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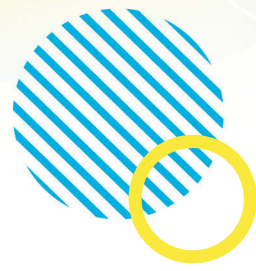
Denox Environment

DENOX ENVIRONMENTAL & TECHNOLOGY
HOLDINGS LIMITED

迪諾斯環保科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1452



2024 Interim Report

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. ZHAO Shu (*Chairlady*)

Mr. LI Ke

Non-executive Director

Mr. LI Xingwu

Independent non-executive Directors

Ms. CHAN Yeuk Wa

Dr. Wang Xueqian (*Appointed on 28 June 2024*)

Mr. ONG Chor Wei

Mr. LI Min (*Resigned on 28 June 2024*)

Audit Committee

Ms. CHAN Yeuk Wa (*Chairlady*)

Dr. Wang Xueqian (*Appointed on 28 June 2024*)

Mr. ONG Chor Wei

Mr. LI Min (*Resigned on 28 June 2024*)

Remuneration Committee

Dr. Wang Xueqian (*Chairman*) (*Appointed on 28 June 2024*)

Ms. ZHAO Shu

Mr. ONG Chor Wei

Mr. LI Min (*Resigned on 28 June 2024*)

Nomination Committee

Ms. ZHAO Shu (*Chairlady*)

Dr. Wang Xueqian (*Appointed on 28 June 2024*)

Mr. ONG Chor Wei

Mr. LI Min (*Resigned on 28 June 2024*)

Joint Company Secretaries

Mr. LIU Lianchao

Ms. YU Anne

Authorised Representatives under Rule 3.05 of the Listing Rules

Ms. ZHAO Shu

Mr. LIU Lianchao

Auditor

CL Partners CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

3203 A-5, Tower 2,

Lippo Centre, 89 Queensway,

Admiralty, Hong Kong

Registered Office in Cayman Islands

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal Place of Business in Hong Kong

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Wanchai

Hong Kong

Headquarters and Principal Place of Business in the PRC

Room 1506-1, 12th Floor, Block 2

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Fengtai District

Beijing 100070

People's Republic of China

Cayman Islands Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank Corporation
China Merchants Bank

Company's Website

www.china-denox.com

Stock Code

01452

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Company is an investment holding company with its principal subsidiaries engaged in design, development, manufacture and sales of DeNOx catalysts in the PRC.

During the Period, there were no significant changes in the nature of the Group's principal activities.

The Company's Management Analysis Report for the First Half of 2024 and Outlook on the Work for the Second Half of 2024

I. Work overview of the Company for the first half of 2024

The year-on-year gross domestic product (GDP) growth of China in the first half of 2024 calculated at constant price was 5.0%. In the first half of 2024, the total social electricity consumption increased by 8.1% year-on-year. From the perspective of macroeconomic data, the overall economic operation in the first half of the year was stable, and the transformation and upgrading of the economy has been steadily advancing. At the same time, it should be noted that the current international environment is complex and intricate, and the domestic effective demand is still insufficient. From the micro level perspective, many industries are experiencing difficulties such as overcapacity, intense competition, price deviation, employee salary cuts and unemployment.

(I) Industrial plate-type and honey-comb catalysts business

1. Current market situation

- (1) The overall number of projects and market demand in the power industry are relatively stable this year, but the market price is generally declining.
- (2) In the metallurgical market represented by the iron and steel industry in the past two years, iron and steel enterprises are facing a situation of overcapacity due to the shrinkage of real estate market. One after another, we have seen some iron and steel enterprises reducing production and laying off employees. The Group's catalyst products, which are ancillary environmental protection equipment, are also being affected to a certain extent.
- (3) The market for carbon monoxide catalyst products has gradually started, but due to the overall downturn in the iron and steel industry as mentioned above, carbon monoxide catalysts and projects are currently mainly considered to be implemented through energy management contract.
- (4) The alumina industry implemented large-scale ultra-low emissions from 2017 to 2020, and has now reached the node for the first batch of replacements.
- (5) The biomass power generation industry requires ultra-low emissions, and there will be growth opportunities in the next two to three years.
- (6) There are many market opportunities for cement DeNOx catalysts, but due to the limitation in the diversification of existing general contracting technologies, combined with the poor flue gas conditions in the actual application of cement, the requirements for catalysts are relatively high.

MANAGEMENT DISCUSSION AND ANALYSIS

2. The Group's key work on plate-type and honey-comb catalyst products

(1) *Marketing and after-sale services*

In the first half of 2024, the Group completed a total of 578 customer enquiries on catalysts and technical support tasks, completed 232 formal bids for thermal power plants and other industrial customers, and signed 79 technical agreements and business contracts. Overall, the marketing efforts for the Group's industrial catalyst segment continued to increase, and the total contract value in the first half of the year continued to increase year-on-year.

In the first half of 2024, the highlights of the Group's marketing expansion work are as follows:

- Overseas marketing efforts for catalysts were further strengthened, with a further increase in export projects in the first half of the year compared to previous years;
- Two major central state-owned enterprises have signed annual group procurement agreements for plate-type catalysts with the Group;
- The specifications and types of plate-type catalysts were further improved, and the number of small-pitch plate-type catalysts was further increased;
- Catalysts for dioxin treatment gained further recognition in the market;
- The application of honey-comb DeNOx catalysts in the shipbuilding industry achieved a zero breakthrough; and
- Honey-comb DeNOx catalysts achieved a zero breakthrough in high-temperature DeNOx 60-hole catalysts.

(2) *Product manufacturing*

In the first half of 2024, the production of industrial honey-comb and plate-type catalyst products increased as compared to the same period of last year, with a total of 72 orders completed, among which, the output of plate-type catalysts increased significantly in the first half of the year, exceeding the output of honey-comb catalysts, accounting for 58% (compared to 43% of plate-type catalysts in the first half of 2023). In terms of long-term trends and application scenarios, the market for honey-comb should be larger. It is expected that the orders and proportion of honey-comb catalysts will increase in the second half of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Catalysts for diesel-powered vehicles and natural gas-powered vehicles

In the first half of 2024, the overall performance of the domestic commercial vehicle market was stable and progressive. According to the China Association of Automobile Manufacturers, the production and sales volume of commercial vehicles increased by 2% and 4.9% year-on-year respectively. However, the Group's original equipment manufacturer ("OEM") orders for natural gas-powered vehicle catalysts, which had rebounded significantly in 2023, did not continue its trend in the first half of 2024, and the overall performance was poor:

1. In the first half of 2024, the orders of OEM customers for the Group's natural gas-powered vehicle catalysts declined severely, mainly due to the impact of a single customer not placing catalyst orders for its mature engine models;
2. The Group also provides catalyst products in the vehicle aftermarket and other areas of the market, the sales order in the first half of the year maintained a steady upward trend, but with limited overall order intake.

Overall, compared with the continuous steady growth of industrial catalysts, the vehicle catalysts business has fluctuated greatly in recent years, and the Group is required to make strategic adjustments in a timely manner in the second half of 2024.

II. Key work arrangements of the Group for the second half of 2024

(I) Catalyst business for China VI natural gas-powered vehicles and diesel-powered vehicles

OEM orders for China VI natural gas-powered vehicles experienced a substantial decline in the first half of the year, mainly due to the fact that the Group's vehicle catalysts are heavily dependent on a single customer, and the fluctuations in this customer's orders directly determined the performance of the Vehicle Catalysts Division. While the Group had already endeavored to reduce its investment in this area in previous years, the substantial decline in OEM orders forced the Group to think in depth about the future development of the vehicle sector: whether to continue to maintain a low-cost operation or to invest more of its equipment (most of the equipment for production and R&D is universal), personnel and time into the development of new products for the Industrial Catalysts Division. It will be a strategic question that the Group will have to answer clearly in the second half of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Industrial DeNOx catalysts business

1. We will continue to strengthen our marketing efforts, improve the performance appraisal system of our marketing staff, reinforce the elimination of underperforming sales staff, and strive to further expand our market contract volume, while endeavoring to reduce the proportion of our sales expenses;
2. The Group has established overseas branches and recruited overseas technical and sales personnel. In the second half of 2024, we will vigorously carry out overseas sales of catalysts and strive to make breakthrough progress in overseas markets;
3. As the competition for traditional plate-type and honey-comb catalysts has reached a fever pitch, the Group must continuously optimize the production process and reduce labor and unit energy consumption in an effort to maintain the gross profit level of our products. At the same time, the Group also needs to significantly increase R&D efforts on technically challenging new products and actively collaborate with external universities and research institutes. We will continue to introduce new catalyst products in the industrial field to improve the profit margin of our products.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue from contracts with customers

The following table sets forth the revenue generated from sale of plate-type DeNOx catalysts, honey-comb DeNOx catalysts and DeNOx catalysts for vehicles in amount and as percentages of total revenue for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Plate-type DeNOx catalysts	37,991	72.7	7,195	13.8
Honey-comb DeNOx catalysts	10,706	20.5	30,780	58.9
DeNOx catalysts for vehicles	3,567	6.8	14,314	27.3
Total	52,264	100.0	52,289	100.0

During the Period, the Group recorded a total revenue of approximately RMB52.3 million, remaining stable as compared to approximately RMB52.3 million of the same period in 2023.

Plate-type DeNOx catalysts

The plate-type DeNOx catalysts market was mainly derived from the normal replacement of catalysts stored in thermal power plants. Revenue generated from sales of plate-type DeNOx catalysts for the Period increased to approximately RMB38.0 million, representing an increase of 428.0% as compared to approximately RMB7.2 million of the same period in 2023, which was primarily attributable to the increase in the sales volume of plate-type DeNOx catalysts during the Period.

Honey-comb DeNOx catalysts

The honey-comb DeNOx catalysts market was mainly derived from the normal replacement of catalyst stored in thermal power plants. Revenue generated from sales of honey-comb DeNOx catalysts for the Period decreased to approximately RMB10.7 million, representing a decrease of 65.3% as compared to approximately RMB30.8 million of the same period in 2023, which was primarily attributable to the decrease in sales volume of honey-comb DeNOx catalysts during the Period.

DeNOx catalysts for vehicles

During the Period, the Group recorded revenue from sales of DeNOx catalysts for vehicles of approximately RMB3.6 million, representing a decrease of 74.8% as compared with the revenue of approximately RMB14.3 million in the same period in 2023.

Gross profit

During the Period, the Group recorded gross profit of approximately RMB13.5 million which resulted from increase in sales volume of plate-type DeNOx catalysts, while the Group recorded gross profit of approximately RMB9.6 million for the same period in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and marketing expenses

Selling and marketing expenses primarily consist of transportation cost, consulting service expenses and employee benefit expenses, etc. The Group's sales and marketing expenses increased for the Period as compared to the same period in 2023, mainly due to the increased marketing efforts in promoting our products to overseas markets, representing 22.6% and 18.7% of the Group's total revenue from contracts with customers in six months ended 30 June 2024 and 2023, respectively. As a whole, the Group's selling and marketing expenses increased by 20.4% to approximately RMB11.8 million for the Period from approximately RMB9.8 million of the same period in 2023.

Administrative expenses

Administrative expenses mainly consist of employee benefit expenses, depreciation and amortisation, research and development expenses and professional fees. During the Period, the Group's administrative expenses amounted to approximately RMB12.2 million, which increased by 45.2% when compared with approximately RMB8.4 million of the same period in 2023, mainly due to the increase in staff bonus, legal and professional fee and promotional expenses, etc.

Finance income/(costs)

Finance costs include interest expenses on borrowings, lease liabilities and bill receivables. Finance income includes interest income on bank balances and cash, restricted bank deposits and bank deposits with original maturity over three months. The Group recorded net finance income of approximately RMB1.2 million for the Period while it recorded net finance cost of approximately RMB0.2 million in the same period in 2023.

Loss for the period

As a result of the aforementioned major factors, the loss for the Period amounted to approximately RMB9.7 million while the Group recorded loss of approximately RMB9.8 million in the same period in 2023.

Liquidity and capital resources

The Group's financial position remains solid and the Group possessed sufficient cash to meet its commitments and working capital requirements in the foreseeable future. As at 30 June 2024, the Group had net current assets of approximately RMB113.4 million (31 December 2023: approximately RMB122.1 million) of which cash and cash equivalents were approximately RMB24.3 million (31 December 2023: approximately RMB44.3 million) and were denominated in Euro, Hong Kong Dollar, RMB, and United States Dollar.

Borrowings

As at 30 June 2024, the borrowings of the Group were approximately RMB13.0 million (31 December 2023: approximately RMB4.5 million), and all the borrowings were denominated in RMB.

Gearing Ratio

Our gearing ratio which is calculated by total borrowings divided by total assets was 3.07% as of 30 June 2024 (31 December 2023: 1.2%). The increase in gearing ratio was mainly due to increase in bank borrowing.

MANAGEMENT DISCUSSION AND ANALYSIS

Lease Liabilities

On 25 October 2023, Maxwealth Financial Leasing Co., Ltd.* (永贏金融租賃有限公司), a wholly-owned subsidiary of Bank of Ningbo Co., Ltd* (寧波銀行), as lessor has entered into a finance lease agreement with Beijing Denox Environmental & Technology Co., Ltd.* (北京迪諾斯環保科技有限公司), an indirect wholly-owned subsidiary of the Company, as lessee, pursuant to which (i) the lessee has agreed to sell the leased assets to the lessor at a consideration of RMB5,000,000 (equivalent to approximately HKD5,454,000); and (ii) the lessor has agreed to leaseback the leased assets to the lessee for a term of 24 months for a total lease payment of RMB5,362,858 (equivalent to approximately HKD5,849,806). For further details, please refer to the announcement of the Company dated 8 December 2023.

Pledge of Assets

As of 30 June 2024, the Group has pledged certain machineries with the net carrying amount of approximately RMB8.8 million and certain land and property with net carrying amount of RMB15.4 million (31 December 2023: certain machineries with the net carrying amount of approximately RMB8.8 million).

Use of net proceeds from the Listing

As at 30 June 2024, the remaining balance of the unutilised amount of net proceeds from the Listing of approximately RMB16.3 million were deposited into interest bearing bank accounts with licensed commercial banks. After the Listing, a part of these proceeds have been applied according to the section headed "Use of proceeds" as set out in the prospectus of the Company dated 30 October 2015, taking into account the reallocations as set out in the announcements of the Company dated 28 December 2020 and 28 December 2022 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Purposes	Original allocation of net proceeds as stated in the Prospectus RMB'million	Re-allocation of net proceeds on 28 December 2020 (Note 1) RMB'million	Re-allocation of net proceeds on 28 December 2022 (Note 1) RMB'million	New allocation for unutilised amount of net proceeds RMB'million	Remaining balance of the unutilised net proceeds as at 31 December 2023 RMB'million	Utilised net proceeds during the Period RMB'million	Remaining balance of the unutilised amount as at 30 June 2024 RMB'million	Expected timeline for fully utilisation of the remaining proceeds (Note 2)
Development of DeNOx catalysts for diesel-powered vehicles	78.6	78.6	(3.5)	-	-	-	-	N/A
Acquisition of potential target companies in the Group's industry that can help to expand the Group's market coverage or key raw material suppliers	46.2	21.9	-	-	-	-	-	N/A
Research and development	17.1	17.1	16.1	11.6	12.3	0.7	11.6	Fourth quarter of 2025
Expansion of the Group's sales network and establishment of the Group's regional sales offices in China as well as Europe	6.9	6.9	(1.0)	-	-	-	-	N/A
Replacement of the Group's No. 1 production line	5.1	3.5	-	-	-	-	-	N/A
Working capital and general corporate purposes	17.1	43.0	(11.6)	4.7	7.0	2.3	4.7	Fourth quarter of 2025
Total	171.0	171.0	-	16.3	19.3	3.0	16.3	

Note 1: The utilisation of the net proceeds and the use of proceeds for the remaining balance of the unutilised amount of net proceeds from the Listing was updated. For details, please refer to the announcements of the Company dated 28 December 2020 and 28 December 2022 respectively.

Note 2: The expected timeline for fully utilising the remaining proceeds was based on the best estimation of the future market conditions made by the Group. It would be subject to change based on the current and future development of market conditions.

Share Subscription Agreement and its use of net proceeds

On 26 January 2024, 98,807,400 subscription shares were duly allotted and issued by the Company to Advant Performance Limited, being the subscriber, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Zhao Shu, a controlling shareholder of the Company and a connected person of the Company; at the subscription price of HK\$0.048 per subscription share. For further details of the share subscription, please refer to the announcements of the Company dated 6 November 2023, 22 November 2023, 15 December 2023, 5 January 2024 and 26 January 2024 and the circular of the Company dated 15 December 2023, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The subscription price of HK\$0.048 per subscription share represents a discount of approximately 4.00% to the closing price of HK\$0.0500 per Share as quoted on the Stock Exchange on 6 November 2023, the date of the share subscription agreement.

The gross proceeds from the share subscription were HK\$4,742,755.2. The net proceeds (after deducting placing commission and other relevant costs and expenses) from the share subscription were HK\$3,362,755.2 and the net subscription price of each subscription share was HK\$0.034.

The Directors consider that the net proceeds from the share subscription could alleviate the funding pressure of the Group and generally improve the financial position of the Group. The share subscription can optimise the capital structure and reduce the financial risk of the Group by broadening the capital reserve channels of the Company.

During the Period, the net proceeds from the share subscription have been used as to (i) approximately 30% of the net proceeds (being HK\$1,008,826.6) for the development of coated products; (ii) approximately 50% of the net proceeds (being HK\$1,681,377.6) for the expansion of overseas markets, including setting up branches in Italy, India and the United States and employing local staff therein; and (iii) approximately 20% of the net proceeds (being HK\$672,551.0) for general working capital, including employee remuneration and material costs. All the net proceeds from the share subscription have been fully utilised during the first half of 2024.

Capital expenditures

The Group incurred capital expenditure to expand its operations, maintain its equipment and increase its operational efficiency. During the Period, the Group invested approximately RMB6.5 million (six months ended 30 June 2023: RMB0.2 million) for purchase of property, plant and equipment. These capital expenditures were financed by internal resources of the Group.

Capital commitment

As at 30 June 2024, the Group had capital commitment amounting to RMB1.4 million (31 December 2023: RMB1.4 million) for capital contribution to an associate company, Langfang Denox Environmental & Technology Co., Ltd., which is principally engaged in development and manufacture of DeNOx catalysts for vehicles.

As at 30 June 2024, the Group had capital commitment amounting to approximately RMB2.2 million (31 December 2023: RMB2.4 million) for acquisition of property, plant and equipment.

Contingent liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities, guarantees and litigations (31 December 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

Saved as disclosed in this interim report, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures and there was no future plan authorised by the Board for other material investments or additions of capital assets of the Group during the Period and up to the date of this interim report.

Event after the Period

Save as other disclosed in this interim report, the Board is not aware of any other important event affecting the Group that have taken place subsequent to 30 June 2024 and up to the date of this interim report.

Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions originally denominated and settled in RMB, of which foreign exchange risk is considered insignificant. The Group is exposed to foreign exchange risk primarily relating to certain of its bank deposits which were denominated in Euro, Hong Kong Dollars and United States Dollars. The Group did not carry out any hedging activities against foreign currency risk during the Period. Any substantial fluctuation in exchange rate of foreign currencies against RMB may have a financial impact to the Group.

Employees and Remuneration

As at 30 June 2024, the Group had 196 employees (31 December 2023: 189 employees). Remuneration of the employees of the Group amounted to RMB15.7 million for the Period (for the six months ended 30 June 2023: RMB11.9 million). Remuneration policies are reviewed regularly to ensure that the Group is offering competitive employment packages to employees. Remuneration of the Group's employees includes salaries, pension, discretionary bonus, medical insurance scheme and other applicable social insurance. The Group's remuneration policy for the Directors, senior management members and employees was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors, senior management members and employees. Further, the Group has adopted a share option scheme on 14 October 2015. Further information of the share option scheme is available in the annual report of the Company for the year ended 31 December 2023. As the growth of the Group is dependent upon the skills and dedication of its employees, the Group recognises the importance of human resources in competitive industry and has proactively devoting resources to provide training to employees. The Group has established an annual training program for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills.

OTHER INFORMATION

Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have under such provisions of the SFO, or which are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity/Nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (Note 2)
Ms. Zhao	Beneficial owner	24,612,477 (L)	4.15%
	Interest in controlled corporation (Note 3)	251,839,009 (L)	42.48%
Mr. Li Xingwu	Interest in controlled corporation (Note 4)	51,075,015 (L)	8.62%
Mr. Li Ke	Interest in controlled corporation (Note 5)	2,962,474 (L)	0.50%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. The percentages are calculated based on 592,844,400 Shares in issue as at 30 June 2024.
3. These 251,839,009 Shares are held by Advant Performance Limited which is wholly owned by Ms. Zhao. Ms. Zhao is deemed to be interested in these Shares by virtue of the SFO.
4. These 51,075,015 Shares are held by EEC Technology Limited which is wholly owned by Mr. Li Xingwu. Mr. Li Xingwu is deemed to be interested in these Shares by virtue of the SFO.
5. These 2,962,474 Shares are held by Fine Treasure Asia Holdings Limited which is wholly owned by Mr. Li Ke. Mr. Li Ke is deemed to be interested in these Shares by virtue of the SFO.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or is otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Right to Acquire Shares or Debentures

Save for the Share Option Scheme as disclosed in the annual report of the Company for the year ended 31 December 2023, at no time during the Period was the Company, its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements which enable Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests in Securities

As at 30 June 2024, so far as the Directors were aware, the following persons (other than the Directors and chief executives of the Company) or entities had interest or short position in the Shares, underlying Shares and debentures of the Company, being interests of 5% or more, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (Note 2)
Advant Performance Limited	Beneficial owner	251,839,009 (L)	42.48%
EEC Technology Limited	Beneficial owner	51,075,015 (L)	8.62%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- The percentages are calculated based on the 592,844,400 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other person (other than the Directors or chief executives of the Company) or entities having an interest or short position in Shares, underlying Shares and debentures of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme on 14 October 2015 and shall be valid and effective for a period of 10 years after its adoption date. Further details of the Share Option Scheme is available on pages 30 to 32 of the annual report of the Company for the year ended 31 December 2023.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As of 30 June 2024, the Company has no outstanding share option under the Share Option Scheme.

The number of share options available for grant under the Share Option Scheme at the beginning and the end of the Period were both 49,403,700.

The number of shares available for issue under the Share Option Scheme was 49,403,700 Shares, representing 8.33% of the issued Shares as at the date of this interim report.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

OTHER INFORMATION

Despite the terms of the Share Option Scheme, any grant of options by the Company will comply with Chapter 17 of the Listing Rules (as amended from time to time).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (six months ended 30 June 2023: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). The Company did not have any treasury shares (as defined under the Listing Rules) as at 30 June 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Period, the Company has complied with the code provisions of the CG Code with the exception of code provision C.2.1 of Part 2 of the CG Code. Given the current development of the Group, the Board is of the view that vesting the two roles of chairperson and chief executive to Ms. Zhao Shu, the chairlady of the Board provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies which are in the best interests of the Company.

For further details of such deviation, please refer to the section headed "Corporate Governance Report – Chairman and Chief Executive" on page 10 of the annual report of the Company for the year ended 31 December 2023.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry with all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code during the Period.

CHANGES TO INFORMATION IN RESPECT OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, there are no changes in the information of our Directors and chief executives of the Company subsequent to the publication of the 2023 annual report and up to the date of this interim report.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Ms. Chan Yeuk Wa, Dr. Wang Xueqian and Mr. Ong Chor Wei. Mr. Ong Chor Wei is an independent non-executive Director with appropriate professional qualifications under Rules 3.10(2) and 3.21 of the Listing Rules. Ms. Chan Yeuk Wa is the chairlady of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements for the Period, and also discussed the accounting policies, accounting standards and practices adopted by the Group with the management of the Company.

The Audit Committee considered that the unaudited consolidated interim results for the Period are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	7	52,264	52,289
Cost of sales		(38,804)	(42,661)
Gross profit		13,460	9,628
Selling and marketing expenses		(11,796)	(9,802)
Administrative expenses		(12,226)	(8,360)
Research and development expenses		(2,303)	(2,276)
Other income, gains and losses	8	1,990	1,204
Share of result of an associate		4	7
Finance income	9	1,427	62
Finance costs	9	(213)	(245)
Loss before tax		(9,657)	(9,782)
Income tax expense	10	–	–
Loss for the period		(9,657)	(9,782)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		943	1,960
Other comprehensive income for the period		943	1,960
Total comprehensive expense for the period		(8,714)	(7,822)
Loss per share	11		
Basic		RMB(0.016)	RMB(0.020)
Diluted		NA	NA

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	NOTES	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	40,894	37,351
Right-of-use assets		7,516	8,424
Interest in an associate		120	116
Long-term prepayments		45	128
		48,575	46,019
Current assets			
Inventories	13	271,382	220,199
Trade and retention receivables	14	15,298	23,376
Financial assets at fair value through other comprehensive income	15	2,941	66
Prepayments, deposits and other receivables		18,215	12,658
Restricted bank deposits	16	470	470
Bank deposits with original maturity over three months	16	41,365	24,077
Bank balances and cash	16	24,318	44,260
		373,989	325,106
Total assets		422,564	371,125
LIABILITIES			
Non-current liabilities			
Borrowings		1,740	1,740
Lease liabilities		6	323
Deferred income		1,899	2,053
		3,645	4,116
Current liabilities			
Trade payables	17	56,452	23,183
Accruals and other payables		8,533	10,472
Contract liabilities		178,987	161,167
Borrowings		11,251	2,748
Deferred income		308	308
Lease liabilities		1,350	1,462
Tax payables		3,703	3,703
		260,584	203,043
Total liabilities		264,229	207,159

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	NOTE	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Net assets		158,335	163,966
EQUITY			
Equity			
Share capital	18	38,510	31,423
Reserves		119,825	132,543
Total equity		158,335	163,966
Total equity and liabilities		422,564	371,125

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company					Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	
	At 1 January 2023 (audited)	31,423	849,824	(552,410)	33,499	
Loss for the period	-	-	-	-	(9,782)	(9,782)
Other comprehensive income for the period						
Exchange differences arising on translation of financial statements from functional currency to presentation currency	-	-	-	1,960	-	1,960
Total comprehensive income (expense) for the period	-	-	-	1,960	(9,782)	(7,822)
At 30 June 2023 (unaudited)	31,423	849,824	(552,410)	35,459	(183,443)	180,853

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company					Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	
At 1 January 2024 (audited)	31,423	849,824	(552,410)	34,224	(199,095)	163,966
Loss for the period	-	-	-	-	(9,657)	(9,657)
Other comprehensive income for the period						
Exchange differences arising on translation of financial statements from functional currency to presentation currency	-	-	-	943	-	943
Total comprehensive income (expense) for the period	-	-	-	943	(9,657)	(8,714)
Issue of shares	7,087	(2,738)	-	-	-	4,349
Share issuance expenses	-	(1,266)	-	-	-	(1,266)
At 30 June 2024 (unaudited)	38,510	845,820	(552,410)	35,167	(208,752)	158,335

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash used in operating activities	(10,194)	(1,108)
INVESTING ACTIVITIES		
Placement of banks deposit with original maturity over three months	(16,477)	–
Purchases of property, plant and equipment	(6,478)	(237)
Interest received	1,427	–
Placement of restricted cash	–	(470)
Proceeds from disposal of property, plant and equipment	–	9
Placement of pledged bank deposits	–	(1,752)
Withdrawal of restricted cash	–	1,124
Net cash used in investing activities	(21,528)	(1,326)
FINANCING ACTIVITIES		
Proceeds from issue of shares	4,349	–
Share issue expenses paid	(1,266)	–
New bank borrowing raised	9,980	–
Repayment of bank borrowings	(1,477)	–
Repayment of lease liabilities	(429)	(406)
Interest paid	(213)	(185)
Government grants received	–	70
Net cash generated from/(used in) financing activities	10,944	(521)
Net decrease in cash and cash equivalents	(20,778)	(2,955)
Cash and cash equivalents at the beginning of the period	44,260	24,017
Effect of foreign exchange rate changes	836	1,960
Cash and cash equivalents at the end of the period	24,318	23,022

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL

Denox Environmental & Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 7 November 2014 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in design, development and manufacture of DeNOx catalysts in the People’s Republic of China (the “**PRC**”). The ultimate holding company of the Group is Advant Performance Limited, a company incorporated in the British Virgin Islands (“**BVI**”) which is wholly-owned by Ms. Zhao Shu (the “**Controlling Shareholder**”).

On 12 November 2015, the Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Items included in the condensed consolidated interim financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The condensed consolidated interim financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the principal subsidiaries of the Group where the primary economic environment is in the PRC. Other than the subsidiaries established in the PRC which functional currencies are RMB, the functional currency of the Company and other subsidiaries is Hong Kong dollars (“**HK\$**”) and Euro (“**Eur**”).

These condensed consolidated interim financial statements were approved by the board of directors of the Company for issue on 27 August 2024.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee of the Company.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Accordingly, this result is to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2023 except as described below.

In the current interim reporting period, the Group has applied the following new and amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(continued)*

For reporting entities applying IFRS Accounting Standards:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the new and amendments to IFRS Accounting Standards in the current interim reporting period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

4. ESTIMATES

In the preparation of the condensed consolidated interim financial statements of the Group, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the condensed consolidated interim financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

5. FAIR VALUE MEASUREMENT

When measuring fair value except for the Group's leasing transactions and net realisable value of inventories and non-financial assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The Group’s business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. As a result of this evaluation, the Group determined that its business, as a whole, falls into one segment. Accordingly, no analysis of this single operating segment is presented.

7. REVENUE

Revenue represents revenue arising on sales of goods. An analysis of the Group’s revenue for the period is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers within the scope of International Financial Reporting Standard 15		
Disaggregated by major products		
– Sales of goods		
• Plate-type DeNOx catalysts	37,991	7,195
• Honey-comb DeNOx catalysts	10,706	30,780
• DeNOx catalysts for vehicles	3,567	14,314
	52,264	52,289

All revenue from contracts with customers are recognised at a point in time for the six months ended 30 June 2024 and 2023.

8. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Government grants (note)	154	224
Net foreign exchange gains	131	537
Value-added tax credit	471	–
Sale of raw material	837	–
Gain on disposal of property, plant and equipment, net	–	5
Others	397	438
	1,990	1,204

Note: In the year ended 31 December 2021, the Group received a government subsidy of approximately RMB3,080,000 for acquisition of machineries, which was treated as deferred income and is amortised to profit or loss over the useful lives of the related machineries. This policy resulted in a credit to profit or loss in the current interim reporting period of approximately RMB154,000 (six months ended 30 June 2023: RMB154,000) and the remaining amount represented the subsidy income granted to a subsidiary of the Company by the government in Hebei, the PRC). The government grants were one-off with no specific conditions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

9. FINANCE INCOME/FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance income		
Interest income on bank balances and cash, restricted bank deposits and bank deposits with original maturity over three months	1,427	62
Finance costs		
Interest expenses on lease liabilities	(33)	(56)
Interest expenses on bill receivables	(19)	(189)
Interest expenses on borrowings	(161)	–
	(213)	(245)

10. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI for the six months ended 30 June 2024 and 2023.

No provision for Hong Kong Profits Tax of 16.5% has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2024 and 2023.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of certain PRC subsidiaries is 25%.

Pursuant to the relevant laws and regulations in the PRC, the Group’s subsidiary, Gu’an Denox Environmental Equipment Manufacturing Co., Ltd (“Gu’an Denox”), was accredited as high-tech enterprise. It is entitled to the preferential tax rate of 15% for the six months ended 30 June 2024 and 2023.

No provision for PRC Enterprise Income Tax has been made as the Group did not have any taxable profits subject to PRC Enterprise Income Tax for the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss		
Loss for the purpose of basic loss (loss for the period attributable to owners of the Company) per share	(9,657)	(9,782)
	Number of shares '000	Number of shares '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	592,844	494,037

No diluted loss per share has been presented as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of approximately RMB6,478,000 (six months ended 30 June 2023: approximately RMB237,000). None of property, plant and equipment was written off by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

13. INVENTORIES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Raw materials	22,820	16,722
Work-in-progress	470	6,166
Finished goods	40,020	24,942
Goods in transit	208,072	172,369
	271,382	220,199

During the six months ended 30 June 2024, the cost of inventories recognised as expenses and included in cost of sales amounted to approximately RMB38,804,000 (six months ended 30 June 2023: RMB42,661,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14. TRADE AND RETENTION RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	11,970	19,958
Retention receivables	5,995	6,141
	17,965	26,099
Less: allowance for impairment of trade and retention receivables	(2,667)	(2,723)
	15,298	23,376

The Group allows a credit period of 30 days to 90 days (31 December 2023: 30 days to 90 days) to its customers.

The following is an aged analysis of trade and retention receivables, net of allowance for impairment of trade and retention receivables, presented based on the date of revenue recognition dates, at the end of the interim reporting period.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	14,198	20,111
1 year to 2 years	356	1,827
2 years to 3 years	744	1,125
Over 3 years	–	313
	15,298	23,376

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bill receivables	2,941	66

As at 30 June 2024 and 31 December 2023, financial assets at fair value through other comprehensive income represented bill receivables where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

All financial assets at fair value through other comprehensive income are aged within 365 days (31 December 2023: 365 days).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Bank deposits with original maturity over three months

As at 30 June 2024, bank deposits with original maturity over three months amounting to RMB41,365,000 (31 December 2023: RMB24,077,000). The bank deposits carried interest rate ranging from 4% to 5.07% (31 December 2023: 4% to 5.07%) per annum as at 30 June 2024.

Restricted bank deposits

Restricted bank deposits are held as guarantee for bidding, product quality and performance of the Group's products. The restricted bank deposits carried interest rate ranging from 0.001% to 1.1% (31 December 2023: ranging from 0.001% to 1.1%) per annum as at 30 June 2024.

Bank balances and cash

Bank balances and cash comprise cash at bank and in hand. Cash at bank carried interest rates ranging from 0.001% to 0.44% (31 December 2023: 0.001% to 0.44%) per annum as at 30 June 2024.

17. TRADE PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	56,452	23,183

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 6 months	44,486	19,056
6 months to 1 year	3,935	2,115
1 year to 2 years	6,924	943
Over 2 years	1,107	1,069
	56,452	23,183

The average credit period on purchases is from 30 days to 60 days (31 December 2023: 30 days to 60 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. SHARE CAPITAL

	Number of shares '000	Share capital USD'000
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Ordinary shares of USD0.01 each

Authorised

At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024 (unaudited)

5,000,000 50,000

	Number of shares '000	Share capital RMB'000
--	--------------------------	--------------------------

Issued and fully paid

At 1 January 2023, 31 December 2023, and 1 January 2024

494,037 31,423

Issue of shares

98,807 7,087

At 30 June 2024 (unaudited)

592,844 38,510

During the six months ended 30 June 2024, the Group completed the share subscription agreement in which the Group agreed to issue 98,807,400 subscription shares at the subscription price of HK\$0.048 per share in accordance with the terms and conditions of share subscription agreement.

19. CAPITAL COMMITMENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Commitment to contribute capital to an associate (note)	1,400	1,400
Capital expenditure contracted for but not provided in the condensed consolidated interim financial statements in respect of acquisition of property, plant and equipment	2,210	2,358

Note: In February 2019, Gu'an Denox, a subsidiary of the Company, and two third party individuals established Langfang Denox Environmental & Technology Co., Ltd ("Langfang Denox"), a company engaged in development and manufacture of DeNOx catalysts for vehicles, in which the Group will make a capital contribution of RMB2,000,000 and hold 40% of its total interests. As at 30 June 2024, the Group contributed an amount of Nil (31 December 2023: Nil) to Langfang Denox.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

20. RELATED PARTY TRANSACTIONS

- (a) The following person is a related party of the Group during the six months ended 30 June 2024 and 2023:

Name of related party	Nature of relationship
Mr. Chen Qizhao (“ Mr. Chen ”)	Close family member of the Controlling Shareholder

(b) **Transaction with related party**

In prior period, the Group has extended a two-year lease in respect of a property from Mr. Chen. The amount of rent payable by the Group under the lease is RMB329,000 per year.

GLOSSARY

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CG Code”	Corporate governance code contained in Appendix C1 to the Listing Rules
“China” or the “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this interim report, references in this interim report to China and the PRC exclude Taiwan, Macau Special Administrative Region and Hong Kong Special Administrative Region
“Company”	Denox Environmental & Technology Holdings Co., Ltd., an exempted company incorporated in Cayman Islands with limited liability, the Shares of which is listed on Stock Exchange (stock code: 1452)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of this interim report, refers to Ms. Zhao and Advant Performance Limited, a company wholly-owned by Ms. Zhao
“DeNOx”	the process of reducing the NOx concentration in industrial flue gas emissions
“DeNOx catalyst”	a kind of chemical substance which is the core component of SCR, and acts by producing the chemical reaction to convert NOx into N ₂ and H ₂ O. The basic element of the catalyst mainly includes TiO ₂ and V ₂ O ₅
“Directors”	the directors of the Company
“Group” or “our”	Company and its subsidiaries
“Listing”	the listing of the Company on the main board of Stock Exchange since the date of 12 November 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Period”	six months ended 30 June 2024
“plate-type DeNOx catalyst”	a plate-type DeNOx catalyst takes metal as the carrier. Surface coating is composed of active ingredient
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	the shares of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 14 October 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ms. Zhao”	Ms. Zhao Shu, the chairlady, an executive Director and chief executive officer of our Group and is our controlling shareholder
“%”	per cent