

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 IN RELATION TO PROVISION OF ENTRUSTED LOAN TO HBGJTC

PROVISION OF ENTRUSTED LOAN

The Board hereby announces that on 21 December 2022, the Board considered and approved the Entrusted Loan in an aggregate amount of up to RMB10,000,000 to be provided by the Company (as principal) to HBGJTC (as borrower) through Agricultural Bank of China (as trustee) pursuant to the Entrusted Loan Agreement for a term of one year, which will be funded by the Company.

IMPLICATIONS OF THE LISTING RULES

As (1) HBGJTC is a non-wholly owned subsidiary of the Company; and (2) Tianjin Infrastructure Construction, the ultimate holding company of the Company, holds 40% equity interest in Hebei Guokong, which in turn holds 30% equity interest in HBGJTC, therefore HBGJTC is considered as a connected subsidiary and a connected person of the Company under the Listing Rules. The provision of the Entrusted Loan constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the transactions contemplated under the Entrusted Loan Agreement exceed 0.1% but are less than 5%, the provision of the Entrusted Loan is only subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROVISION OF ENTRUSTED LOAN

The Board hereby announces that on 21 December 2022, the Board considered and approved the Entrusted Loan in an aggregate amount of up to RMB10,000,000 to be provided by the Company (as principal) to HBGJTC (as borrower) through Agricultural Bank of China (as trustee) pursuant to the Entrusted Loan Agreement for a term of one year, which will be funded by the Company.

The principal terms of the Entrusted Loan Agreement are summarized as below:

Parties:	(a) the Company, as principal; (b) Agricultural Bank of China, as trustee; and (c) HBGJTC, as borrower.
Credit Limit of the Entrusted Loan:	The Company (as principal) will provide the Entrusted Loan in an aggregate amount of up to RMB10,000,000 to HBGJTC (as borrower) through Agricultural Bank of China (as trustee) pursuant to the Entrusted Loan Agreement.
Interest rate of the Entrusted Loan:	<p>The interest rate of the Entrusted Loan is 5% per annum. The interest rate is determined according to the one-year loan prime rate (LPR) published by the National Interbank Funding Center on the 20th day of each month on the day before the drawdown date of each loan plus 135 basis points (one basis point = 0.01%). According to the Loan Prime Rate (LPR) announcement issued by the National Interbank Funding Center on 21 November 2022, the one-year loan prime rate (LPR) is 3.65%. The interest rate of the loan is fixed during the term of the loan until the maturity date.</p> <p>Interests of the loan shall be settled on a quarterly basis on the 20th day of the last month of each quarter. HBGJTC shall pay interests on each interest settlement date.</p>
Term of loan:	One year
Use of loan:	To replenish the liquid capital
Deferred repayment of principal:	If HBGJTC fails to repay the principal of the loan within the agreed period as set out in the Entrusted Loan Agreement, the Company will charge a default interest at the agreed interest rate of the loan plus 50% on the overdue loan from the overdue date until the full repayment of principal and interest.
Early repayment:	HBGJTC may make early repayment. In case of early repayment, HBGJTC shall issue a written notice of early repayment to the Company, and interest shall be charged on the early repayment portion based on the actual term of loan and the interest rate agreed in the Entrusted Loan Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED LOAN AGREEMENT

Reference is made to the announcement of the Company dated 11 March 2019 in relation to the establishment of joint venture (i.e. HBGJTC) to implement the PPP Project (the “**Announcement**”). As disclosed in the Announcement, HBGJTC was established by the Company, Hebei Guokong, CCTB3C, TMEDI, SGCI and SGEZTC for the purpose of developing, operating and investing in the PPP Project and receiving service fees for sewage treatment service during the concession period.

HBGJTC started business operation in October 2020, and due to the impact of the COVID-19 pandemic on the place where it operates, the revenue of service fees for sewage treatment service was insufficient and there was a shortfall in working capital. As such, HBGJTC proposed to apply for the Entrusted Loan from the Company, and the Company will grant loans in tranches based on the actual needs of HBGJTC.

The terms of the Entrusted Loan Agreement were determined after arm’s length negotiation between the parties. In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Entrusted Loan Agreement and the provision of the Entrusted Loan were entered into in the ordinary course of business of the Group on normal commercial terms and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY, AGRICULTURAL BANK OF CHINA AND HBGJTC

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 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.

Agricultural Bank of China is a PRC bank principally engaged in banking, finance and other financial related services. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Agricultural Bank of China and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

HBGJTC is a non-wholly-owned subsidiary of the Company and is established for the development, operation of and investment in the PPP Project. The business scope of HBGJTC is the operation and maintenance, operational management and technology research and development, technology consulting, technology promotion and technical services of sewage treatment, reclaimed water utilization and sludge disposal facilities; and the production, maintenance and sales of environmental protection equipment.

As of the date of this announcement, the Company directly holds 59% equity interest in HBGJTC, and Hebei Guokong directly holds 30% equity interest in HBGJTC. Tianjin Infrastructure Construction, the ultimate holding company of the Company, holds 40% equity interest in Hebei Guokong. The ultimate beneficial owner of Tianjin Infrastructure Construction is the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government.

As of the date of this announcement, HSAHO holds 60% equity interest in Hebei Guokong. The business scope of HSAHO includes, subject to the approval of the provincial government, the management of the assets of the enterprises funded by it and the enterprises under its custody, the receipt, management and disposal of non-performing assets of provincial state-owned enterprises; external investment; investment consulting, corporate management consulting and financial consulting; project planning; property development and operation; and entrusted leasing of property. The ultimate beneficial owner of HSAHO is the State-owned Assets Supervision and Administration Commission of Hebei Province.

As of the date of this announcement, SGCI holds 9% equity interest in HBGJTC. SGCI is principally engaged in investment and management of projects such as new rural construction, rural habitat environment, rural road network, overall town construction, public infrastructure construction, shantytown reconstruction, irrigation construction, comprehensive agricultural development, collective land acquisition, old city reconstruction, resettlement compensation, property acquisition, preliminary development of land, property development and resettlement housing construction; enterprise management services; housing and space rental; construction and operation services of information technology infrastructure; big data processing and storage services; information technology services; information; system integration services; research and development, sales, technical consulting, technical services and technology transfer of computer software and hardware, communication equipment, security products and information equipment; and telecom value-added services, etc. The ultimate beneficial owner of SGCI is the State-owned Assets Management Office of Gaocheng District, Shijiazhuang.

As of the date of this announcement, SGEZTC holds 1% equity interest in HBGJTC. SGEZTC is principally engaged in infrastructure and municipal engineering construction, property development and operation, building demolition (excluding blasting), property services, engineering project management and information consultation, domestic advertising design, production, agency and publication; conference and exhibition services; sales of construction materials; and construction of water treatment center upgrade and renovation projects, etc. The ultimate beneficial owner of SGEZTC is the State-owned Assets Management Office of Gaocheng District, Shijiazhuang.

As of the date of this announcement, CCTB3C holds 0.9% equity interest in HBGJTC. The ultimate holding companies of CCTB3C are China State Construction Engineering Corporation and China Investment Corporation. China State Construction Engineering Corporation is principally engaged in the operation of state-owned assets within the scope of authorization of the State Council, survey, design, construction, installation and consultation of domestic and overseas civil and construction projects; property operation; decoration projects; sculpture and mural business; undertaking national foreign economic assistance projects; contracting foreign investment projects in the PRC, establishing non-trade enterprises overseas, using foreign resources, capital and technology to carry out labor cooperation in the PRC, export of equipment and materials required for foreign projects; production and operation of construction materials and other non-metallic mineral products, metal products for construction, tools, construction machinery and drilling machinery; import and export of goods, agent of import and export; project investments; real estate development; engineering survey and design; construction project management; technical consulting and technical services; and property management, etc. Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. China Investment Corporation is a wholly state-owned company established with approval from the State Council of the PRC. It is principally engaged in investment in foreign currency financial products such as foreign currency bonds in the PRC; investment in overseas bonds, stocks, funds, derivative financial instruments and other financial products; domestic and overseas equity investment; foreign entrusted investment; loans through entrusted financial institutions; entrusted management of foreign exchange assets; promotion and establishment of equity investment funds and fund management companies, etc., and its ultimate beneficial owner is the State Council of the PRC.

As of the date of this announcement, TMEDI holds 0.1% equity interest in HBGJTC. The ultimate holding company of TMEDI is Tianjin Guoxing Capital Operation Co., Ltd.* (天津國興資本運營有限公司) which is mainly engaged in the operation and management of state-owned property (equity) and related consulting services. Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Tianjin Municipality.

As of 31 December 2021, the audited total assets, net assets, liabilities, current assets and current liabilities of HBGJTC amounted to RMB354,560,000, RMB232,810,000, RMB121,750,000, RMB70,940,000 and RMB47,330,000, with a gearing ratio of 34.34%. As of 30 November 2022, the unaudited total assets, net assets, liabilities, current assets and current liabilities of HBGJTC amounted to RMB391,040,000, RMB248,160,000, RMB142,880,000, RMB88,180,000 and RMB47,860,000, with a gearing ratio of 36.54%.

IMPLICATIONS OF THE LISTING RULES

As (1) HBGJTC is a non-wholly owned subsidiary of the Company; and (2) Tianjin Infrastructure Construction, the ultimate holding company of the Company, holds 40% equity interest in Hebei Guokong, which in turn holds 30% equity interest in HBGJTC, therefore HBGJTC is considered as a connected subsidiary and a connected person of the Company under the Listing Rules. The provision of the Entrusted Loan constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the transactions contemplated under the Entrusted Loan Agreement exceed 0.1% but are less than 5%, the provision of the Entrusted Loan is only subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Ji Guanglin, an executive Director of the Company, and Ms. Peng Yilin and Mr. An Pindong, both non-executive Directors of the Company, are connected with Tianjin Infrastructure Construction or TMICL, and are considered unable to provide recommendations to the Board in their independent capacity, therefore they have abstained from voting at the Board meeting on approving the Entrusted Loan Agreement.

DEFINITIONS

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

“Agricultural Bank of China”	Agricultural Bank of China Limited, Tianjin Nankai branch
“Board”	the board of Directors of the Company
“CCTB3C”	The Third Construction Co., Ltd of China Construction Third Engineering Bureau* (中建三局第三建設工程有限責任公司), a limited liability company established in the PRC, which holds 0.9% equity interest in HBGJTC as at the date of this announcement
“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 same meaning as ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company, including independent non-executive directors
“Entrusted Loan”	the entrusted loan in an aggregate amount of up to RMB10,000,000 to be provided by the Company (as principal) to HBGJTC (as borrower) through Agricultural Bank of China (as trustee) pursuant to the Entrusted Loan Agreement
“Entrusted Loan Agreement”	the entrustment loan agreement to be entered into between the Company (as principal), Agricultural Bank of China (as trustee) and HBGJTC (as borrower) in relation to the provision of the Entrusted Loan
“Group”	the Company and its subsidiaries
“HBGJTC”	Hebei Guojin Tianchuang Sewage Treatment Company Limited* (河北國津天創污水處理有限責任公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company, in which the Company directly holds 59% equity interest as at the date of this announcement

“Hebei Guokong”	Hebei Guokong Jincheng Environmental Control Co., Ltd.* (河北國控津城環境治理有限責任公司), a limited liability company established in the PRC and a connected person of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSAHO”	Hebei State-owned Assets Holding and Operation Co., Ltd.* (河北省國有資產控股運營有限公司), a limited liability company established in the PRC, which holds 60% equity interest in Hebei Guokong as at the date of this announcement
“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
“PPP Project”	the PPP project for Comprehensive Improvement of Regional Water Environment in Gaocheng District of Shijiazhuang City in Hebei Province* (河北省石家莊市藁城區區域水環境綜合提升工程PPP項目) implemented by the Company, Hebei Guokong, CCTB3C, TMEDI and Hebei Gaocheng Economic Committee by adopting the public-private partnership model (PPP model) through HBGJTC
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SGCI”	Shijiazhuang Gaocheng Construction Investment Co., Ltd.* (石家莊市藁城區建設投資有限公司), a limited liability company established in the PRC, which holds 9% equity interest in HBGJTC as at the date of this announcement
“SGEZTC”	Shijiazhuang Gaocheng Economic Development Zone Zhengtong Construction & Development Co., Ltd.* (石家莊藁城經濟開發區政通建設開發有限公司), a limited liability company established in the PRC, which holds 1% equity interest in HBGJTC as at the date of this announcement
“Share(s)”	share(s) of the Company with nominal value of RMB1.00 each
“Shareholder(s)”	registered holder(s) of the Shares
“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 Shareholder of the Company and the sole shareholder of TMICL, , which holds 100% equity interest in TMICL
“TMEDI”	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 established in the PRC, which holds 0.1% equity interest in HBGJTC as at the date of this announcement
“TMICL”	Tianjin Municipal Investment Company Limited* (天津市政投資有限公司), the controlling Shareholder of the Company, which holds approximately 45.57% equity interest in the Company
“%”	percentage

By Order of the Board
Ji Guanglin
Chairman

Tianjin, the PRC
21 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 purposes only