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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)

**CONTINUING CONNECTED TRANSACTIONS**  
**EPC SECOND TENDER SECTION (SECOND BATCH) AGREEMENT AND**  
**THIRD TENDER SECTION (SECOND BATCH) AGREEMENT**  
**IN RELATION TO THE RECYCLED WATER PIPELINE NETWORK**  
**CONNECTION PROJECT IN THE MAIN DISTRICT OF TIANJIN**

The Board hereby announces that on 22 February 2023, Water Recycling Company (a wholly-owned subsidiary of the Company) entered into the Second Tender Section (Second Batch) Agreement with Railway Fifth Institute and Environmental Investment Company, pursuant to which, Railway Fifth Institute and Environmental Investment Company agreed to provide Water Recycling Company with EPC general contracting service for the second tender section of the Project (Second Batch) during the Second Tender Section (Second Batch) Service Period, including the design, construction and procurement work of all the engineering projects involved. On the same day, Water Recycling Company (a wholly-owned subsidiary of the Company) entered into the Third Tender Section (Second Batch) Agreement with Tianjin Municipal Institute and Tianjin Tongsheng Municipal, pursuant to which, Tianjin Municipal Institute and Tianjin Tongsheng Municipal agreed to provide Water Recycling Company with EPC general contracting service for the third tender section of the Project (Second Batch) during the Third Tender Section (Second Batch) Service Period, including the design, construction and procurement work of all the engineering projects involved.

**IMPLICATIONS OF THE LISTING RULES**

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

As all applicable percentage ratios of the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement (after calculated by aggregation on an annual basis) will exceed 0.1% but are less than 5%, the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement are only subject to reporting and announcement requirements but shall be exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## INTRODUCTION

References are made to the overseas regulatory announcement of the Company dated 25 August 2021 regarding Water Recycling Company's external investment in the Project; (ii) the announcement dated 20 October 2021 regarding continuing connected transactions of the Engineering Consultation Service Agreement and the Construction Agreement in relation to the recycled water pipeline network connection project in the main district of Tianjin; (iii) the announcement 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 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 dated 30 September 2022 regarding continuing connected transactions of the Engineering Consultation Service (Second Batch) Agreement in relation to the recycled water pipeline network connection project in the main district of Tianjin; (vi) the announcement dated 16 November 2022 in relation to the revision of annual caps of continuing connected transactions; (vii) the announcement 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; (viii) the announcement dated 1 December 2022 regarding continuing connected transactions of the EPC First Tender Section (Second Batch) Agreement in relation to the recycled water pipeline network connection project in the main district of Tianjin and (ix) the announcement dated 28 December 2022 regarding revision of annual caps of continuing connected transactions and supplement agreements (collectively, the "**Announcements**"). Unless the context otherwise requires, the terms used herein shall have the same meanings as those defined in the Announcements.

The Board hereby announces that on 22 February 2023, Water Recycling Company (a wholly-owned subsidiary of the Company) entered into the Second Tender Section (Second Batch) Agreement with Railway Fifth Institute and Environmental Investment Company, pursuant to which, Railway Fifth Institute and Environmental Investment Company agreed to provide Water Recycling Company with EPC general contracting service for the second tender section of the Project (Second Batch) during the Second Tender Section (Second Batch) Service Period, including the design, construction and procurement work of all the engineering projects involved. On the same day, Water Recycling Company (a wholly-owned subsidiary of the Company) entered into the Third Tender Section (Second Batch) Agreement with Tianjin Municipal Institute and Tianjin Tongsheng Municipal, pursuant to which, Tianjin Municipal Institute and Tianjin Tongsheng Municipal agreed to provide Water Recycling Company with EPC general contracting service for the third tender section of the Project (Second Batch) during the Third Tender Section (Second Batch) Service Period, including the design, construction and procurement work of all the engineering projects involved.

The principal terms of the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement are summarized as follows:

## I. SECOND TENDER SECTION (SECOND BATCH) AGREEMENT

Date:	22 February 2023
Parties:	(a) Water Recycling Company (as employer); (b) Railway Fifth Institute (as consortium leader of the contractors); and (c) Environmental Investment Company (as consortium member of the contractors).
Scope of service:	All engineering design, construction and procurement work involved in the EPC general contracting of the second tender section of the Project (Second Batch).
Duration:	The service period is scheduled to commence from 10 March 2023 and to end on the completion date of the project (expected to be 31 August 2025).
Service fees:	The total service fees for the EPC general contracting of the second tender section of the Project (Second Batch) is RMB80,518,738 (tax inclusive) (the “ <b>Second Tender Section (Second Batch) Service Fees</b> ”), of which the amount of the design fees is RMB713,379 (the “ <b>Second Tender Section (Second Batch) Design Fees</b> ”) and the amount of the construction and installation engineering fees (including the procurement part) is RMB79,805,359 (the “ <b>Second Tender Section (Second Batch) Construction and Installation Engineering Fees</b> ”).

In accordance with the applicable PRC laws and regulations and relevant provisions for project construction management, Water Recycling Company selected the general contractor for the second tender section of the Project (Second Batch) by way of open tender.

According to the tender invitation documents, the whole-process consultation unit shall prepare the budgeted price for the service fees of engineering design, construction and installation works according to the engineering project feasibility study report, and after confirmation by Water Recycling Company, it will be taken as the tender base price, bidders bid at a discount coefficient of the bidding base price.

Through open bidding, Railway Fifth Institute and Environmental Investment Company, as a consortium, made a successful bid with a coefficient of 0.99006. The pricing and terms of their bid are no more favourable than the price and terms awarded to other independent third-party contractors and/or service providers of the Company. Among them, Railway Fifth Institute is responsible for the design work of the project, and Environmental Investment Company is responsible for the construction and installation work.

Based on the foregoing, the Board considers that the pricing principles and basis for the Second Tender Section (Second Batch) Service Fees are in line with fairness and general commercial principles, the terms are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

Payment method:

Water Recycling Company shall pay the Second Tender Section (Second Batch) Design Fees and the Second Tender Section (Second Batch) Construction and Installation Engineering Fees to Railway Fifth Institute and Environmental Investment Company respectively.

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

1. Upon entering into the Second Tender Section (Second Batch) Agreement, within 60 days after Railway Fifth Institute and Environmental Investment Company provides such documents as the Letter of Equivalent Advance Payment Guarantee (等額預付款保函), the Application Form for Payment of Project Funds (支付工程款項申請表) and the VAT Special Invoice for the Equivalent Amount (等額增值稅專用發票) to Water Recycling Company, Water Recycling Company shall pay 10% advance payment of the Second Tender Section (Second Batch) Construction and Installation Engineering Fees of the contract price. When the total amount of the progress payment reaches 30% of the Second Tender Section (Second Batch) Construction and Installation Engineering Fees of the contract price, the advance payment will be deducted at 20% of the progress payment. When the total amount of the project payment reaches 80% of the contract amount, the advance payment will be deducted in full;
2. 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 in respect of the corresponding point locations. The completed investment amount 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;
3. When the total amount of funds allocated for each point is paid up to 85% of the bid quotation for the Second Tender Section (Second Batch) Construction and Installation Engineering Fees, the payment shall be ceased;

4. 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 (Second Batch) Construction and Installation Engineering Fees shall be paid; and
5. 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 settlement price of the Second Tender Section (Second Batch) Construction and Installation Engineering Fees shall be paid.

Water Recycling Company shall pay the Second Tender Section (Second Batch) Design Fees according to the following progress and time:

1. 50% of the Second Tender Section (Second Batch) Design Fees of the corresponding point locations shall be paid within 45 days after obtaining the certificate of passing construction drawing review for the corresponding point locations; and
2. Up to 100% of the settlement price of the Second Tender Section (Second Batch) Design Fees of the completed point locations shall be paid within 45 days after completion settlement and archiving of the completion files are completed.

## II. THIRD TENDER SECTION (SECOND BATCH) AGREEMENT

Date:	22 February 2023
Parties:	(a) Water Recycling Company (as employer); (b) Tianjin Municipal Institute (as consortium leader of the contractors); and (c) Tianjin Tongsheng Municipal (as consortium member of the contractors).
Scope of service:	All engineering design, construction and procurement work involved in the EPC general contracting of the third tender section of the Project (Second Batch).
Duration:	The service period is scheduled to commence from 10 March 2023 and to end on the completion date of the project (expected to be 31 August 2025).
Service fees:	The total service fees for the EPC general contracting of the third tender section of the Project (Second Batch) is RMB81,589,770 (tax inclusive) (the “ <b>Third Tender Section (Second Batch) Service Fees</b> ”), of which the amount of the design fees is RMB713,700 (the “ <b>Third Tender Section (Second Batch) Design Fees</b> ”) and the amount of the construction and installation engineering fees (including the procurement part) is RMB80,876,070 (the “ <b>Third Tender Section (Second Batch) Construction and Installation Engineering Fees</b> ”).

In accordance with the applicable PRC laws and regulations and relevant provisions for project construction management, Water Recycling Company selected the general contractor for the third tender section of the Project (Second Batch) by way of open tender.

According to the tender invitation documents, the whole-process consultation unit shall prepare the budgeted price for the service fees of engineering design, construction and installation works according to the engineering project feasibility study report, and after confirmation by Water Recycling Company, it will be taken as the tender base price, bidders bid at a discount coefficient of the bidding base price.

Through open bidding, Tianjin Municipal Institute and Tianjin Tongsheng Municipal, as a consortium, made a successful bid with a coefficient of 0.99. The pricing and terms of their bid are no more favourable than the price and terms awarded to other independent third-party contractors and/or service providers of the Company. Among them, Tianjin Municipal Institute is responsible for the design work of the project, and Tianjin Tongsheng Municipal is responsible for the construction and installation work.



Based on the foregoing, the Board considers that the pricing principles and basis for the Third Tender Section (Second Batch) Service Fees are in line with fairness and general commercial principles, the terms are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

Payment method:

Water Recycling Company shall pay the Third Tender Section (Second Batch) Design Fees and the Third Tender Section (Second Batch) Construction and Installation Engineering Fees to Tianjin Municipal Institute and Tianjin Tongsheng Municipal respectively.

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

1. Upon entering into the Third Tender Section (Second Batch) Agreement, within 60 days after Tianjin Municipal Institute and Tianjin Tongsheng Municipal provides such documents as the Letter of Equivalent Advance Payment Guarantee (等額預付款保函), the Application Form for Payment of Project Funds (支付工程款項申請表) and the VAT Special Invoice for the Equivalent Amount (等額增值稅專用發票) to Water Recycling Company, Water Recycling Company shall pay 10% advance payment of the Third Tender Section (Second Batch) Construction and Installation Engineering Fees of the contract price. When the total amount of the progress payment reaches 30% of the Third Tender Section (Second Batch) Construction and Installation Engineering Fees of the contract price, the advance payment will be deducted at 20% of the progress payment. When the total amount of the project payment reaches 80% of the contract amount, the advance payment will be deducted in full;
2. 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 in respect of the corresponding point locations. The completed investment amount 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;
3. When the total amount of funds allocated for each point is paid up to 85% of the bid quotation for the Third Tender Section (Second Batch) Construction and Installation Engineering Fees, the payment shall be ceased;

4. 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 (Second Batch) Construction and Installation Engineering Fees shall be paid; and
5. 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 settlement price of the Third Tender Section (Second Batch) Construction and Installation Engineering Fees shall be paid.

Water Recycling Company shall pay the Third Tender Section (Second Batch) Design Fees according to the following progress and time:

1. 50% of the Third Tender Section (Second Batch) Design Fees of the corresponding point locations shall be paid within 45 days after obtaining the certificate of passing construction drawing review for the corresponding point locations; and
2. Up to 100% of the settlement price of the Third Tender Section (Second Batch) Design Fees of the completed point locations shall be paid within 45 days after completion settlement and archiving of the completion files are completed.

## ANNUAL CAPS

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 the 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 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.

The continuing connected transactions under the Agreements and the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement are all conducted with direct or indirect subsidiaries of Tianjin Infrastructure Construction (i.e. Tianjin Infrastructure Consultant, Tianjin Tongsheng Municipal, Environmental Investment Company and Expressway Group), the ultimate holding company of the Company, and are similar in nature, therefore the continuing connected transactions contemplated under the Agreements and the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement shall be aggregated in calculation in accordance with the requirements of Rules 14A.81 and 14A.83 of the Listing Rules.



## **2023 Annual Cap**

Pursuant to (1) the Second Tender Section (Second Batch) Agreement, the Company expects that the total amount of the Construction and Installation Engineering Fees for the Second Tender Section (Second Batch) payable by Water Recycling Company to Environmental Investment Company will not exceed RMB28 million for the financial year ending 31 December 2023 of the Company; and (2) the Third Tender Section (Second Batch) Agreement, the Company expects that the total amount of the Construction and Installation Engineering Fees for the Third Tender Section (Second Batch) payable by Water Recycling Company to Tianjin Tongsheng Municipal will not exceed RMB37.45 million for the financial year ending 31 December 2023 of the Company.

As stated in the Announcements, the annual caps of the Agreements (when aggregated) will not exceed RMB160.81 million for the financial year ending 31 December 2023 of the Company.

Therefore, the annual caps of the Agreements and the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement (when aggregated) will not exceed RMB226.26 million for the financial year ending 31 December 2023 of the Company.

## **2024 Annual Cap**

Pursuant to (1) the Second Tender Section (Second Batch) Agreement, the Company expects that the total amount of the Construction and Installation Engineering Fees for the Second Tender Section (Second Batch) payable by Water Recycling Company to Environmental Investment Company will not exceed RMB49.42 million for the financial year ending 31 December 2024 of the Company; and (2) the Third Tender Section (Second Batch) Agreement, the Company expects that the total amount of the Construction and Installation Engineering Fees for the Third Tender Section (Second Batch) payable by Water Recycling Company to Tianjin Tongsheng Municipal will not exceed RMB41 million for the financial year ending 31 December 2024 of the Company.

As stated in the Announcements, the annual caps of the Agreements (when aggregated) will not exceed RMB14.12 million for the financial year ending 31 December 2024 of the Company.

Therefore, the annual caps of the Agreements and the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement (when aggregated) will not exceed RMB104.54 million for the financial year ending 31 December 2024 of the Company.

## **2025 Annual Cap**

Pursuant to (1) the Second Tender Section (Second Batch) Agreement, the Company expects that Water Recycling Company does not need to pay the Construction and Installation Engineering Fees for the Second Tender Section (Second Batch) to Environmental Investment Company for the financial year ending 31 December 2025 of the Company; and (2) the Third Tender Section (Second Batch) Agreement, the Company expects that Water Recycling Company does not need to pay the Construction and Installation Engineering Fees for the Third Tender Section (Second Batch) to Tianjin Tongsheng Municipal for the financial year ending 31 December 2025 of the Company.

As stated in the Announcements, the annual caps of the Agreements (when aggregated) will not exceed RMB7.69 million for the financial year ending 31 December 2025 of the Company.

Therefore, the annual caps of the Agreements and the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement (when aggregated) will remain unchanged and not exceed RMB7.69 million for the financial year ending 31 December 2025 of the Company.

## **2026 Annual Cap**

Pursuant to (1) the Second Tender Section (Second Batch) Agreement, the Company expects that the total amount of the Construction and Installation Engineering Fees for the Second Tender Section (Second Batch) payable by Water Recycling Company to Environmental Investment Company will not exceed RMB2.4 million for the financial year ending 31 December 2026 of the Company; and (2) the Third Tender Section (Second Batch) Agreement, the Company expects that the total amount of the Construction and Installation Engineering Fees for the Third Tender Section (Second Batch) payable by Water Recycling Company to Tianjin Tongsheng Municipal will not exceed RMB2.43 million for the financial year ending 31 December 2026 of the Company.

Therefore, the annual caps of the Agreements and the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement (when aggregated) will not exceed RMB4.83 million for the financial year ending 31 December 2026 of the Company.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND TENDER SECTION (SECOND BATCH) AGREEMENT AND THE THIRD TENDER SECTION (SECOND BATCH) AGREEMENT**

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, Railway Fifth Institute, Environmental Investment Company, Tianjin Municipal Institute and Tianjin Tongsheng Municipal have relevant experience and expertise in the construction of municipal infrastructure and pipe network projects. Entering into the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement can ensure that the quality of works for the Project invested and implemented by Water Recycling Company will meet the standards.

The terms of the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement are determined after arm's length negotiations between the Parties. The Directors (including the independent non-executive Directors) are of the view that the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement 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 ON 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.

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 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.

Environmental Investment Company, 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 Municipal Institute is a company incorporated in the PRC with limited liability and its scope of business includes construction engineering design, construction engineering survey, engineering construction activities, general contracting of housing construction and municipal infrastructure projects, construction project supervision and engineering cost consultation. As of the date of this announcement, the entire equity interest of Tianjin Municipal Institute is held by Tianjin Guoxing Capital Operation Co., Ltd\* (天津國興資本運營有限公司), which is in turn held as to 100% by Tianjin SASAC. Although the ultimate controlling shareholder of the Company is Tianjin SASAC, Tianjin SASAC will not be deemed as a connected person of the Company under Rule 14A.10 of the Listing Rules as it is the PRC Government Body as defined under Rule 19A.04 of the Listing Rules. Based on the above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Tianjin Municipal Institute and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Tianjin Tongsheng Municipal is an indirect non-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.

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 of the date of this announcement, the ultimate beneficial owner of Tianjin Infrastructure Construction is Tianjin SASAC.

## **IMPLICATIONS OF THE LISTING RULES**

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

As all applicable percentage ratios of the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement (after calculated by aggregation on an annual basis) will exceed 0.1% but are less than 5%, the Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement are only subject to reporting and announcement requirements but shall be exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Ji Guanglin, an 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, 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 Second Tender Section (Second Batch) Agreement and the Third Tender Section (Second Batch) Agreement.

## 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
“Directors”	the director(s) of the Company (including independent nonexecutive Directors)
“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 direct wholly-owned subsidiary of Tianjin Infrastructure Construction
“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 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 (Second Batch) Agreement”	the agreement dated 22 February 2023 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 second tender section of the Project (Second Batch) under the Second Tender Section (Second Batch) Agreement
“Second Tender Section (Second Batch) Service Period”	the service period under the Second Tender Section (Second Batch) Agreement, commencing from 10 March 2023 and ending on the completion date of the project (expected to be 31 August 2025)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Tender Section (Second Batch) Agreement”	the agreement dated 22 February 2023 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 third tender section of the Project (Second Batch) under the Third Tender Section (Second Batch) Agreement
“Third Tender Section (Second Batch) Service Period”	the service period under the Third Tender Section (Second Batch) Agreement, commencing from 10 March 2023 and ending on the completion date of the project (expected to be 31 August 2025)
“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 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  
22 February 2023

*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