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

THE LEASE AGREEMENT

On 11 April 2025 (after trading hours of the Stock Exchange), the Company as lessee entered into the Lease Agreement with TGL as lessor in respect of the leasing of the Plant and Equipment for a term of one year commencing from 14 April 2025 and expiring on 13 April 2026 for an annual rental amount of RMB3.5 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, TGL is a substantial shareholder of the Company, holding approximately 30% of the issued share capital of the Company. Therefore, TGL is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Lease Agreement constitute a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio with respect to the annual cap of the Lease Agreement is less than 5%, the transactions contemplated under the Lease 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.

As the Lease Agreement is for a term of one year, it would not result in the recognition of any asset representing the right to use the leased asset by the Company under HKFRS 16.

THE LEASE AGREEMENT

On 11 April 2025 (after trading hours of the Stock Exchange), the Company as lessee entered into the Lease Agreement with TGL as lessor in respect of the leasing of the Plant and Equipment for a term of one year commencing from 14 April 2025 and expiring on 13 April 2026 for an annual rental amount of RMB3.5 million. The principal terms of the Lease Agreement are set out below:

Date:	11 April 2025 (after trading hours of the Stock Exchange)
Parties	(a) The Company (as lessee); and (b) TGL (as lessor).
Office premises:	Plant located at Xiaoyanshi Village, Dongfang Black Tea Farm, Paitou Town, Zhuji City, Zhejiang Province with gross floor area of 16,495.46 square meter; and the ancillary equipment including the power distribution and fire equipment
Term:	One year from 14 April 2025 to 13 April 2026
Rent:	RMB3.5 million per annum (exclusive of management, water, electricity, broadband and communication fees chargeable by PRC government), which was determined with reference to (i) the historical annual rental amount of the 2024 Second Lease Agreement for the leasing of the Plant and Equipment of RMB3.5 million and (ii) annual rental amount for similar plants in similar locations in the PRC, ranging from approximately RMB3,613,000 to RMB3,914,000 (calculated based on the rental range of RMB0.6 to RMB0.65 per square meter per day and exclusive of rent of equipment).

For the purpose of Rule 14A.53 of the Listing Rules, the annual cap of the Lease Agreement is RMB3.5 million, which is equivalent to the annual rental amount under the Lease Agreement.

HISTORICAL TRANSACTION AMOUNTS

The table below sets forth the historical transaction amount of transaction under the 2024 Second Lease Agreement for the period from 1 January 2024 to 31 December 2024:

	For the period from 1 January 2024 to 31 December 2024
	RMB'000
Rental paid under 2024 Second Lease Agreement	3,500
Total rental paid	3,500

REASONS AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The Group is principally engaged in design, development, manufacturing, installation and sale of environmental pollution prevention equipment and electronic products. The Company is owned as to approximately 30% and controlled by TGL as at the date of this announcement. 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.

TGL is principally engaged in manufacturing and sales of machinery and equipment and industrial investment.

Reference is made to the announcement of the Company dated 12 April 2024 in relation to, among others, the entering into of the 2024 Second Lease Agreement. As the term of the 2024 Second Lease Agreement will soon expire on 13 April 2025, the Company and TGL entered into the Lease Agreement relating to the leasing Plant and Equipment for another term of one year. The Plant and Equipment leased to the Company under the Lease Agreement are used for the Company's manufacturing activities, namely, manufacturing of environmental pollution prevention equipment and electronic products. It would be beneficial to enter into the Lease Agreement and continue to lease the Plant and Equipment as it will enable the Company to secure its stable operation without incurring additional costs and expenses in identifying, renovating and relocating to other plant and ensure that there will be no disruption to the operations, business and growth of the Group. The terms of the Lease Agreement were negotiated on an arm's length basis between the parties with reference to (i) the historical annual rental amount of the 2024 Second Lease Agreement for the leasing of the Plant and Equipment of RMB3.5 million ; and (ii) annual rental amount for similar plants in similar locations in the PRC, ranging from approximately RMB3,613,000 to RMB3,914,000 (calculated based on the rental range of RMB0.6 to RMB0.65 per square meter per day and exclusive of rent of equipment).

Taking into consideration of the aforesaid, the Directors (including the independent non- executive Directors) consider that the terms and conditions of the Lease Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable and that the entering into of the Lease Agreement is in the interests of the Company and the Shareholders as a whole.

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 Lease Agreement and has abstained from voting on the board resolutions approving the Lease Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) TGL is the substantial shareholder of the Company, holding approximately 30% of the issued share capital of the Company. Therefore, TGL is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Lease Agreement constitute a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio with respect to the annual cap of the Lease Agreement is less than 5%, the transactions contemplated under the Lease 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.

As the Lease Agreement is for a term of one year, it would not result in the recognition of any asset representing the right to use the leased asset by the Company under HKFRS 16.

DEFINITIONS

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

"2024 Second Lease Agreement"	the lease agreement dated 12 April 2024 entered into between the Company and TGL for the leasing of the Plant and Equipment to the Company as disclosed in the announcement of the Company dated 12 April 2024
"Board"	the board of Directors of the Company
"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
"Lease Agreement"	the lease agreement dated 11 April 2025 entered into between the Company and TGL for the leasing of the Plant and Equipment to the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Plant and Equipment"	plant located at Xiaoyanshi Village, Dongfang Black Tea Farm, Paitou Town, Zhuji City, Zhejiang Province with gross floor area of 16,495.46 square meter; and the ancillary equipment including the power distribution and fire equipment
"PRC"	the People's Republic of China

"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
"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, 11 April 2025

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.