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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

On 22 March 2012, the Company entered into the New Tenancy Agreement No.1 and the New Tenancy Agreement No.2 with Tianjin Infrastructure Construction and Tianjin Environmental Investment respectively.

Tianjin Infrastructure Construction is the ultimate controller of the Company. Tianjin Environmental Investment is a wholly-owned subsidiary of Tianjin Infrastructure Construction. Therefore, Tianjin Infrastructure Construction and Tianjin Environmental Investment are connected persons of the Company under the Listing Rules. The transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions of the Company and should be aggregated with the Old Tenancy Agreement under the Listing Rules.

Since the total annual rent paid or payable under the Old Tenancy Agreement and the New Tenancy Agreements for each of the Company's financial years ending 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015 represents less than 5% of the applicable percentage ratios of the Company, the New Tenancy Agreements are subject to the reporting and announcement requirements only under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that the Company entered into the New Tenancy Agreement No. 1 and the New Tenancy Agreement No.2 with Tianjin Infrastructure Construction and Tianjin Environmental Investment respectively on 22 March 2012.

DETAILS OF THE NEW TENANCY AGREEMENTS

A summary of the principal terms of the New Tenancy Agreements is as follows:

New Tenancy Agreement No.1

Date: 22 March 2012

Parties: (a) The Company as landlord; and
(b) Tianjin Infrastructure Construction as tenant

Premises: Certain area of 9th floor and 10th floor of TCEP Building

Car parking spaces: 5

Lettable area: Floor area — 1,046.08 square meter
Public area — 115.39 square meter (building)
125 square meter (courtyard)

Term: 36 months commencing from 1 April 2012 to 31 March 2015 (both days inclusive)

Total rent: RMB2,863,906.20

Payment term: Payable at the end of each calendar month during the term with monthly rent of approximately RMB79,552.95

Purpose: Business

- Other terms:
- (i) The water fees shall be charged to Tianjin Infrastructure Construction according to the number of its staffs in the TCEP Building;
 - (ii) The electricity fees shall be charged to Tianjin Infrastructure Construction according to the electricity meter;
 - (iii) The heat supply fees shall be charged to Tianjin Infrastructure Construction according to the total lettable area (excluding the courtyard public area of 125 square meter) of 1,161.47 square meter; and
 - (iv) The management fees shall be charged to Tianjin Infrastructure Construction according to the lettable area of 1,186.47 square meter at a rate of RMB5.50 per square meter per month.

New Tenancy Agreement No.2

- Date: 22 March 2012
- Parties: (a) The Company as landlord; and
(b) Tianjin Environmental Investment as tenant
- Premises: Certain area of 4th floor of TCEP Building
- Lettable area: Floor area — 150.36 square meter
Public area — 18.34 square meter (building)
18.23 square meter (courtyard)
- Term: 12 months commencing from 1 April 2012 to 31 March 2013 (both days inclusive)
- Total rent: RMB138,258
- Payment term: Payable at the end of each calendar month during the term with monthly rent of approximately RMB11,521.50
- Purpose: Business

Other terms:

- (i) The water fees shall be charged to Tianjin Environmental Investment according to the number of its staffs in the TCEP Building;
- (ii) The electricity fees shall be charged to Tianjin Environmental Investment according to the electricity meter;
- (iii) The heat supply fees shall be charged to Tianjin Environmental Investment according to the total lettable area (excluding the courtyard public area of 18.23 square meter) of 168.70 square meter; and
- (iv) The management fees shall be charged to Tianjin Environmental Investment according to the total lettable area of 186.93 square meter at a rate of RMB5.50 per square meter per month.

ANNUAL CAPS

As mentioned in the Company's announcement dated 15 April 2011, the Company entered into the tenancy agreement and its supplemental agreement with Tianjin Environmental Investment on 15 April 2011. The above Old Tenancy Agreement should be aggregated with the New Tenancy Agreements pursuant to Rule 14A.27 of the Listing Rules.

Based on (i) the total rent of approximately RMB2,402,497.35 payable under the Old Tenancy Agreement for the period from 1 January 2012 to 15 April 2013 and (ii) the monthly rents of approximately RMB79,552.95 and RMB11,521.50 payable under the New Tenancy Agreement No.1 and the New Tenancy Agreement No.2 respectively, the annual caps for the abovementioned tenancy agreements for the Company's financial years ending 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015 will not exceed RMB2,566,940.85, RMB1,644,426.45, RMB954,635.40 and RMB238,658.85 respectively.

There is no other similar transaction which should be aggregated with the New Tenancy Agreements pursuant to Rule 14A.27 of the Listing Rules.

REASONS FOR ENTERING INTO THE NEW TENANCY AGREEMENTS

The entering into of the New Tenancy Agreements enables the Company to obtain steady return of rental income in respect of its owned premises. The terms of the New Tenancy Agreements were determined after arm's length negotiations between the

parties and with reference to the open market rent of comparable properties. The Directors, including the independent non-executive Directors, consider that the New Tenancy Agreements are 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 AND TIANJIN ENVIRONMENTAL INVESTMENT

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; rental of self-owned properties, etc.

Tianjin Infrastructure Construction is the ultimate controller of the Company and the sole shareholder of TMICL (the controlling shareholder of the Company), holding 100% equity interest in TMICL. It is principally engaged in investment in sea and 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 buildings; leasing of infrastructures and development and operation of utilities; licensed operation of infrastructures and transfer of licensed operations with government authorization; production, development, operation of construction materials, decoration materials, electrical products (excluding cars); construction investment consultation.

Tianjin Environmental Investment is a wholly-owned subsidiary of Tianjin Infrastructure Construction. It is principally engaged in the design, consultation, construction, management, maintenance and operation of projects relating to garden and park, etc., and project management and budget consultation.

LISTING RULES IMPLICATION

As mentioned above, Tianjin Infrastructure Construction is the ultimate controller of the Company. Tianjin Environmental Investment is a wholly-owned subsidiary of Tianjin Infrastructure Construction. Therefore, Tianjin Infrastructure Construction and Tianjin Environmental Investment are connected persons of the Company under the Listing Rules. The transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions of the Company and should be aggregated with the Old Tenancy Agreement under the Listing Rules.

Since the total annual rent paid or payable under the Old Tenancy Agreement and the New Tenancy Agreements for each of the Company's financial years ending 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015 represents less than 5% of the applicable percentage ratios of the Company, the New Tenancy Agreements are subject to the reporting and announcement requirements only under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Zhong Huifang, the executive Director of the Company, and Mr. An Pindong and Ms. Chen Yinxing, the non-executive Directors of the Company, have abstained from voting to approve the New Tenancy Agreements in the Board meeting due to the fact that they were connected with TMICL and/or Tianjin Infrastructure Construction and are regarded not independent to make any recommendation to the Board.

DEFINITIONS

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

“Board”	the board of Directors
“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)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Tenancy Agreements”	New Tenancy Agreement No.1 and New Tenancy Agreement No.2

“New Tenancy Agreement No.1”	the tenancy agreement and its supplemental agreement both dated 22 March 2012 entered into between the Company and Tianjin Infrastructure Construction in respect of certain area of 9th floor and 10th floor of TCEP Building and 5 car parking spaces
“New Tenancy Agreement No.2”	the tenancy agreement and its supplemental agreement both dated 22 March 2012 entered into between the Company and Tianjin Environmental Investment in respect of certain area of 4th floor of TCEP Building
“Old Tenancy Agreement”	the tenancy agreement and its supplemental agreement both dated 15 April 2011 entered into between the Company and Tianjin Environmental Investment, details of which were announced by the Company in its announcement dated 15 April 2011
“percentage ratios”	has the meaning ascribed to it under the Listing Rules, as 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)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCEP Building”	TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC
“Tianjin Environmental Investment”	Tianjin Environmental Construction and Investment Company Limited (天津市環境建設投資有限公司), a wholly-owned subsidiary of Tianjin Infrastructure Construction
“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), the ultimate controller of the Company and the sole shareholder of TMICL, holding 100% equity interest in TMICL

“TMICL”

Tianjin Municipal Investment Company Limited (天津市政投資有限公司), the controlling shareholder of the Company, holding 51.60% equity interest in the Company

By Order of the Board
Zhang Wenhui
Chairman

Tianjin, the PRC
22 March 2012

As at the date of this announcement, the Board comprises four executive Directors: Mr. Zhang Wenhui, Mr. Lin Wenbo, Ms. Fu Yana and Ms. Zhong Huifang; two non-executive Directors: Mr. An Pindong and Ms. Chen Yinxing; and three independent non-executive Directors: Mr. Xie Rong, Mr. Di Xiaofeng and Ms. Lee Kit Ying, Karen.