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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

AUXILIARY HEAT SUPPLY CONTRACT FOR HOUTAI LOT G PROJECT

AND

ENTRUSTMENT AGREEMENT FOR AUXILIARY RECLAIMED WATER

NETWORKS OF NEW RESIDENTIAL AND PUBLIC HOUSING IN TIANJIN

The Board is pleased to announce that on 14 March 2024, the Board has considered and approved the Auxiliary Heat Supply Contract for Houtai Lot G Project (“**Heat Supply Agreement**”), pursuant to which, Tianjin Chengze entrusted Tianjin Jiayuankaichuang to perform construction for auxiliary heat supply equipment for Houtai Lot G Project.

On 1 February 2024, Tianjin Chengze entered into the Entrustment Agreement for Auxiliary Reclaimed Water Networks of New Residential and Public Housing in Tianjin (“**Reclaimed Water Networks Agreement**”) with Water Recycling Company, pursuant to which, Tianjin Chengze entrusted Water Recycling Company to perform construction for auxiliary reclaimed water equipment within the planned red line of Phases I, II and III (Zexi Park) of the Houtai Lot G Project.

IMPLICATIONS OF THE LISTING RULES

Tianjin Chengze is an indirect subsidiary of Tianjin Infrastructure Construction, the ultimate controlling company of the Company. Therefore, pursuant to the Listing Rules, Tianjin Chengze, being an associate of Tianjin Infrastructure Construction, is a connected person of the Company. According to the Listing Rules, the transactions contemplated under the Agreements constitute a connected transaction of the Company.

Due to the similar nature of the transactions contemplated under the Agreements, these transactions shall be aggregated according to Rule 14A.81 of the Listing Rules. As all applicable ratios of the Reclaimed Water Networks Agreement on a standalone basis are less than 0.1%, the transactions contemplated under the Reclaimed Water Networks Agreement are deemed to be fully-exempt connected transactions under Chapter 14A of the Listing Rules. Therefore, the Reclaimed Water Networks Agreement is exempted from reporting and announcement requirements. However, when aggregated, one or more applicable ratios of the Agreements exceed 0.1% but are less than 5%, therefore, the Agreements are only subject to reporting and announcement requirements, but are exempted from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 14 March 2024, the Board has considered and approved the Auxiliary Heat Supply Contract for Houtai Lot G Project (“**Heat Supply Agreement**”), pursuant to which, Tianjin Chengze entrusted Tianjin Jiayuankaichuang to perform construction for auxiliary heat supply equipment for Houtai Lot G Project.

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Set out below are the summary of the principal terms of the Agreements:

I. HEAT SUPPLY AGREEMENT

Parties

- (a) Tianjin Jiayuankaichuang (as the entrusted party); and
- (b) Tianjin Chengze (as the entrusting party).

Location of Construction

Site of the Houtai Lot G Project in Zhongbei Town, Xiqing District, Tianjin, east to Biling Garden, south to Xiangyi Road bus terminal, west to Shuixi Park, north to Baoze West Road

Scope of Construction

According to the Heat Supply Agreement, Tianjin Jiayuankaichuang shall provide equipment for heat supply, primary networks and heat exchange station and the installation services of the equipment abovementioned (construction works will be provided up to the upper flange of the water distributor cut-off valve inside the heat exchange station) to the Houtai Lot G Project in Zhongbei Town, Xiqing District, Tianjin, east to Biling Garden, south to Xiangyi Road bus terminal, west to Shuixi Park, north to Baoze West Road. Construction of the heat supply does not include civil engineering, water supply and drainage and electrical auxiliary project of the heat exchange station.

Construction Fees and Payment

According to the Heat Supply Agreement, the construction fee for the heat supply works is RMB4,209,553.2.

Tianjin Chengze will pay the construction fee for the heat supply works according to the following schedule and timeline:

1. Upon the execution of the Heat Supply Agreement, Tianjin Chengze will pay RMB1,262,865.96 by 30 May 2024, representing 30% of the total consideration of the Heat Supply Agreement;

2. Within 30 days before Tianjin Jiayuankaichuang commences the construction, Tianjin Chengze will pay RMB1,683,821.28, representing 40% of the total consideration of the Heat Supply Agreement; and
3. Within 30 days after obtaining the heat supply professional supporting certificate for commercial housing access procedures, Tianjin Chengze will pay RMB1,262,865.96, representing 30% of the total consideration of the Heat Supply Agreement.

The construction fee of the aforesaid heat supply works was determined by parties after arm's length negotiations with reference to (among others) the current market prices of the same or similar types of auxiliary heat supply fees and heat meters in Tianjin.

II. RECLAIMED WATER NETWORKS AGREEMENT

Parties

- (a) Water Recycling Company (as the entrusted party); and
- (b) Tianjin Chengze (as the entrusting party).

Location of Construction

Phases I, II and III (Zexi Park) of the Houtai Lot G Project in the southeastern side of the intersection of Baoze West Road and Xiangyi Road in Xiqing District, Tianjin

Scope of Construction

According to the Reclaimed Water Networks Agreement, Water Recycling Company shall organise the construction of auxiliary reclaimed water equipment within the planned red line of Phases I, II and III (Zexi Park) of the Houtai Lot G Project in the southeastern side of the intersection of Baoze West Road and Xiangyi Road in Xiqing District, Tianjin.

Construction Fees and Payment

According to the Reclaimed Water Networks Agreement, the fee for auxiliary primary water supply facilities in the reclaimed water area is RMB951,717.69, which is to be settled by Tianjin Chengze to Water Recycling Company on a lump sum basis within 30 days after the execution of the Reclaimed Water Networks Agreement.

The fee of the aforesaid auxiliary primary water supply facilities in the reclaimed water area was determined by the parties after arm's length negotiations with reference to (among others) the "Notice on Standardizing Fees and Charges of Construction Fees for New Residential and Public Housing Reclaimed Water Projects" (Jin Jia Fang Di [2009] No. 36).

REASONS AND BENEFITS FOR ENTERING INTO THE AGREEMENTS

The execution and implementation of the Agreements are in line with the business scope of Tianjin Jiayuanakaichuang and Water Recycling Company, thus facilitating the increase in the primary business revenue, the expansion of the market share of the new energy heat supply and the reclaimed water supply, and will have a positive impact on the development of the Company.

The terms of the Agreements are determined by the parties after arm's length negotiation. The Directors (including independent non-executive Directors) are of the view that the terms of the Agreements 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 COMPANY, TIANJIN INFRASTRUCTURE CONSTRUCTION, WATER RECYCLING COMPANY, TIANJIN JIAYUANKAICHUANG AND TIANJIN CHENGZE

The Company is principally engaged in the investment, construction, design, management, operation, technical consultation and auxiliary services of treatment facilities of sewage water, tap water and other types of water; 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; development and operation of environmental protection technology and products; leasing of self-owned properties, etc. Tianjin Infrastructure Construction is the ultimate controlling company of the Company and the sole shareholder of TMICL (a controlling shareholder of the Company), holding 100% equity interest in TMICL.

Tianjin Infrastructure Construction is principally engaged in the 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 consultancy; market construction development services; leasing of self-owned properties; 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.

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 Jiayuanakaichuang is a direct wholly-owned subsidiary of the Company. Its business scope includes heat supply services; research and development of new energy technologies; technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion; property management and cold supply services.

Tianjin Chengze is an indirect subsidiary of Tianjin Infrastructure Construction, the ultimate controlling company of the Company. Its business scope includes construction projects, real estate development and operations, electrical installation services and interior decoration for residential properties. Its general projects include marketing planning, non-residential real estate leasing, housing leasing, property valuation services, property management, landscape project construction and project management services.

IMPLICATIONS OF THE LISTING RULES

As mentioned above, Tianjin Chengze is an indirect subsidiary of Tianjin Infrastructure Construction, the ultimate controlling company of the Company. Therefore, pursuant to the Listing Rules, Tianjin Chengze, being an associate of Tianjin Infrastructure Construction, is a connected person of the Company. According to the Listing Rules, the transactions contemplated under the Agreements constitute a connected transaction of the Company.

Due to the similar nature of the transactions contemplated under the Agreements, these transactions shall be aggregated according to Rule 14A.81 of the Listing Rules. As all applicable ratios of the Reclaimed Water Networks Agreement on a standalone basis are less than 0.1%, the transactions contemplated under the Reclaimed Water Networks Agreement are deemed to be fully-exempt connected transactions under Chapter 14A of the Listing Rules. Therefore, the Reclaimed Water Networks Agreement is exempted from reporting and announcement requirements. However, when aggregated, one or more applicable ratios of the Agreements exceed 0.1% but are less than 5%, therefore, the Agreements are only subject to reporting and announcement requirements, but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Wang Yongwei and Mr. An Pindong, non-executive Directors of the Company, are connected with Tianjin Infrastructure Construction or TMICL, and are deemed to be unable to provide recommendation opinion to the Board in an independent capacity. Therefore, they have abstained from voting at the Board meeting on approving the Agreements.

DEFINITIONS

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

“Agreements”	collectively, Heat Supply Agreement and Reclaimed Water Networks Agreement
“Board”	the board of Directors of the Company
“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)” and “controlling shareholder(s)” and “associate(s)”	have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company (including independent non-executive directors)

“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 as ascribed to it under the Listing Rules (as applicable to a transaction)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin SASAC”	State-owned Assets Supervision and Administration Commission of Tianjin Municipal People’s Government (天津市人民政府國有資產監督管理委員會), the PRC government body as defined in Rule 19A.04 of the Listing Rules
“Tianjin Infrastructure Construction”	Tianjin City 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), an ultimate holding company of the Company and the sole shareholder of TMICL, is interested as to 100% equity interest of TMICL
“TMICL”	Tianjin Municipal Investment Company Limited* (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
“Tianjin Chengze”	Tianjin Chengze Real Estate Development Co., Ltd.* (天津城澤房地產開發有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of Tianjin Infrastructure Construction, the ultimate holding company of the Company

“Tianjin Jiayuankaichuang” Tianjin Jiayuankaichuang New Energy Technology Co., Ltd.* (天津佳源開創新能源科技有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of the Company

“Water Recycling Company” Tianjin Water Recycling Co., Ltd.* (天津中水有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of the Company

By order of the Board

Tang Fusheng

Chairman

Tianjin, the PRC

14 March 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*