

TARGET

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ZHEJIANG TENGZY ENVIRONMENTAL TECHNOLOGY COMPANY LTD: IT IS SAID THAT READING IS THE ‘GOLDEN’ PATH TO LEARNING, BUT IT IS, ALSO, WISE TO BE WARY OF THAT WHICH ONE READS

On scanning the 156-page Annual Report of Zhejiang Tengzy Environmental Technology Company Ltd (浙江天潔環境科技股份有限公司) (Code: 1527, Main Board, The Stock Exchange of Hongkong Ltd) one might be led down that yellow-brick road, thinking that this is somewhat of a ‘*real*’ winner, as far as publicly listed companies are concerned – especially, a corporate entity that is controlled, directly and/or indirectly, by The Government of The People’s Republic of China (PRC) .

Sadly, if one accepted a goodly portion of that, which had been penned by Mr Zhu Xian Bo (祝賢波), the Non-Executive Chairman of the Board of Directors of Zhejiang Tengzy Environmental Technology Company Ltd, one could easily be led astray, directly or indirectly, like it or not.

At Pages Four and Five of the 2023 Annual Report of the Company, one was informed of the following, under the heading, ‘*Chairman’s Statement.*’

*‘On behalf of the Board (“**Board**”) of Directors (“**Directors**”, each being a “**Director**”), I am pleased to announce that Zhejiang Tengzy Environmental Technology Co., Ltd (“**Company**” or “**Tengzy Environmental**”) and its subsidiaries (collectively the “**Group**”) recorded solid financial results for the year ended 31 December 2023 (“**Year**”).*

‘The Group is a well-established integrated atmospheric pollution control solution provider, with a primary focus on particulate emission control by offering mega-sized precipitators to customers in various industries. The Group is with over 25 years of industry experience and continues to innovate in industrial technologies.

*‘The Group’s operating income during the Year increased by approximately 31.3% to approximately RMB620.1 million, while the profit before tax during the Year decrease (sic) by approximately 19.4% compared to the corresponding period of last year, to approximately RMB61.1 million. Meanwhile, the profit attributable to shareholders of the Company (“**Shareholders**”, each being a “**Shareholder**”) was*

approximately RMB42.7 million, representing a decrease of approximately 20.3% compared to the corresponding period of last year.

‘Approximately 100% of the revenue for the Year of the Group is from the sales of environmental protection equipment (approximately 98%) and the sales of materials (approximately 2%), amounting to approximately RMB607.348 million and approximately RMB12.781 million respectively.

‘The Group believes that, leveraging on its years of industry experience and continual innovation in industrial technologies, the Group possesses a competitive advantage over existing market competitors as well as new entrants in new projects, and can also obtain more new projects from customers in the national electricity industries and also from other industries due to its enhanced reputation as a reliable atmospheric pollution control solution provider.

‘On behalf of the 19th Central Committee, President Xi Jinping delivered a report to the congress entitled “**Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects**” (the “**20th National Congress Report**”) on 16 October 2022. The “**20th National Congress Report**” makes strategic plans for China’s future ecological civilization construction, including “**promote concerted efforts to cut carbon emissions, reduce pollution, expand green development and pursue economic growth, prioritize ecological protection, conserve resources and use them efficiently, and pursue green and low-carbon development**”, forming a mutually promoting 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 in the central task 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.

‘With increasingly stringent environmental protection inspection, the environmental protection equipment which does not meet the requirements must be upgraded and modified immediately, which in turn will give significant rise to a certain demand for precipitators.

‘Looking forward, more effort will be made by the Group to enhance its research and development capabilities and to actively seek appropriate acquisition projects, to expand its capabilities of research and development, manufacturing and sales, as well as to access new domestic and international markets.

‘The Group believes that its established customer base in the PRC and its exposure to overseas markets could help it lay a solid foundation for future expansion in both domestic and overseas markets of the Group, and

enable it to become the leading player in the atmospheric pollution control solution industry...’.

At the following Page Six of the 2023 Annual Report of the Company, the ‘*Financial Highlights*’ were presented:

	For The Financial Year, Ended December 31		Percentage Increase/(Decrease)*
	2023	2022	
	All Figures Are Denominated In Renminbi (RMB)’000 (except where otherwise stipulated)		
Revenue	620,134	472,471	31.25
Profit Before Taxation	61,051	75,770	(19.43)
Income Tax Expense	(18,344)	(22,165)	(17.24)
Profit And Total Comprehensive Income For The Year	42,707	53,605	(20.33)
Earnings Per Share Attributable To Ordinary Equity Holders Of The Parent – For Profit For The Year	0.32	0.40	(20.00)

* **Renminbi (RMB)** is the functional currency of The People’s Republic of China.

** This medium has taken the liberty of placing more-accurate percentages on the final column of the above table.

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