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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)

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS AND SUPPLEMENTAL AGREEMENTS

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; (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; and (vi) the announcement dated 16 November 2022 in relation to the revision of annual cap for continuing connected transaction; (vii) the announcement of the Company dated 25 November 2022 regarding continuing connected transactions of the Jincang Expressway Construction Agreement in relation to the Recycled Water Pipeline Network Connection Project in the Main District of Tianjin and (viii) the announcement of the Company dated 1 December 2022 regarding continuing connected transaction of EPC First Tender Section (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, entered into the Engineering Consultation Service (Second Batch) Agreement with Tianjin Infrastructure Consultant on 10 October 2022, entered into the Jincang Expressway Construction Agreement with Expressway Group and Tianjin Tongsheng Municipal on 25 November 2022 and entered into the First Tender Section (Second Batch) Agreement with Hua Miao Company and Tianjin Tongsheng Municipal on 1 December 2022 (collectively, the “**Agreements**”), respectively. According to the Second Tender Section Agreement, Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal agreed to provide Water Recycling Company with EPC general contracting service for the second tender section of the Project (First Batch) during the Second Tender Section Service Period, including the design, construction and procurement work of all the engineering projects involved. According to the Third Tender Section Agreement, the Railway Fifth Institute and the Environmental Investment Company agreed to provide Water Recycling Company with EPC general contracting service for the third tender section of the Project (First Batch) during the Third Tender Section Service Period, including the design, construction and procurement work of all the engineering projects involved. According to the Fourth Tender Section Agreement, Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal agreed to provide Water Recycling Company with EPC general contracting service for the fourth tender section of the Project (First Batch) during the Fourth Tender Section Service Period, including the design, construction and procurement work of all the engineering projects involved.

SUPPLEMENTAL AGREEMENTS

According to the actual implementation of the project, to show support to the spirit of the Notice of the Ministry of Finance and the Ministry of Housing and Urban-Rural Development on Improving the Relevant Measures for the Settlement of Construction Project Price (Cai Jian [2022] No. 183) (《財政部住房城鄉建設部關於完善建設工程價款結算有關辦法的通知(財建[2022]183號》), the proportion of construction progress payment will be increased, and process settlement will be implemented for the new construction projects that commence but cannot be completed in the current year. The Board hereby announces that on 26 December 2022, Water Recycling Company (a wholly-owned subsidiary of the Company) (1) entered into the Supplementary Agreement to the Second Tender Section Agreement with Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal to revise the terms relating to the payment method under the Second Tender Section Agreement; (2) entered into the Supplementary Agreement to the Third Tender Section Agreement with Railway Fifth Institute and Environmental Investment Company to revise the terms relating to the payment method under the Third Tender Section Agreement; (3) entered into the Supplementary Agreement to the Fourth Tender Section Agreement with Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal to revise the terms relating to the payment method under the Fourth Tender Section Agreement (the above supplemental agreements are collectively referred to as the “**Supplemental Agreements**”). As the Supplemental Agreements have revised the payment method and progress under the Second Tender Section Agreement, the Third Tender Section Agreement and the Fourth Tender Section Agreement, therefore the annual caps for 2022 and 2023 shall be revised accordingly.

Other than the revision of the payment method under the Second Tender Section Agreement, the Third Tender Section Agreement and the Fourth Tender Section Agreement respectively, all other terms and conditions under the Second Tender Section Agreement, the Third Tender Section Agreement and the Fourth Tender Section Agreement shall remain in full force and effect.

The principal terms of the Supplemental Agreement to the Second Tender Section Agreement are set out below:

Date: 26 December 2022

Parties:

- (a) Water Recycling Company (as employer);
- (b) Shanghai Urban Construction Design General Institute (as consortium leader of the contractor); and
- (c) Tianjin Tongsheng Municipal (as consortium member of the contractor).

Revised payment method: Water Recycling Company shall pay the Second Tender Section Design Fees and the Second Tender Section Construction and Installation Engineering Fees to Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal respectively.

Water Recycling Company shall pay the Second Tender Section Construction and Installation Engineering Fees according to the progress of the project:

1. The progress payment shall be paid on the 25th day of each month, and the amount of allocation shall be 80% of the completed investment amount of the corresponding month. The completion amount of investment shall be subject to the confirmed investment amount in the progress confirmation form jointly signed by the construction unit, the whole process consulting unit, the supervision unit and the general contractor;
2. When the total amount of funds allocated for each point is paid up to 85% of the bid quotation for the Second Tender Section Construction and Installation Engineering Fees, the payment shall be ceased;
3. Upon completion of the completion acceptance, final accounting, and archiving of the completion files for all points of the project, up to 97% of the total settlement price of the Second Tender Section Construction and Installation Engineering Fees shall be paid; and
4. Within 30 days upon expiration of the defect liability period (that is, 24 months from the date of passing the acceptance test), up to 100% of the total settlement price of the Second Tender Section Construction and Installation Engineering Fees shall be paid.

The principal terms of the Supplemental Agreement to the Third Tender Section Agreement are set out below:

Date: 26 December 2022

Parties:

- (a) Water Recycling Company (as employer);
- (b) the Railway Fifth Institute (as consortium leader of the contractors); and
- (c) Environmental Investment Company (as consortium member of the contractors).

Revised payment method: Water Recycling Company shall pay the Third Tender Section Design Fees and the Third Tender Section Construction and Installation Engineering Fees to the Railway Fifth Institute and Environmental Investment Company respectively.

Water Recycling Company shall pay the Third Tender Section Construction and Installation Engineering Fees according to the progress of the project:

1. The progress payment shall be paid on the 25th day of each month, and the amount of allocation shall be 80% of the completed investment amount of the corresponding month. The completion amount of investment shall be subject to the confirmed investment amount in the progress confirmation form jointly signed by the construction unit, the whole process consulting unit, the supervision unit and the general contractor;
2. When the total amount of funds allocated for each point is paid up to 85% of the bid quotation for the Third Tender Section Construction and Installation Engineering Fees, the payment shall be ceased;
3. Upon completion of the completion acceptance, final accounting, and archiving of the completion files for all points of the project, up to 97% of the total settlement price of the Third Tender Section Construction and Installation Engineering Fees shall be paid; and
4. Within 30 days upon expiration of the defect liability period (that is, 24 months from the date of passing the acceptance test), up to 100% of the total settlement price of the Third Tender Section Construction and Installation Engineering Fees shall be paid.

The principal terms of the Supplemental Agreement to the Fourth Tender Section Agreement are set out below:

Date: 26 December 2022

Parties:

- (a) Water Recycling Company (as employer);
- (b) Shanghai Urban Construction Design General Institute (as consortium leader of the contractor); and
- (c) Tianjin Tongsheng Municipal (as consortium member of the contractor).

Revised payment method: Water Recycling Company shall pay the Fourth Tender Section Design Fees and the Fourth Tender Section Construction and Installation Engineering Fees to Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal respectively.

Water Recycling Company shall pay the Fourth Tender Section Construction and Installation Engineering Fees according to the progress of the project:

1. The progress payment shall be paid on the 25th day of each month, and the amount of allocation shall be 80% of the completed investment amount of the corresponding month. The completion amount of investment shall be subject to the confirmed investment amount in the progress confirmation form jointly signed by the construction unit, the whole process consulting unit, the supervision unit and the general contractor;
2. When the total amount of funds allocated for each point is paid up to 85% of the bid quotation for the Fourth Tender Section Construction and Installation Engineering Fees, the payment shall be ceased;
3. Upon completion of the completion acceptance, final accounting, and archiving of the completion files for all points of the project, up to 97% of the total settlement price of the Fourth Tender Section Construction and Installation Engineering Fees shall be paid; and
4. Within 30 days upon expiration of the defect liability period (that is, 24 months from the date of passing the acceptance test), up to 100% of the total settlement price of the Fourth Tender Section Construction and Installation Engineering Fees shall be paid.

Revision of Existing Annual Caps

Revision of 2022 Annual Caps and 2023 Annual Caps under the Second Tender Section Agreement, the Third Tender Section Agreement and the Fourth Tender Section Agreement

	For the 9 months ended 30 September 2022 RMB0'000 Historical transaction amount	For the year ended 31 December RMB0'000			
		Existing 2022 Annual Cap	Revised 2022 Annual Cap	Existing 2023 Annual Cap	Revised 2023 Annual Cap
Construction and Installation Engineering Fees paid/to be paid by the Group for the Second Tender Section Agreement	–	3,129	892	1,155	3,392
Construction and Installation Engineering Fees paid/to be paid by the Group for the Third Tender Section Agreement	13.10	3,083	42	1,051	4,091
Construction and Installation Engineering Fees paid/to be paid by the Group for the Fourth Tender Section Agreement	–	4,450	3,154	4,601	5,897

Basis for Determining the Revised Annual Caps

The basis for determining the revised annual caps for 2022 and 2023 under the Second Tender Section Agreement, the Third Tender Section Agreement and the Fourth Tender Section Agreement is as follows:

- (i) The historical transaction amounts for the nine months ended 30 September 2022 as shown in the management accounts of the Group;
- (ii) In accordance with the spirit of the Notice of the Ministry of Finance and the Ministry of Housing and Urban-Rural Development on Improving the Relevant Measures for the Settlement of Construction Price (Cai Jian [2022] No. 183) (《財政部住房城鄉建設部關於完善建設工程價款結算有關辦法的通知(財建[2022]183號)》), the proportion of construction progress payment shall be increased, and the process settlement of new construction projects that commence but cannot be completed in the current year shall be implemented; and

- (iii) According to 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, Shanghai Urban Construction Design General Institute, Tianjin Tongsheng Municipal, Railway Fifth Institute and Environmental Investment Company have completed the preparation of 14 safety evaluation reports in relation to rivers, roads, subways and railways involved in advance. Water Recycling Company shall therefore pay the Construction and Installation Engineering Fees for the Second, the Third and the Fourth Tender Sections to Tianjin Tongsheng Municipal and Environmental Investment Company in accordance with the fee charging standards under the Second Tender Section Agreement, the Third Tender Section Agreement and the Fourth Tender Section Agreement.

2022 Annual Cap and 2023 Annual Cap After Aggregation

As stated in the Announcements, the continuing connected transactions under the Agreements are all conducted with indirect subsidiaries of Tianjin Infrastructure Construction, 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 2022 Annual Cap

As stated in the Announcements, the existing annual cap under the Agreements (after aggregation) for the financial year ending 31 December 2022 of the Company will not exceed RMB125.59 million.

Revised 2022 Annual Cap

As mentioned above, for the financial year ending 31 December 2022 of the Company, the revised annual cap for the Second Tender Section Agreement (as revised by the Supplemental Agreement to the Second Tender Section Agreement) shall be decreased by RMB22,370,000 to RMB8,920,000; the revised annual cap for the Third Tender Section Agreement (as revised by the Supplemental Agreement to the Third Tender Section Agreement) shall be decreased by RMB30,410,000 to RMB420,000; the revised annual cap for the Fourth Tender Section Agreement (as revised by the Supplemental Agreement to the Fourth Tender Section Agreement) shall be decreased by RMB12,960,000 to RMB31,540,000.

Accordingly, the revised annual cap under the Agreements (as revised by the Supplemental Agreements) (after aggregated) will decrease by RMB65,740,000 and therefore will not exceed RMB59,850,000 for the financial year ending 31 December 2022 of the Company.

Existing 2023 Annual Cap

As stated in the Announcements, the existing annual cap under the Agreements (when aggregation) will not exceed RMB95,080,000 for the financial year ending 31 December 2023 of the Company.

Revised 2023 Annual Cap

As mentioned above, for the financial year ending 31 December 2023 of the Company, the revised annual cap for the Second Tender Section Agreement (as revised by the Supplemental Agreement to the Second Tender Section Agreement) shall be increased by RMB22,370,000 to RMB33,920,000; the revised annual cap for the Third Tender Section Agreement (as revised by the Supplemental Agreement to the Third Tender Section Agreement) shall be increased by RMB30,400,000 to RMB40,910,000; the revised annual cap for the Fourth Tender Section Agreement (as revised by the Supplemental Agreement to the Fourth Tender Section Agreement) shall be increased by RMB12,960,000 to RMB58,970,000.

Accordingly, the revised annual cap under the Agreements (as revised by the Supplemental Agreements) (after aggregation) will increase by RMB65,730,000 and therefore will not exceed RMB160,810,000 for the financial year ending 31 December 2022 of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENTS AND REVISION OF ANNUAL CAPS

As stated in the Announcements, Water Recycling Company as 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 industrial 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, Shanghai Urban Construction Design General Institute, Tianjin Tongsheng Municipal, Railway Fifth Institute and Environmental Investment Company have relevant experience and expertise in the construction of municipal infrastructure and pipe network projects. Entering into the Agreements can ensure that the quality of works for the Project invested and implemented by Water Recycling Company will meet the standards.

According to the actual implementation of the project, in response to the spirit of the Notice of the Ministry of Finance and the Ministry of Housing and Urban-Rural Development on Improving the Relevant Measures for the Settlement of Construction Price (Cai Jian [2022] No. 183) (《財政部住房城鄉建設部關於完善建設工程價款結算有關辦法的通知(財建[2022]183號)》), the proportion of payment for construction progress shall be increased, and process settlement may be implemented for new construction projects that commence but cannot be completed in the current year. Therefore, Water Recycling Company entered into the Supplemental Agreements with Shanghai Urban Construction Design General Institute, Tongsheng Municipal, the Railway Fifth Institute and Environmental Investment Company to amend the payment method under the Second Tender Section Agreement, the Third Tender Section Agreement and the Fourth Tender Section Agreement, and to revise the existing annual caps for 2022 and 2023 accordingly.

The terms of the Supplemental Agreements are determined after arm's length negotiations between the Parties. The Directors (including the independent non-executive Directors) are of the view that the Agreements are on normal commercial terms and entered into during the usual and ordinary course of business of the Company, the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE PARTIES

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 Infrastructure Construction 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.

Shanghai Urban Construction Design General Institute is a limited liability company incorporated in the PRC. Its business scope includes planning, design, consulting, and drawing review for municipal public utilities, highways, super bridges, construction, water conservancy, rail transit and landscape architecture. As at the date of this announcement, the entire equity interest of Shanghai Urban Construction Design General Institute is held by Shanghai Tunnel Engineering Co., Ltd., and the ultimate beneficial owner of Shanghai Tunnel Engineering Co., Ltd. is the State-owned Assets Supervision and Administration Commission of Shanghai. After making all reasonable enquiries, to the best knowledge, information and belief of the Directors, the Shanghai Urban Construction Design General Institute and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Tianjin Tongsheng Municipal is an indirect wholly-owned subsidiary of Tianjin Infrastructure Construction, and its scope of business includes services such as project management services, construction of landscaping works, tender agency services, property management and conference and exhibition services, residential leasing and sales of construction materials. As at the date of this announcement, the ultimate holding company of Tianjin Tongsheng Municipal is Tianjin Infrastructure Construction.

The Railway Fifth Institute is a limited liability company incorporated in the PRC. Its scope of business includes contracting foreign engineering projects commensurate with its strength, scale and performance; dispatching labor personnel required to implement the above-mentioned overseas projects; domestic and foreign engineering consulting, survey, design, supervision, project management, general contracting, project agency, engineering surveying and mapping, geological survey, etc. As at the date of this announcement, the entire equity interest of the Railway Fifth Institute is held by China Railway Construction Corporation Limited, and the ultimate beneficial owner of China Railway Construction Corporation Limited is the State-owned Assets Supervision and Administration Commission of the State Council. After making all reasonable enquiries, to the best knowledge, information and belief of the Directors, Railway Fifth Institute and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Tianjin Environmental Investment, which is a direct wholly-owned subsidiary of Tianjin Infrastructure Construction, is mainly engaged in the investment, consultation, planning and operation of urban infrastructure and its supporting public facilities projects, integrated development projects of urban parks and their surrounding areas, solid waste resource treatment projects, and elderly institutions projects with its own capital; the design, consultation, construction, management, maintenance and operation of ecological environment construction projects, green areas, parks and landscape projects; the design, management and operation of supporting facilities of green areas and parks projects; tender agency; project management; cost consultation; the development, consultation and service of solid waste resource treatment technology; sales of construction waste residue and building materials products; the collection, treatment and disposal of solid wastes; the production of construction waste residue and building materials products.

Tianjin Infrastructure Construction is principally engaged in the 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; construction investment consultation. As of the date of this announcement, the ultimate beneficial owner of Tianjin Infrastructure Construction is Tianjin SASAC.

IMPLICATIONS OF THE LISTING RULES

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

As at the date of this announcement, Tianjin Infrastructure Construction is the ultimate holding company of the Company, and both Tianjin Tongsheng Municipal and Environmental Investment Company are indirect subsidiaries of Tianjin Infrastructure Construction. Therefore, under Chapter 14A of the Listing Rules, both Tianjin Tongsheng Municipal and Environmental Investment Company are connected persons of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Second Tender Section Agreement (as revised by the Supplemental Agreement to the Second Tender Section Agreement), the Third Tender Section Agreement (as revised by the Supplemental Agreement to the Third Tender Section Agreement) and the Fourth Tender Section Agreement (as revised by the Supplemental Agreement to the Fourth Tender Section Agreement) constitute continuing connected transactions of the Company.

Mr. Ji Guanglin, the executive Director of the Company, and Ms. Peng Yilin and Mr. An Pindong, the non-executive Directors of the Company, are connected with Tianjin Infrastructure Construction or TMICL. Save as disclosed above, none of the other Directors has a material interest in the Supplemental Agreements and the revision of the annual caps for 2022 and 2023 under the Second Tender Section Agreement, the Third Tender Section Agreement and the Fourth Tender Section Agreement.

As all of the applicable percentage ratios in respect of the revised annual caps for 2022 and 2023 (after aggregation on an annual basis) will exceed 0.1% but are less than 5%, the revised annual caps for 2022 and 2023 are only subject to the reporting and announcement requirements but are exempt 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”	Board of Directors of the Company
“Company”	Tianjin Capital Environmental Protection Group Company Limited, a joint stock company established in the PRC with limited liability, 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 Contract”	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
“Directors”	the director(s) of the Company (including independent non-executive Directors)
“Engineering Consultation (Second Batch) Service Period”	the service period under the Engineering Consultation Services (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 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 Infrastructure Construction
“Expressway Group”	Tianjin Expressway Group Limited* (天津高速公路集團有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Tianjin Infrastructure Construction
“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”’s	the Hong Kong Special Administrative Region of the PRC
“Hua Miao Company”	Tianjin Hua Miao Research & Design Institute of Water & Waste Water Company Limited* (天津市華淼給排水研究設計院有限公司), a company incorporated in the PRC with limited liability and an independent third party of the Company
“Jincang Expressway Construction Agreement”	the construction agreement for Caizhi Road (Current Pipeline Network – Gongxi Road) works crossing under the Jincang Expressway Viaduct (K3+553) of the first batch of the Recycled Water Pipeline Network Connection Project in the Main District of Tianjin entered into among Water Recycling Company, Expressway Group and Tianjin Tongsheng Municipal on 24 November 2022
“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
“Share(s)”	share(s) of nominal value of RMB1.00 each of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Supplementary Agreement to Fourth Tender Section Agreement”	the supplemental agreement dated 26 December 2022 entered into among Water Recycling Company, Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal to revise the terms relating to the payment method under the Fourth Tender Section Agreement

“Supplementary Agreement to Second Tender Section Agreement”	the supplemental agreement dated 26 December 2022 entered into among Water Recycling Company, Shanghai Urban Construction Design General Institute and Tianjin Tongsheng Municipal to revise the terms relating to the payment method under the Second Tender Section Agreement
“Supplementary Agreement to The Third Tender Section Agreement”	the supplemental agreement dated 26 December 2022 entered into among Water Recycling Company, Railway Fifth Institute and Environmental Investment Company to revise the terms relating to the payment method under the Third Tender Section Agreement
“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 Construction”	Tianjin Infrastructure Construction and Investment Group Company Limited* (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 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 Infrastructure Construction
“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”	State-owned Assets Supervision and Administration Commission of Tianjin People’s Government, a PRC Governmental 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 Infrastructure Construction

“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
28 December 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