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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)

CONTINUING CONNECTED TRANSACTION

MASTER SUPPLY AGREEMENT

On 15 January 2024 (after trading hours of the Stock Exchange), the Company entered into the Master Supply Agreement with Tianjie New Materials, pursuant to which Tianjie New Materials agreed to supply and the Company agreed to purchase steel structural components of dust collectors. The annual cap for the aggregate transaction value in respect of the supply of Products under the Master Supply Agreement will not exceed RMB8.5 million throughout the term thereof.

LISTING RULES IMPLICATIONS

TGL is the controlling shareholder of the Company, holding approximately 30% of the issued share capital of the Company as at the date of this announcement. Tianjie New Materials is a wholly-owned subsidiary of TGL. Therefore, Tianjie New Materials is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the annual caps of the transactions contemplated under the Master Supply Agreement is less than 25% and the aggregate annual cap is less than HK\$10,000,000, the transactions contemplated under the Master Supply Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 15 January 2024 (after trading hours of the Stock Exchange), the Company entered into the Master Supply Agreement with Tianjie New Materials, pursuant to which Tianjie New Materials agreed to supply and the Company agreed to purchase steel structural components of dust collectors. The annual cap for the aggregate transaction value in respect of the supply of Products under the Master Supply Agreement will not exceed RMB8.5 million throughout the term thereof. The principal terms of the Master Supply Agreement are set out below.

MASTER SUPPLY AGREEMENT

Date

15 January 2024 (after trading hours of the Stock Exchange)

Parties

- (a) The Company; and
- (b) Tianjie New Materials.

Products to be supplied

Pursuant to the terms of the Master Supply Agreement, Tianjie New Materials agreed to supply and the Company agreed to purchase steel structural components of dust collectors.

Purchase price and payment term

The purchase price for the Products payable by the Company to Tianjie New Materials shall be determined and agreed by the parties in accordance with the prevailing market price.

The purchase price under the Master Supply Agreement shall be payable by the Company upon order for each batch of Products.

Term

The term of the Master Supply Agreement commences from 15 January 2024 up to 31 December 2026.

Proposed annual caps and basis of determination

Pursuant to the terms of the Master Supply Agreement, the proposed annual caps for the continuing connected transactions thereunder will not exceed RMB8.5 million for each of the three years ending 31 December 2026.

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

- (a) the business development of the members of the Group; and
- (b) the expected increase in the demand for the dust collector produced by the Company due to the promotion of green environment and the increasingly stringent environmental protection policies in the PRC which urge for replacements of dust collectors.

The Company will continue to closely monitor the implementation of the Master Supply Agreement, and take prompt actions to make necessary disclosures and/or obtain the necessary approval from its independent Shareholders in the event that any adjustment to the annual caps becomes foreseeable.

Reasons and benefits for the entering into of the Master Supply Agreement

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

Tianjie New Materials is principally engaged in manufacturing, processing and marketing of steel blade. Tianjie New Materials is a wholly-owned subsidiary of TGL. TGL is owned as to 64.08% and 35.92% by Mr. Bian Yu and 諸暨市科源企業管理有限公司 (for transliteration purpose only, Zhuji Keyuan Enterprise Management Co., Ltd.) (“**Keyuan Enterprise**”), respectively. Keyuan Enterprise is owned as to 25%, 25%, 25% and 25% by Ms. Xu Shujiao (徐淑嬌), Ms. Shou Kexia (壽可霞), Mr. Zhang Yuanyuan (章袁遠) (who is an executive Director) and Mr. Zhu Xianbo (祝賢波) (who is a non-executive Director), respectively.

The Directors (including the independent non-executive Directors) are of the view that the engagement of Tianjie New Materials as supplier can help the Group leverage on the extensive experience of Tianjie New Materials in producing the steel structural components of dust collectors and ensure the smooth business operation of the Group, thereby bringing benefits to the sustainable development of the Group.

In order to ensure that the terms of the provision of the Products from Tianjie New Materials are fair and reasonable and in line with market practices, the Company will make regular contacts with independent suppliers to keep the Company abreast of the market conditions. Further, before the Company places any order for the Products, the Company will also obtain at least three quotations for comparable products that may be available from other independent suppliers in order to determine whether viable alternatives of comparable quality can be obtained in a timely manner and at competitive price.

In view of the above, the Directors consider that the entering into of the Master Supply Agreement is in the best interest of the Company and its Shareholders as a whole. They also consider that the Master Supply Agreement has been negotiated on an arm's length basis and the continuing connected transactions contemplated under the Master Supply Agreement are entered into in the ordinary and usual course of business of the Company on normal commercial terms and that the terms of the continuing connected transactions under the Master Supply Agreement and the proposed annual caps thereof are fair and reasonable.

Mr. Bian Yu is a shareholder of TGL, and Mr. Bian Yu is the brother of Ms. Bian Shu and the brother-in-law of Mr. Zhang Yuanyuan. Mr. Zhu Xianbo is interested in 25% equity interest of Keyuan Enterprise, a shareholder of TGL. Each of Mr. Bian Yu, Ms. Bian Shu, Mr. Zhang Yuanyuan and Mr. Zhu Xianbo is therefore materially interested in the transactions contemplated under the Master Supply Agreement and has abstained from voting on the board resolution approving the Master Supply Agreement and the transactions contemplated thereunder.

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DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“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 H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1527)
“connected person(s)”	has the same meaning as ascribed in the Listing Rules
“controlling shareholder”	has the same meaning as ascribed in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Supply Agreement”	the master supply agreement dated 15 January 2024 entered into between the Company and Tianjie New Materials for the provision of the Products by Tianjie New Materials to the Company
“PRC”	the People’s Republic of China
“Products”	steel structural components of dust collectors to be supplied by Tianjie New Materials to the Company under the Master Supply Agreement

“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TGL”	Tengy Group Limited, also known as Tianjie Group Co., Ltd.* (天潔集團有限公司), a company established in the PRC with limited liability and is a controlling shareholder of the Company holding approximately 30% interest in the Company as at the date of this announcement
“Tianjie New Materials”	Zhejiang Tianjie New Materials Co., Ltd.* (浙江天潔新材料有限公司), a company established in the PRC with limited liability and is wholly owned by TGL
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board
Zhejiang Tengy Environmental Technology Co., Ltd
Zhu Xian Bo
Chairman

Zhuji City, Zhejiang Province, the PRC, 15 January 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.

* For identification purpose only