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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)

CONNECTED TRANSACTION RECLAIMED WATER PUMP HOUSE AND HIGH PRESSURE PIPELINE PROJECT CONSTRUCTION AGREEMENT

RECLAIMED WATER PUMP HOUSE AND HIGH PRESSURE PIPELINE PROJECT CONSTRUCTION AGREEMENT

The Board is pleased to announce that on 2 August 2024, Water Recycling Company (a wholly-owned subsidiary of the Company) and Jinzhong Urban Renewal entered into the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement, pursuant to which, Jinzhong Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the construction of reclaimed water pump house, high pressure pipelines and basement pressurized flushing pipelines for the Project Land.

PREVIOUS AGREEMENTS

Within 12 months prior to the entering into of the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement, Water Recycling Company and Jinzhong Urban Renewal have also entered into (i) the Reclaimed Water Pipe Network Ancillary Entrustment Agreement on 27 May 2024; (ii) the Reclaimed Water Ground Meter Installation Agreement on 18 June 2024; and (iii) the Reclaimed Water Household Meter Installation Agreement on 18 June 2024, pursuant to which, Jinzhong Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the construction of reclaimed water ancillary facilities for building 1-15 and the installation and construction of ground and household meters of the Project Land.

IMPLICATIONS OF THE LISTING RULES

Jinzhong Urban Renewal is an indirect wholly-owned subsidiary of TMICL, the controlling shareholder of the Company. Accordingly, Jinzhong Urban Renewal is an associate of TMICL and is regarded as a connected person of the Company under the Listing Rules. The Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the transactions contemplated under the Previous Agreements, calculated individually and in aggregate, are less than 0.1%, the transactions contemplated under the Previous Agreements are deemed to be fully-exempt connected transactions under Chapter 14A of the Listing Rules and are exempt from the reporting and announcement requirements. As one or more of the applicable percentage ratios in respect of the Transactions, when aggregated, exceeds 0.1% but all of them are less than 5%, the Transactions are only subject to the reporting and announcement requirements and are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 2 August 2024, Water Recycling Company (a wholly-owned subsidiary of the Company) and Jinzhong Urban Renewal entered into the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement, pursuant to which, Jinzhong Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the construction of reclaimed water pump house, high pressure pipelines and basement pressurized flushing pipelines for the Project Land.

RECLAIMED WATER PUMP HOUSE AND HIGH PRESSURE PIPELINE PROJECT CONSTRUCTION AGREEMENT

The principal terms of the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement are summarized as follows:

- Parties: (a) Jinzhong Urban Renewal (as entrusting party); and
(b) Water Recycling Company (as entrusted party).
- Location of the site: Lot 8 of the urban renewal project located south to Jinzhonghe Street, Tianjin (northwest to the intersection of North Shangjiang Road and Zhaoguli Street, Dongli District)
- Scope of construction: Jinzhong Urban Renewal commissions Water Recycling Company to be responsible for the design, supervision and construction of the following secondary reclaimed water supply facilities at the site:
- (1) reclaimed water pump house;
 - (2) high pressure reclaimed water pipelines (hanging);
 - (3) high pressure reclaimed water pipelines (underground); and
 - (4) basement pressurized flushing pipeline.
- Construction fees and payment terms: The construction fees (tax inclusive) shall be RMB2,191,571, payable by Jinzhong Urban Renewal to Water Recycling Company in one lump sum within 30 days upon receipt of the special VAT invoice and verification by the tax authorities that such invoice is legitimate and valid.
- The abovementioned construction fees are determined by the parties on normal commercial terms upon arm's length negotiation based on the construction budget with reference to, among others, the prevailing market price and volume of construction work of the relevant construction services.

PREVIOUS AGREEMENTS

Within 12 months prior to the entering into of the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement, Water Recycling Company and Jinzhong Urban Renewal have also entered into (i) the Reclaimed Water Pipe Network Ancillary Entrustment Agreement on 27 May 2024; (ii) the Reclaimed Water Ground Meter Installation Agreement on 18 June 2024; and (iii) the Reclaimed Water Household Meter Installation Agreement on 18 June 2024, pursuant to which, Jinzhong Urban Renewal has agreed to commission, and Water Recycling Company has agreed to be engaged for, the construction of reclaimed water ancillary facilities for building 1-15 and the installation and construction of ground and household meters of the Project Land.

The principal terms of the Reclaimed Water Pipe Network Ancillary Entrustment Agreement are summarized as follows:

- Parties: (a) Jinzhong Urban Renewal (as entrusting party); and
(b) Water Recycling Company (as entrusted party).
- Location of the site: Building 1-15, Lot 8 of the urban renewal project located south to Jinzhonghe Street, Tianjin (northwest to the intersection of North Shangjiang Road and Zhaoguli Street, Dongli District)
- Scope of construction: Jinzhong Urban Renewal commissions Water Recycling Company to be responsible for the construction of reclaimed water ancillary facilities at the site.
- Construction fees and payment terms: The construction fees (tax inclusive) shall be RMB1,897,385, payable by Jinzhong Urban Renewal to Water Recycling Company in one lump sum within 30 days upon receipt of the special VAT invoice and verification by the tax authorities that such invoice is legitimate and valid.
- The abovementioned construction fees are determined by the parties upon arm's length negotiation with reference to the Notice on Regulating the Construction Fee Charging Standards for Reclaimed Water Projects of New Residential and Public Buildings (Jin Jia Fang Di [2009] No. 36)* (《關於規範新建住宅及公建再生水工程建設費收費標準的通知(津價房地[2009]36號)》) and based on the relevant gross floor area.

The principal terms of the Reclaimed Water Ground Meter Installation Agreement are summarized as follows:

- Parties: (a) Jinzhong Urban Renewal (as entrusting party); and
(b) Water Recycling Company (as entrusted party).
- Location of the site: Lot 8 of the urban renewal project located south to Jinzhonghe Street, Tianjin (northwest to the intersection of North Shangjiang Road and Zhaoguli Street, Dongli District)

Scope of installation: Jinzhong Urban Renewal commissions Water Recycling Company to be responsible for the purchase, installation and daily maintenance management of reclaimed water meters (ground meters) outside construction buildings at the site.

Term of installation: All works shall be completed within 45 working days upon receipt of the notice from Jinzhong Urban Renewal and fulfilment of the working conditions for the commencement of construction.

Installation fees and payment terms: The installation fees (tax inclusive) shall be RMB18,586, payable by Jinzhong Urban Renewal to Water Recycling Company in one lump sum within 30 days upon receipt of the special VAT invoice and verification by the tax authorities that such invoice is legitimate and valid.

The abovementioned installation fees are determined by the parties in accordance with the unit price charge as stipulated in the Jin Zhong Shui Ban Zi [2022] No. 47 Notice on Adjusting Reclaimed Water Ground Meter Types and Prices* (《津中水辦字[2022]47號關於調整再生水地錶錶型及價格的通知》).

The principal terms of the Reclaimed Water Household Meter Installation Agreement are summarized as follows:

Parties: (a) Jinzhong Urban Renewal (as entrusting party); and
(b) Water Recycling Company (as entrusted party).

Location of the site: Lot 8 of the urban renewal project located south to Jinzhonghe Street, Tianjin (northwest to the intersection of North Shangjiang Road and Zhaoguli Street, Dongli District)

Scope of installation: Jinzhong Urban Renewal commissions Water Recycling Company to be responsible for the purchase, installation and daily maintenance management of reclaimed water meters (household meters) outside construction buildings at the site.

Term of installation: All works shall be completed within 45 working days upon receipt of the notice from Jinzhong Urban Renewal and fulfilment of the working conditions for the commencement of construction.

Installation fees and payment terms: The installation fees (tax inclusive) shall be RMB602,140, payable by Jinzhong Urban Renewal to Water Recycling Company in one lump sum within 30 days upon receipt of the special VAT invoice and verification by the tax authorities that such invoice is legitimate and valid.

The abovementioned installation fees are determined by the parties in accordance with the unit price charge as stipulated in the Jin Zhong Shui Ban Zi [2016] No. 28 Notice on Regulating Reclaimed Water Meter Types and Prices* (《津中水辦字[2016]28號關於規範再生水錶錶型及價格的通知》).

As the connected transactions contemplated under the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement and the Previous Agreements were entered into by the same connected person of the Company (i.e. Jinzhong Urban Renewal) and the Group and were similar in nature, the Transactions shall be aggregated under Rule 14A.81 of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RECLAIMED WATER PUMP HOUSE AND HIGH PRESSURE PIPELINE PROJECT CONSTRUCTION AGREEMENT

The Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement and the transactions contemplated thereunder are in line with the scope of operations of Water Recycling Company and the Group, which are favourable to increasing the Group's revenue derived from its principal business and expanding its market share in the construction of ancillary facilities for reclaimed water and water supply, and will have a positive impact on the development of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement are entered into in the ordinary and usual course of business of the Group on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF 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; design, construction, management, building and operation management of municipal infrastructures; license operation, technical consultation and auxiliary services of Southeastern Half Ring Urban Road of the Middle Ring of Tianjin City; 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 scope of business includes the construction and operation of urban water supply, drainage, sewage treatment and recycled water utilization projects.

Jinzhong Urban Renewal is an indirect wholly-owned subsidiary of TMICL, the controlling shareholder of the Company, which is principally engaged in the property sector. As at the date of this announcement, the entire interest in Jinzhong Urban Renewal is indirectly held by Tianjin Infrastructure Construction, the ultimate holding company of the Company and the sole shareholder of TMICL.

Tianjin Infrastructure Construction is principally engaged in investment in 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 at the date of this announcement, the ultimate beneficial owner of Tianjin Infrastructure Construction is Tianjin SASAC.

IMPLICATIONS OF THE LISTING RULES

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As all applicable percentage ratios in respect of the transactions contemplated under the Previous Agreements, calculated individually and in aggregate, are less than 0.1%, the transactions contemplated under the Previous Agreements are deemed to be fully-exempt connected transactions under Chapter 14A of the Listing Rules and are exempt from the reporting and announcement requirements. As one or more of the applicable percentage ratios in respect of the Transactions, when aggregated, exceeds 0.1% but all of them are less than 5%, the Transactions are only subject to the reporting and announcement requirements and are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

As at the date of this announcement, Mr. Wang Yongwei and Mr. An Pingdong, being non-executive Directors, are the current director and party secretary and chairman of TMICL respectively and are connected with TMICL, and are considered unable to provide recommendations to the Board in an independent capacity. Therefore, they have abstained from voting at the board meeting on approving the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement and the transactions contemplated thereunder. Save as aforesaid, none of the Directors has a material interest in the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement and the transactions contemplated thereunder or is required to abstain from voting on the relevant board resolutions.

DEFINITIONS

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

“associate(s)”	have the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, but for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company”	Tianjin Capital Environmental Protection Group Company Limited, a joint stock company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively
“connected person(s)”	have the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinzhong Urban Renewal”	Tianjin Jinzhong Urban Renewal Construction Development Company Limited* (天津金鐘城市更新建設發展有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of TMICL, the controlling shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	have the same meaning as ascribed to it under the Listing Rules
“Previous Agreements”	the Reclaimed Water Pipe Network Ancillary Entrustment Agreement, the Reclaimed Water Ground Meter Installation Agreement and the Reclaimed Water Household Meter Installation Agreement
“Project Land”	Lot 8 of the urban renewal project (Qingxiyuan* (清溪園)) located south to Jinzhonghe Street, Tianjin
“Reclaimed Water Ground Meter Installation Agreement”	the Reclaimed Water Meter Agreement (Ground Meter) dated 18 June 2024 entered into between Water Recycling Company (as the entrusted party) and Jinzhong Urban Renewal (as the entrusting party)
“Reclaimed Water Household Meter Installation Agreement”	the Reclaimed Water Meter Agreement (Household Meter) dated 18 June 2024 entered into between Water Recycling Company (as the entrusted party) and Jinzhong Urban Renewal (as the entrusting party)
“Reclaimed Water Pipe Network Ancillary Entrustment Agreement”	the Reclaimed Water Pipe Network Ancillary Entrustment Agreement for New Residential and Public Buildings in Tianjin dated 27 May 2024 entered into between Water Recycling Company (as the entrusted party) and Jinzhong Urban Renewal (as the entrusting party)
“Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement”	the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement for New Residential and Public Buildings in Tianjin dated 2 August 2024 entered into between Water Recycling Company (as the entrusted party) and Jinzhong Urban Renewal (as the entrusting party)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of nominal value of RMB1.00 each in the existing share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“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 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
“TMICL”	Tianjin Municipal Investment Co., Ltd.* (天津市政投資有限公司), a controlling shareholder of the Company, holding approximately 45.57% equity interest in the Company
“Transactions”	the transactions contemplated under the Reclaimed Water Pump House and High Pressure Pipeline Project Construction Agreement and the Previous Agreements
“Water Recycling Company”	Tianjin Water Recycling Co., Ltd.* (天津中水有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Tang Fusheng
Chairman

Tianjin, the PRC
2 August 2024

As at the date of this announcement, the Board comprises three executive Directors: Mr. Tang Fusheng, Mr. Pan Guangwen and Ms. Nie Yanhong; three non-executive Directors: Mr. Wang Yongwei, Mr. An Pindong and Mr. Liu Tao; and three independent non-executive Directors: Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei.

* *For identification purpose only*