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浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd
(a joint stock company established in the People's Republic of China with limited liability)
(Stock Code: 1527)

**INSIDE INFORMATION
RESUMPTION OF LAND**

This announcement is made by Zhejiang Tengy Environmental Technology Co., Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BACKGROUND

Reference is made to the circular of the Company dated 8 February 2022 (the “**Circular**”). As disclosed in the Circular, (i) on 19 November 2021, Zhuji City government issued the Implementation Measures for Further Standardizing the Organic Renewal of State-owned Industrial Land (for Trial Implementation)* (《進一步規範國有工業用地有機更新的實施辦法(試行)》)(http://www.zhuji.gov.cn/art/2021/11/23/art_1229074555_1850706.html), which provided the official guidelines for the resumption and redevelopment of state-owned industrial land in Zhuji City; and (ii) the Company expected that a state-owned land parcel (the “**Land**”) at Xinle Village, Paitou Town, Zhuji City, Zhejiang Province, the People's Republic of China (the “**PRC**”) previously used by the Group for its main property and plant for the manufacturing of environmental pollution prevention equipment and electronic products would be subject to resumption by the local authority of Zhuji City in 2022.

Reference is also made to the announcement of the Company dated 14 April 2022 (the “**Announcement**”). As disclosed in the Announcement, in anticipation of the resumption of the Land by the local authority of Zhuji City, the Company entered into the Second Lease Agreement (as defined in the Announcement) to lease the Plant and Equipment (as defined in the Announcement) and the Company would relocate its production staff and the necessary production equipment and would continue its manufacturing of environmental pollution prevention equipment and electronic products at the property under the Second Lease Agreement (as defined in the Announcement). As at the date of this announcement, all production staff and the necessary production equipment of the Company have already been relocated to the property under the Second Lease Agreement (as defined in the Announcement) for the Company’s manufacturing of environmental pollution prevention equipment and electronic products.

On 25 April 2022, the Company received a letter on requesting cooperation in the implementation of organic land renewal (《關於要求配合實施土地有機更新的函》) (the “**Letter of Cooperation**”) issued by Paitou Town People’s Government (the “**Local Government**”) pursuant to which the Local Government has decided to resume the Land and requested the Company to cooperate.

The Company has sought legal advice from its PRC lawyers in relation to the Letter of Cooperation and was advised by the PRC lawyers that the Company would be bound to comply and cooperate with the Local Government in relation to the resumption of the Land by the Local Government and the Company should not violate the relevant regulation and decision of the Local Government and would have no discretion to act in an opposite manner.

RESUMPTION OF LAND

The board of directors of the Company (the “**Board**”) would like to announce that on 3 November 2022, the Company entered into a land resumption agreement (the “**Land Resumption Agreement**”) with Zhuji Municipal Bureau of Natural Resources and Planning (the “**Local Authority**”) and the Local Government, in respect of resumption of the land use rights of the Land together with all buildings, structures and attachments thereat, for a total consideration of RMB202,622,000 (the “**Resumption**”). Pursuant to the Land Resumption Agreement, the Company shall surrender the land use rights of the Land to the Local Government.

Details of the Land

The Land is situated at Xinle Village, Paitou Town, Zhuji City, Zhejiang Province, the PRC with a total land use right area of 129,577.3 square meters. The Land has been approved for industrial use purpose. The buildings and structures erected thereat has a total building area of 88,676.06 square meters. As at the date of this announcement, the Land is left idle and not in use for any business activities of the Group.

Compensation and Payment Terms

Pursuant to the Land Resumption Agreement, the total compensation payable to the Company for the Resumption will be RMB202,622,000, which shall be payable by the Local Authority to the Company in full within 10 business days after the receipt of confirmation of delivery of the Land by the Local Authority and the de-registration of the land use rights certificate of the Land under the name of the Company. The compensation for the Resumption was determined by the Local Government based on the relevant laws, regulations, and procedures applicable to resumption of state-owned lands in Zhuji City, the PRC, which comprised of the consideration for the transfer of the land use rights of the Land, the purchase price for the buildings and structures thereat, compensation for the attachments thereat and other costs to be incurred by the Company in relation to the Resumption.

Information of the parties to the land resumption agreement

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

The Local Authority is a government authority in Zhuji City, the PRC and, for the purpose of the Resumption, is the local authority responsible for the implementation of the Resumption. The Local Government is the local government of Paitou Town, the PRC and, for the purpose of the Resumption, is the transferee of the Land.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Local Authority and the Local Government are both governmental authorities of the PRC and are third parties independent of and not connected with the Company and its connected persons.

Financial Effects of the Resumption

Base on the latest audited financial statements as at 31 December 2021, the net book value of the Land was in the amount of approximately RMB91,150,000. On account of the compensation of approximately RMB202,622,000, the Company is expected to record an estimated net gain before tax from the Resumption of approximately RMB111,472,000. Such estimated gain has not taken into account of any PRC enterprise income tax and other related tax expenses to be or may be charged. The actual amount of the gain from the Resumption to be recorded by the Group is subject to audit and will take into account any costs and expenses incurred relating to the Resumption, and accordingly, it may be different from the amount stated above. Before completion of the Resumption, the cash compensation will be booked in the Group's consolidated statement of financial position as compensation in advance under accrual and other payables. Upon completion of the Resumption, the cash compensation will be recognised in the Group's other income and other gains and losses.

As all production staff and the necessary production equipment of the Company have already been relocated to the property under the Second Lease Agreement (as defined in the Announcement) for the Company's manufacturing of environmental pollution prevention equipment and electronic products and taking into account the above positive financial effects of the Resumption, the Board is of the view that the Resumption is fair and reasonable in the interests of the Company and its shareholders as a whole and would not have any material adverse effect to the Group.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board

Zhejiang Tengy Environmental Technology Co., Ltd

Mr. BIAN Yu

Chairman and executive Director

Zhuji City, Zhejiang Province, the PRC, 3 November 2022

As at the date of this announcement, the executive Directors are Mr. BIAN Yu, Mr. ZHANG Yuanyuan and Ms. BIAN Shu; the non-executive Directors are Mr. CHEN Jiancheng, Mr. ZHU Xian Bo and Mr. LAN Lei; and the independent nonexecutive Directors are Mr. ZHANG Bing, Mr. FUNG Kui Kei and Mr. LI Jiannan.