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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)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE AND CONNECTED TRANSACTION – ACQUISITION OF ASSETS OF JINNAN SLUDGE PLANT PROJECT

Reference is made to the announcement of discloseable and connected transaction (the “**Announcement of Discloseable and Connected Transaction**”) of Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”) dated 21 December 2022 in relation to the acquisition of assets of Jinnan Sludge Plant Project. Unless the context otherwise requires, the terms used herein shall have the same meanings as those defined in the Announcement of Discloseable and Connected Transaction.

This announcement is made to provide supplemental information on the book value of and the net profits (both before and after taxation) for the two financial years immediately preceding the transaction attributable to the Transferred Assets.

THE BOOK VALUE OF THE TRANSFERRED ASSETS

According to the valuation report dated 8 December 2022 prepared by an independent valuer, the book value of the Transferred Assets as at 30 June 2022 (the valuation benchmark date) was approximately RMB488,999,100.

NET PROFITS ATTRIBUTABLE TO THE TRANSFERRED ASSETS FOR THE TWO FINANCIAL YEARS IMMEDIATELY PRECEDING THE TRANSACTION

The Jinnan Sludge Plant Project, which was the subject of the Acquisition, commenced operation in February 2017. As Tianjin Infrastructure Construction does not have the qualification and ability to conduct sludge disposal and operation, while Caring Company, a controlled subsidiary of the Company, has extensive operating experience in the sludge disposal field, since the day of the formal operation of Jinnan Sludge Plant Project, the Company had delivered the sludge to Caring Company for its disposal through Jinnan Sludge Plant Project, for which, the Company paid operation fee to Caring Company. Meanwhile, no payment was made to Tianjin Infrastructure Construction. The said situation had remained until 25 April 2021 and therefore there would be no profits attributable to the Jinnan Sludge Plant Project for the period between 1 January 2021 and 25 April 2021.

References are made to the announcement of continuing connected transactions of the Company dated 26 April 2021 in relation to the Sludge Disposal Contract and Entrusted Operation Agreement of Jinnan Sludge Disposal Plant, and the announcement of continuing connected transactions of the Company dated 26 April 2022 in relation to the renewal of Sludge Disposal Contract and Entrusted Operation Agreement of Jinnan Sludge Disposal Plant (collectively the “**Announcements of Continuing Connected Transactions**”). As stated in the Announcements of Continuing Connected Transactions, the sludge disposal business is becoming increasingly market-based. Having taken account of the sludge disposal market environment in Tianjin and the actual situations of the Company and Caring Company, the Company entered into the Sludge Disposal Contract with Tianjin Infrastructure Construction on 26 April 2021 upon negotiation with Tianjin Infrastructure Construction. The Company had delivered the sludge produced from four sewage treatment plants in Tianjin to the Jinnan Sludge Plant Project, at a market price of RMB370 per tonne for disposal by the Jinnan Sludge Plant Project and the sludge disposal fee of RMB370 per tonne was paid to Tianjin Infrastructure Construction. Given that Caring Company has extensive operating experience in the sludge disposal field, Tianjin Infrastructure Construction formally entrusted Caring Company to operate the Jinnan Sludge Plant Project. Caring Company and Tianjin Infrastructure Construction entered into the Entrusted Operation Agreement, under which the service fee of RMB249 per tonne for the entrusted operation was paid by Tianjin Infrastructure Construction to Caring Company based on the actual amount of sludge disposed of. The service fee of RMB249 per tonne is the same as the sludge disposal fee previously paid by the Company to Caring Company.

Due to the aforesaid situation, the Transferred Assets did not generate any revenue before 25 April 2021. Accordingly, the net profits before taxation attributable to the Transferred Assets for the year ended 31 December 2020 is RMB0 (the net profits after taxation attributable to the Transferred Assets is RMB0), and the net profits before taxation attributable to the Transferred Assets for the year ended 31 December 2021 is RMB1,130,600 (the net profits after taxation attributable to the Transferred Assets is RMB1,130,600).

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.