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Tianjin Capital Environmental Protection Group Company Limited
天津創業環保集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1065)

CONTINUING CONNECTED TRANSACTION REVISION OF ANNUAL CAP

I. INTRODUCTION

References are made to (i) the overseas regulatory announcement of the Company dated 25 August 2021 regarding Water Recycling Company's external investment in the Project; (ii) the announcement of the Company dated 20 October 2021 regarding continuing connected transactions of the Engineering Consultation Service Agreement and the Construction Agreement for the Recycled Water Pipeline Network Connection Project in the Main District of Tianjin; (iii) the announcement of the Company dated 27 January 2022 regarding continuing connected transactions of the EPC Second Tender Section Agreement and Third Tender Section Agreement in relation to the Recycled Water Pipeline Network Connection Project in the Main District of Tianjin; (iv) the announcement of the Company dated 18 February 2022 regarding continuing connected transactions of the EPC Fourth Tender Section Agreement in relation to the Recycled Water Pipeline Network Connection Project in the Main District of Tianjin and (v) the announcement of the Company dated 30 September 2022 regarding continuing connected transaction of Engineering Consultation Service (Second Batch) Agreement in relation to the Recycled Water Pipeline Network Connection Project in the Main District of Tianjin (collectively, the "**Announcements**"). Unless the context otherwise requires, the terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, Water Recycling Company (a wholly-owned subsidiary of the Company) entered into an Engineering Consultation Service Agreement with Tianjin Infrastructure Consultant on 3 September 2021, entered into a Construction Agreement with Tianjin Municipal Institute and Tianjin Tongsheng Municipal on 20 October 2021, entered into the Second Tender Section Agreement with Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal on 27 January 2022, entered into the Third Tender Section Agreement with the Railway Fifth Institute and Environmental Investment Company on 27 January 2022, entered into the Fourth Tender Section Agreement with Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal on 18 February 2022, and entered into the Engineering Consultation Service (Second Batch) Agreement with Tianjin Infrastructure Consultant on 10 October 2022 (collectively, the "**Agreements**"), respectively. Pursuant to the Engineering Consultation Service Agreement, Water Recycling Company shall engage Tianjin Infrastructure Consultant to provide engineering consultation services in respect of the Project (First Batch) throughout the Engineering Consultation Service Period.

As the work progress of the Project (First Batch) is faster than expected, Water Recycling Company has to pay the Engineering Consultation Service Fee earlier than expected under the Engineering Consultation Service Agreement which was originally expected to be paid in 2023 and 2024. The Company expects that the existing annual cap for 2022 under the Engineering Consultation Service Agreement (the “**Existing Annual Cap under the Engineering Consultation Agreement**”) will not be able to meet the current progress needs of the Project (First Batch), and therefore the Company proposes to revise and increase the Existing Annual Cap under the Engineering Consultation Agreement.

II. SERVICE FEES AND OTHER TERMS

There is no change or modification in the terms (including the terms of service fees) of the Agreements (including the Engineering Consultation Service Agreement) and all the terms and conditions under the Agreements remain in full force and effect.

III. REVISION OF EXISTING ANNUAL CAP

Revision of the 2022 Annual Cap under the Engineering Consultation Service Agreement

	For the year ending 31 December 2022		For the nine months ended 30 September 2022
	<i>RMB0'000</i>		<i>RMB0'000</i>
	Existing annual cap	Revised annual cap	Historical amount
The Engineering Consultation Service Fee paid/ to be paid by the Group in connection with the Engineering Consultation Service Agreement	319	823	303.1571

The unaudited transaction amount paid by Water Recycling Company to Tianjin Infrastructure Consultant under the Engineering Consultation Service Agreement for the nine months ended 30 September 2022 was RMB3.031571 million, representing approximately 95.03% of the Existing Annual Cap under the Engineering Consultation Agreement.

Basis for Determining the Revised Annual Cap under the Engineering Consultation Agreement

The revised annual cap for 2022 under the Engineering Consultation Service Agreement (the “**Revised Annual Cap under the Engineering Consultation Agreement**”) is RMB8.23 million. The basis for determining the Revised Annual Cap under the Engineering Consultation Agreement is as follows:

- (i) The historical transaction amount for the nine months ended 30 September 2022 as shown in the management accounts of the Group; and

- (ii) In accordance with the requirements of the construction task plan formulated at the beginning of 2022, in order to ensure the completion of the construction of 35 sites by the end of this year, Tianjin Infrastructure Consultant has completed the preparation of 14 safety evaluation reports in relation to rivers, roads, subways and railways earlier than expected, and Water Recycling Company shall therefore pay the cost consultation service fee and the engineering consultation service fee to Tianjin Infrastructure Consultant in accordance with the fee charging standards under the Engineering Consultation Service Agreement.

Aggregated Annual Cap for 2022

As stated in the Announcements, the continuing connected transactions under the Agreements are all conducted with indirect subsidiaries of Tianjin Investment Group, the ultimate holding company of the Company, and are similar in nature, therefore the continuing connected transactions contemplated under the Agreements shall be aggregated in calculation in accordance with the requirements of Rules 14A.81 and 14A.83 of the Listing Rules.

Existing Annual Cap for 2022

As stated in the Announcements, the existing annual caps of the Agreements (when aggregated) will not exceed RMB118.57 million for the financial year ending 31 December 2022.

Revised Annual Cap for 2022

As mentioned above, the Revised Annual Cap under the Engineering Consultation Agreement is RMB8.23 million.

Therefore, the revised annual caps of the Agreements (when aggregated) will not exceed RMB123.61 million for the financial year ending 31 December 2022.

IV. REASONS FOR AND BENEFITS OF THE REVISION OF ANNUAL CAP

As stated in the Announcements, Water Recycling Company is the construction unit that has invested funds in the construction of the Project; upon completion of the Project, Water Recycling Company will be the property right unit for the newly built recycled water supply facilities, responsible for the operation and maintenance of the facilities and pipeline network. Water Recycling Company focuses on water sales revenue while expanding its pipeline network connection business. The Board believes that the investment and implementation of the Project by Water Recycling Company complies with the project planning requirements of Tianjin and is in line with the policy requirements of Tianjin and the State in terms of industry policy. The investment and implementation of the Project can greatly increase the utilization rate of recycled water in Tianjin, and can effectively maintain the dominant position of Water Recycling Company in the water supply area for the main district of Tianjin, and has important strategic significance to the long-term operation and development of Water Recycling Company.

In addition, Tianjin Infrastructure Consultant has relevant experience and expertise in municipal infrastructures and pipe network engineering, entering into the Agreements could ensure that the quality of the projects financed by Water Recycling Company will be up to standard.

The Company has been closely monitoring the performance of the Project and is pleased to understand that its work progress is faster than expected. Taking into account the above factors, given that the Company also aspires that the Project can be completed and put into service as soon as possible, the Company expects that the Existing Annual Cap under the Engineering Consultation Agreement will not be sufficient to satisfy the Engineering Consultation Service Fee payable by Water Recycling Company to Tianjin Infrastructure Consultant for the year ending 31 December 2022 to meet the current work progress. As such, the Company intends to pay the Engineering Consultation Service Fee in advance which was originally expected to be paid in 2023 and 2024, to increase the Existing Annual Cap under the Engineering Consultation Agreement to the Revised Annual Cap under the Engineering Consultation Agreement in order to facilitate the progress of the Project.

The Directors (including the independent non-executive Directors) are of the view that the Revised Annual Cap under the Engineering Consultation Agreement arises in the ordinary and usual course of business of the Company, is fair and reasonable and in the interests of the shareholders of the Company as a whole.

V. GENERAL INFORMATION

The Company is principally engaged in the investment, construction, design, management, operation, technical consultation and auxiliary services for sewage water, tap water and other types of water treatment facilities; the design, construction, management, building and operational management of municipal infrastructures; license operation, technical consultation and auxiliary services of Southeastern Half Ring Urban Road of the Middle Ring of Tianjin; development and operation of environmental protection technology and products; leasing of self-owned properties, etc. Tianjin Investment Group is the ultimate holding company of the Company and the sole shareholder of TMICL (the controlling shareholder of the Company), holding 100% equity interest in TMICL.

Water Recycling Company is a direct wholly-owned subsidiary of the Company. Its business scope includes the construction and operation of urban water supply, drainage, sewage treatment, and recycled water utilization projects.

Tianjin Infrastructure Consultant is a direct wholly-owned subsidiary of TMICL and its scope of business includes construction investment consultation, engineering consultation services, engineering cost consultation and planning consultation for construction projects; tender agency for construction works, goods and services; general contracting for construction of municipal and public works; and general contracting for construction of housing and building works, etc. As of the date of this announcement, the ultimate holding company of Tianjin Infrastructure Consultant is Tianjin Investment Group.

Tianjin Investment Group is principally engaged in investment in sea and river comprehensive development and renovation, subway trains, urban roads and bridges, underground pipeline networks, urban environment infrastructures with self-owned funds; investment planning; corporate management consultation; market construction development services; leasing of self-owned buildings; leasing of infrastructures and development and operation of utilities; licensed operation of infrastructures and transfer of licensed operations with government authorization; production, development, operation of construction materials, decoration materials, electrical products (excluding cars); construction investment consultation. As of the date of this announcement, the ultimate beneficial owner of Tianjin Investment Group is Tianjin SASAC.

VI. IMPLICATIONS OF THE LISTING RULES

According to Rule 14A.54 of the Listing Rules, if the Company intends to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transactions.

As at the date of this announcement, Tianjin Investment Group is the ultimate holding company of the Company, and Tianjin Infrastructure Consultant is the indirect subsidiary of Tianjin Investment Group. Therefore, Tianjin Infrastructure Consultant is a connected person of the Company under Chapter 14A of the Listing Rules. According to Chapter 14A of the Listing Rules, the transaction contemplated under the Engineering Consultation Service Agreement constitutes continuing connected transaction of the Company.

Mr. Ji Guanglin, an executive Director of the Company, and Ms. Peng Yilin and Mr. An Pindong, the non-executive Directors of the Company, are connected with Tianjin Investment Group or TMICL. Save as disclosed above, no other Director has a material interest in the Agreements and the revision of the annual cap for 2022 under the Engineering Consultation Service Agreement.

As all applicable percentage ratios in respect of the Revised Annual Cap for 2022 aggregated on an annual basis exceed 0.1% but are less than 5%, the Revised Annual Cap for 2022 is only subject to reporting and announcement requirements but shall be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Tianjin Capital Environmental Protection Group Company Limited, a joint stock limited company established in the PRC, whose A-shares and H-shares are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively
“connected person(s)” and “controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Agreement”	the construction agreement dated 20 October 2021 entered into among Water Recycling Company, Tianjin Municipal Institute and Tianjin Tongsheng Municipal, pursuant to which Water Recycling Company shall engage Tianjin Municipal Institute and Tianjin Tongsheng Municipal to provide EPC general contracting for the first tender section of the Project (First Batch) during the construction service period

“Director(s)”	the director(s) of the Company (including independent non-executive Directors)
“Engineering Consultation (Second Batch) Service Period”	the service period under the Engineering Consultation Service (Second Batch) Agreement, scheduled to be three years from the date of the execution of the Engineering Consultation Service (Second Batch) Agreement to the completion of the final accounts upon completion of all engineering projects of the Project (Second Batch)
“Engineering Consultation Service (Second Batch) Agreement”	the engineering consultation service agreement intended to be entered into between Water Recycling Company and Tianjin Infrastructure Consultant on 10 October 2022, pursuant to which Water Recycling Company shall engage Tianjin Infrastructure Consultant to provide whole-process engineering consultation services for the Project (Second Batch) during the Engineering Consultation Service Period
“Engineering Consultation Service Agreement”	the engineering consultation service agreement dated 3 September 2021 entered into between Water Recycling Company and Tianjin Infrastructure Consultant, pursuant to which Water Recycling Company shall engage Tianjin Infrastructure Consultant to provide whole-process engineering consultation services for the Project (First Batch) during the Engineering Consultation Service Period
“Environmental Investment Company”	Tianjin Environmental Investment Green Engineering Company Limited* (天津市環投綠化工程有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Tianjin Investment Group
“Fourth Tender Section Agreement”	the agreement dated 18 February 2022 entered into among Water Recycling Company, Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal, pursuant to which Water Recycling Company shall engage Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal to provide EPC general contracting for the fourth tender section of the Project (First Batch) during the Fourth Tender Section Service Period
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratio(s)”	has the same meaning ascribed to it under the Listing Rules (applicable to a transaction)

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Project”	Tianjin Main District Recycled Water Pipeline Network Connection Project, which involves 117 construction projects located in Nankai District, Hexi District, Hebei District, Hongqiao District, Hedong District, Xiqing District, Beichen District, Dongli District and Jinnan District, respectively, and is expected to be constructed in 5 batches in a construction period of 5 years with a total of 61.56 kilometers of newly built recycled water pipeline network
“Project (First Batch)”	the first batch of the Project, including 43 projects, totaling 24.4 kilometers of pipeline network connection works for recycled water plants in the Tianjin main district
“Project (Second Batch)”	the second batch of the Project, involving 74 sub-items, with a total investment amount of RMB0.341 billion and a newly constructed pipeline of 35.5 kilometers
“Railway Fifth Institute”	China Railway Fifth Survey and Design Institute Group Company Limited* (中鐵第五勘察設計院集團有限公司), a limited liability company incorporated in the PRC and an independent third party of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Second Tender Section Agreement”	the agreement dated 27 January 2022 entered into among Water Recycling Company, Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal, pursuant to which Water Recycling Company shall engage Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal to provide EPC general contracting for the second tender section of the Project (First Batch) during the Second Tender Section Service Period
“Shanghai Urban Construction Design General Institute”	Shanghai Urban Construction Design and Research General Institute (Group) Co., Ltd.* (上海市城市建設設計研究總院(集團)有限公司), a limited liability company incorporated in the PRC and an independent third party of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Tender Section Agreement”	the agreement dated 27 January 2022 entered into among Water Recycling Company, Railway Fifth Institute and Environmental Investment Company, pursuant to which Water Recycling Company shall engage Railway Fifth Institute and Environmental Investment Company to provide EPC general contracting for the third tender section of the Project (First Batch) during the Third Tender Section Service Period

“Tianjin Infrastructure Consultant”	Tianjin Investment Group Infrastructure Management and Consultant Co., Ltd.* (天津城投建設工程管理諮詢有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Tianjin Investment Group
“Tianjin Investment Group”	Tianjin City Infrastructure Construction and Investment Group Co., Ltd.* (天津城市基礎設施建設投資集團有限公司), the ultimate holding company of the Company and the sole shareholder of TMICL, holding 100% equity interest in TMICL
“Tianjin Municipal Institute”	Tianjin Municipal Engineering Design & Research Institute* (天津市政工程設計研究總院有限公司), a limited liability company incorporated in the PRC and an independent third party of the Company
“Tianjin SASAC”	the State-owned Assets Supervision and Administration Commission of Tianjin People’s Government, the PRC Government Body as defined in Rule 19A.04 of the Listing Rules
“Tianjin Tongsheng Municipal”	Tianjin Tongsheng Municipal Landscape Engineering Project Management Co., Ltd.* (天津通盛市政園林工程項目管理有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Tianjin Investment Group
“TMICL”	Tianjin Municipal Investment Co., Ltd.* (天津市政投資有限公司), the controlling shareholder of the Company, holding approximately 45.57% equity interest in the Company
“Water Recycling Company”	Tianjin Water Recycling Co., Ltd.* (天津中水有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of the Company
“%”	percentage

By Order of the Board
Ji Guanglin
Chairman

Tianjin, the PRC
16 November 2022

As at the date of this announcement, the Board comprises three executive Directors: Mr. Ji Guanglin, Mr. Li Yang and Ms. Jing Wanying; three non-executive Directors: Ms. Peng Yilin, Mr. An Pindong and Mr. Liu Tao; and three independent non-executive Directors: Mr. Xue Tao, Mr. Wang Shanggan and Mr. Tian Liang.

* For identification purpose only