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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)

MAJOR TRANSACTION
ACQUISITION OF LAND USE RIGHT

The Board is pleased to announce that the Company intends to acquire the land use right of 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. It is expected that the Process will take place in May 2023.

The Target Land is valued at approximately RMB48,700,000 as at 30 April 2023 based on the preliminary valuation of the Target Land conducted by an independent professional valuer by market approach.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition based on the preliminary valuation of the Target Land exceeds 25% but is less than 100%, the Acquisition will constitute a major acquisition under Chapter 14 of the Listing Rules and is therefore subject to the requirements of announcement, reporting and Shareholders' approval under Chapter 14 of the Listing Rules.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) valuation report of the Target Land; (iii) a notice of EGM; and (iv) other information required under the Listing Rules, is expected to be despatched to the Shareholders on or before 22 May 2023.

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Information of the Target Land

As at the date of this announcement, the land use right of the Target Land is wholly-owned by Changshan Luhui Investment, an investment carrier wholly-owned by Changshan Investment Group whose ultimate beneficial owner is the Changshan County People's Government. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Changshan Luhui Investment, Changshan Investment Group and Changshan County People's Government is a third party independent of the Group and its connected persons (as defined in the Listing Rules).

The Target Land is located at No.15, Innovation South Road, Jinchuan Street, Changshang County, the PRC with a land use right of approximately 52,571.90 sq. m. and the building erected thereon has a building area of approximately 25,216.07 sq. m. The Target Land is purported to be used for industrial purpose.

The Target Land, upon successfully acquired by the Company through the Process, will be developed and utilised by the Company as a plant for the production of environmental pollution prevention equipment and electronic products.

Consideration

The exact consideration of the Target Land is unknown as at the date of this announcement and can only be ascertained upon commencement of the Process, which will include the listing price of the Target Land. However, based on the preliminary valuation of the Target Land conducted by Masterpiece Valuation Advisory Limited, an independent professional valuer, the Target Land is valued at approximately RMB48,700,000 as at 30 April 2023 by way of market approach. The final consideration of the land use right of the Target Land is subject to the outcome of the Process and is expected to be not more than RMB48,700,000. The consideration for the Acquisition will be funded by the Company's internal resources.

In the event the Company successfully makes a bid for the Target Land through the Process, it will enter into an agreement for the transfer of the stated-owned land use right in respect of the Target Land with Changshan Luhui Investment and will make payment of the consideration in accordance with the terms and conditions therein.

Estimated time

The exact timetable of the Process is unknown as at the date of this announcement. It is expected that the Process will take place in May 2023. The Company will keep the Shareholders and potential investors of the Company informed of any further material development or change by way of announcement(s) as and when appropriate.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

There has been a trend in central governmental policies and regulations to encourage and enforce environmental protection in the PRC. In particular, the 20th National Congress Report made strategic arrangements for the construction of ecological civilization in the future, such as coordinately promoting carbon reduction, pollution reduction, green expansion and growth and promoting ecological priority, conservation and intensiveness, green and low-carbon development, so as to form a mutually reinforcing relationship between environment and development. In view of (i) the environmental friendliness nature of the Group's business; and (ii) the potential job opportunities and economic benefits to be brought by the Group to the Changshan County, the Changshan People's Government has been very supportive of the Group's business and has solicited the Company to participate in the Process. The Board believes that the Acquisition, when materialised, will allow the Company to increase its production capacity and expand its geographic reach by increasing its presence in Changshan County, particularly with the support of the local government. The Board also believes that through the Acquisition, the Group can meet its business development strategy to capture the opportunities in the environmental protection sector of the PRC and eventually, enhance the value of the Group and maximise the returns to the Shareholders.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Acquisition are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

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GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) valuation report of the Target Land; (iii) a notice of EGM; and (iv) other information required under the Listing Rules, is expected to be despatched to the Shareholders on or before 22 May 2023.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the land use right of the Target Land through the Process
“Board”	the board of Directors
“Changshan County People’s Government”	the People’s Government of Changshan County* (常山縣人民政府)
“Changshan Luhui Investment”	Zhejiang Changshan Luhui Investment Development Co., Ltd.* (浙江常山綠惠投資開發有限公司), an investment carrier wholly-owned by Changshan Investment Group whose ultimate beneficial owner is the Changshan County People’s Government
“Changshan Investment Group”	Changshan County City Investment Group Limited* (常山縣城市投資集團有限公司), a limited company established under the laws of the PRC, whose ultimate beneficial owner is the Changshan County People’s Government

“Company”	Zhejiang Tengy Environmental Technology Co., Ltd (浙江天潔環境科技股份有限公司), a joint stock limited liability company established under the laws of the PRC on 28 December 2009, the issued H Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Domestic Share(s)”	ordinary share(s) issued by the Company in the PRC with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB
“EGM”	an extraordinary general meeting of the Company to be convened and held for the purposes of, among other matters, considering and, if thought fit, approving the Acquisition and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas-listed foreign invested ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which is/are listed on the Stock Exchange and traded in HK\$
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Process”	the process of bidding invitation, auction or listing* (招拍掛) for land use right of the Target Land, as required under the laws and regulations of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq. m.”	square metre, unit of area

“Target Land”	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.
“RMB”	Renminbi, the lawful currency of the PRC
“20 th National Congress Report”	report entitled “Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects” delivered by President Xi Jinping at the 20th National Congress of the Communist Party of China held on 16 October 2022
“%”	per cent.

* *In this announcement, the English names of certain PRC entities are translation or transliteration of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

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

Zhuji City, Zhejiang Province, the PRC, 2 May 2023

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 non-executive Directors are Mr. ZHANG Bing, Mr. FUNG Kui Kei and Mr. LI Jiannan.