payables	**78,684**	77,508
Due to the related companies *(note)*	**–**	344
	78,684	77,852

Note: The amount due to the related companies are unsecured, non-interest bearing and have no fixed repayment terms.

16. DEFERRED TAX

Deferred tax assets

	Changes in investments at fair value through profit or loss	Impairment of other receivables	Impairment of trade and bills receivables	Accruals	Tax loss	Impairment of property, plant and equipment	Unrealised profit in inventories	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	309	791	44,689	1,504	3,387	1,422	–	52,102
– Credit/(debit) to consolidated statement of profit or loss	(309)	31	(9,838)	220	(1,543)	(1,422)	4,637	(8,224)
At 31 December 2022 and 1 January 2023	–	822	34,851	1,724	1,844	–	4,637	43,878
– Credit/(debit) to consolidated statement of profit or loss	**86**	**(119)**	**1,429**	**406**	**(771)**	**–**	5,157	**6,188**
At 31 December 2023	**86**	703	**36,280**	**2,130**	**1,073**	**–**	**9,794**	**50,066**

17. SHARE CAPITAL

Shares

	2023	2022
	RMB'000	*RMB'000*
Issued and fully paid:		
135,000,000 (2022: 135,000,000) ordinary shares	**135,000**	135,000

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

18. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity of the financial statements.

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 SO2 and NOx 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

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 Year, the revenue and total comprehensive income of the Group amounted to approximately RMB620.1 million and approximately RMB42.7 million respectively. During the Year, the Group's gross profit amounted to approximately RMB140.8 million, representing an increase of approximately 108.8% as compared with approximately RMB67.4 million of the corresponding period of last year; and the Group's gross margin increased by approximately 8.4% from last year to approximately 22.7%. The increase was mainly attributable to the completion of large projects which have higher profit margin and the decrease of the price of raw materials (including steel being one of the major raw materials).

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 RMB1,487.8 million. As at 31 December 2023, 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 RMB2,594.1 million.

The Group's profit before tax for the Year decreased to approximately RMB61.1 million and profits attributable to owners of the Company decreased to approximately RMB42.7 million, representing a year-on-year decrease of approximately 19.4% and decrease of approximately 20.3% respectively. The aforesaid decreases in profit before tax and profits attributable to owners of the Company are mainly due to no disposal of land during the Year.

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 2023, the Group had 56 registered patents (including 3 invention patents and 53 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 2023, the Group maintained a total of 422 full-time employees (2022: 446). The remuneration payable to the Group's employees includes basic wages, bonuses and other staff benefit. The Group conducts periodic performance reviews for the employees and determine their remuneration based on factors including qualifications, contributions, years of experience and performance.

Financial Review

Revenue

The revenue of the Group amounted to approximately RMB620.1 million for the Year representing an increase of approximately 31.3% from approximately RMB472.5 million of the corresponding period of last year. The increase was mainly due to more completion of the large-scale projects which result in the increase in the scale of business.

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			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Revenue				
Sales of environmental protection equipment	**607,348**	**98**	442,739	93
Sales of materials	**12,781**	**2**	29,549	6
Rendering of services	**5**	**0**	183	1
Total	**620,134**	**100**	472,471	100

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:

	Year ended 31 December			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Environmental protection equipment				
Ash removal and transfers				
– Electrostatic precipitator	**436,146**	**72**	326,480	74
– Electrostatic-bag composite precipitator	**–**	**–**	10,393	2
– Bag filter precipitator	**39,668**	**6**	63,836	14
– Others (e.g. Pneumatic ash conveying system)	**36,424**	**6**	31,003	7
– SO_2 and NOx emission reduction (desulfurisation and denitrification devices)	**95,110**	**16**	11,027	3
	607,348	**100**	442,739	100

The Group's revenue for the Year was mainly generated from sales of electrostatic precipitator and SO_2 and NO_x emission reduction devices. During the Year, as compared with the corresponding period of last year, the revenue derived from sales of electrostatic precipitator and SO_2 and NO_x emission reduction (desulfurisation and denitrification devices) were increased by approximately RMB109.7 million and approximately RMB84.1 million respectively while the revenue derived from sales of bag filter precipitator was decreased by approximately RMB24.2 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			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Revenue				
Newly installed	**580,019**	**96**	426,693	96
Upgrading/modification	**27,329**	**4**	16,046	4
	607,348	**100**	442,739	100

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 RMB479.3 million for the Year representing an increase of approximately 18.3% from approximately RMB405.0 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:

	Year ended 31 December	
	2023	2022
Gross profit *(RMB'000)*	**140,819**	67,439
Gross margin *(%)*	**22.7%**	14.3%

The Group's gross profit of the Year amounted to approximately RMB140.8 million, representing a significant increase of approximately RMB73.4 million or approximately 108.8% as compared with approximately RMB67.4 million of the corresponding period of last year. The gross margin of the Group increased to approximately 22.7% for the Year. The increase was attributable to the completion of certain large-scale projects with the higher gross margin and the decrease of the price of raw materials (including steel being one of the major raw materials) during the Year.

Other income and gains

Other income and gains of the Group during the Year decreased to approximately RMB21.0 million, representing a significant decrease of approximately 82.6% from approximately RMB120.8 million of the corresponding period of last year, which is mainly due to no disposal of land during the Year. The other income and gains of the Group of last year was mainly derived from gain on disposal of property, plant and equipment and right-of-use assets amounting to approximately RMB116.3 million.

Selling and distribution expenses

The Group's selling and distribution expenses of the Year amounted to approximately RMB22.1 million, representing an increase of approximately RMB6.3 million as compared with approximately RMB15.8 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 RMB6.4 million and approximately RMB5.7 million respectively.

Administrative expenses

The administrative expenses of the Group for the Year amounted to approximately RMB53.3 million, representing a decrease of approximately 15.7% as compared with approximately RMB63.3 million of the corresponding period of last year, mainly due to:

(i) the impairment losses for trade receivables in 2023 decreased to approximately RMB6.9 million; and

(ii) the depreciation expenses in 2023 decreased by RMB1.5 million as compared with 2022.

Finance costs

The finance costs of the Year amounted to approximately RMB9.9 million, representing an increase of approximately 29.0% as compared with approximately RMB7.7 million of the corresponding period of last year.

Income tax expenses

The Group's income tax expenses of the Year amounted to approximately RMB18.3 million, as compared with the income tax expenses approximately RMB22.2 million of the corresponding period of last year.

Trade and bills receivables

As at 31 December 2023, the trade and bills receivables of the Group were approximately RMB560.0 million, decreased by approximately RMB140.9 million as compared to approximately RMB700.9 million of the corresponding period of last year. The decrease in trade receivables before provision for loss allowance by approximately RMB92.6 million as compared with the corresponding period of the last year is mainly due to the increase in the settlements of trade receivables during the Year while the decrease in bill receivables before provision for loss allowance by approximately RMB42.6 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 2023, the Group experienced an increase of inventories by approximately RMB83.6 million to approximately RMB374.9 million when compared to approximately RMB291.3 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 2023, the cash and cash equivalents of the Group increased by approximately RMB212.1 million to approximately RMB453.1 million when compared to approximately RMB241.0 million of the corresponding period of last year, which was mainly due to:

(i) the net cash outflow of approximately RMB64.9 million used in investing activities of the Group in the Year, which mainly consists of the cash outflow of approximately RMB40.6 million on the purchase of property, plant and equipment;

(ii) the net cash inflow of approximately RMB253.0 million generated from the operation of the Group in the Year; and

(iii) the net cash inflow of approximately RMB23.3 million used in financing activities, which mainly consists of the cash inflow of approximately RMB30 million on proceeds from bank borrowings and repayment of bank borrowings.

Indebtedness

As at 31 December 2023, the Group incurred outstanding bank loans (excluding margin loans) of approximately RMB85 million.

Net current assets

As at 31 December 2023, the net current assets of the Group (being the difference between total current assets and current liabilities) decreased by approximately 8.0% from approximately RMB637.9 million of the corresponding period of last year to approximately RMB586.6 million for the Year.

Capital expenditure

During the Year, the Group acquired right-of-use assets of approximately RMB14.5 million and property, plant and equipment of approximately RMB40.6 million.

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 2.1% (2022: 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

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

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

On 25 May 2023, the Company entered into an agreement (the "**Agreement**") with 天潔集團有限公司 (Tengy Group Limited*) ("**TGL**"), who is a controlling shareholder (as defined under the Listing Rules) of the Company holding approximately 30% of the issued share capital of the Company, pursuant to which the Company conditionally agreed to acquire and TGL conditionally agreed to sell 95% equity interest in 浙江天潔新能源股份有限公司 (Zhejiang Tianjie New Energy Co., Ltd.*) held by TGL for the consideration of RMB51.2 million (subject to downward adjustment) (the "**Acquisition**"). After careful consideration, the Company and TGL decided not to proceed with the Acquisition. On 22 September 2023, the Acquisition was terminated by the Company and TGL by entering into a deed of termination (the "**Termination Deed**") whereby the parties have mutually agreed to terminate the Agreement and to release and discharge each other from its respective obligations under the Agreement with effect from the date of the Termination Deed. For details, please refer to the announcement of the Company dated 22 September 2023.

Save as disclosed above, the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures during the Year.

Significant investments

During the Year, the Group acquired the interest of an associate of approximately RMB6.5 million and acquired investment properties addition cost of approximately RMB6.0 million.

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 2023, 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 (2022: RMB0.05 per share).

PROSPECTS

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 peak 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 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 28 March 2024.

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 2023, 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 2023:

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	5.7
	Interest in a controlled corporation *(Note 1)*	40,500,350	40.5	30.00
Ms. Bian Shu	Beneficial owner	2,739,750	2.74	2.03
Mr. Chen Jiancheng	Beneficial owner	1,851,000	1.85	1.37
Mr. Zhang Yuanyuan	Family interest of spouse *(Note 2)*	2,739,750	2.74	2.03

Note:

1. According to the disclosure of interest filings, these 40,500,350 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. 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 2023, 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 2023:

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	39,150,000	39.15	29.00
TGL *(Note 1)*	Beneficial owner	40,500,350	40.50	30.00
Keyuan Enterprise *(Note 2)*	Interest in a controlled corporation	40,500,350	40.50	30.00

Notes:

1. TGL is directly interested in approximately 30.00% in the Company.

2. These 40,500,350 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 2023:

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 *(Note 1)*	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

From the date of listing of the shares of the Company on the Stock Exchange up to 31 December 2023, 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 the "Corporate Governance Code" under 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 and confirmed 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.

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) 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
28 March 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.