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 9 December 2024 (after trading hours of the Stock Exchange), the Company entered into the Master Supply Agreement with Tianjie General Machinery, pursuant to which Tianjie General Machinery agreed to purchase and the Company agreed to supply industrial parts, materials and equipment. The annual caps for the aggregate transaction value in respect of the supply of the Products under the Master Supply Agreement will not exceed RMB 5 million (equivalent to HK$5.35 million) for the year ending 31 December 2024 and RMB8.5 million (equivalent to HK$9.095 million) for each of the two years ending 31 December 2026.

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 General Machinery is a wholly-owned subsidiary of TGL. Therefore, Tianjie General Machinery 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 each of the annual caps 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 9 December 2024 (after trading hours of the Stock Exchange), the Company entered into the Master Supply Agreement with Tianjie General Machinery, pursuant to which Tianjie General Machinery agreed to purchase and the Company agreed to supply industrial parts, materials and equipment. The principal terms of the Master Supply Agreement are set out below.

MASTER SUPPLY AGREEMENT

Date:	9 December 2024 (after trading hours of the Stock Exchange)
Parties:	(a) The Company; and (b) Tianjie General Machinery.
Products:	Pursuant to the terms of the Master Supply Agreement, Tianjie General Machinery agreed to purchase and the Company agreed to supply industrial parts, materials and equipment.
Purchase price and payment term:	The purchase price for the Products payable by Tianjie General Machinery to the Company 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 Tianjie General Machinery upon order for each batch of Products.
Term:	The term of the Master Supply Agreement commences from 9 December 2024 (being the date of the Master Supply Agreement) up to 31 December 2026.

Proposed annual caps and basis of determination

Prior to the entering into of the Master Supply Agreement, the Company has been supplying the Products to Tianjie General Machinery since 21 August 2024 and the aggregate amount of Products supplied by the Company to Tianjie General Machinery from 21 August 2024 up to the date of the Master Supply Agreement amounted to approximately RMB1.1 million. Such supply of Products by the Company to Tianjie General Machinery during the abovementioned period was fully exempt under Rule 14A.76(1)(c) of the Listing Rules.

Pursuant to the terms of the Master Supply Agreement, the proposed annual caps for the continuing connected transactions thereunder will not exceed RMB 5 million (equivalent to HK$5.35 million) for the year ending 31 December 2024 and RMB8.5 million (equivalent to HK$9.095 million) for each of the two 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 and needs of Tianjie General Machinery;

(b) the historical transaction amounts of supply of Products by the Company to Tianjie General Machinery since 21 August 2024 up to the date of the Master Supply Agreement;

(c) the expected increase in Tianjie General Machinery's demand for the Products during the term of Master Supply Agreement given that the current suppliers of Tianjie General Machinery are unable to supply the necessary industrial parts, materials and equipment in a timely manner; and

(d) capabilities of supply in relation to the Products by the Company.

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 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 General Machinery is principally engaged in manufacturing, repair, sales, import and export, and research and development of a wide range of parts, products, machinery, and equipment. Tianjie General Machinery 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 supply of Products to Tianjie General Machinery can lead to higher sales volume, contributing positively to the revenue of the Company. The entering into of the Master Supply Agreement also fosters long-term partnerships between the Company and Tianjie General Machinery, leading to consistent order flow and stability for the Company as supplier and thereby bringing benefits to the sustainable development of the Group.

In order to ensure that the terms of the provision of the Products to Tianjie General Machinery are fair and reasonable and conducted on normal commercial terms, or on terms no less favourable than terms available to independent parties, the Company will make regular contacts with independent customers to keep the Company abreast of the prevailing market price. Further, before the Company confirms any sale orders for the Products with Tianjie General Machinery, the Company will also check again the prevailing market price to ensure that the prices of the Products offered to Tianjie General Machinery are no less favourable to the Company than those offered to independent customers.

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.

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 General Machinery is a wholly-owned subsidiary of TGL. Therefore, Tianjie General Machinery 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 each of the annual caps 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.

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 issued 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
"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
"Group"	the Company and its subsidiaries
"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$
"Hong Kong"	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 9 December 2024 entered into between the Company and Tianjie General Machinery for the provision of the Products by the Company to Tianjie General Machinery
"PRC"	the People's Republic of China
"Products"	industrial parts, materials and equipment supplied or to be supplied by the Company to Tianjie General Machinery under the Master Supply Agreement
"Share(s)"	the Domestic Share(s) and the H Share(s) of the Company
"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 a controlling shareholder of the Company holding approximately 30% interest in the Company as at the date of this announcement
"Tianjie General Machinery"	Zhejiang Tianjie General Machinery Co., Ltd.*(浙江天潔通用機械有限公司), a company established in the PRC with limited liability and is wholly owned by TGL
"RMB"	Renminbi, the lawful currency of the PRC
"%"	Per cent.

In this announcement, amounts in RMB are translated into HK$ on the basis of RMB1 = HK$1.07. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK$ at such rate or at all.

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

Zhuji City, Zhejiang Province, the PRC, 9 December 2024

As at the date of this announcement, the executive directors of the Company are Mr. BIAN Yu, Ms. BIAN Shu and Mr. ZHANG Yuanyuan; 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 Kui Kei, Mr. LI Jiannan and Mr. WANG Feng.