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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 2017 PROPERTY SERVICES AGREEMENTS

On 30 December 2016, the Company and Tianjin Finance City entered into the 2017 Property Services Agreements, pursuant to which Tianjin Finance City agreed to provide property management services including property cleaning, road sweeping, security and protection services, etc. during the Service Period.

As at the date of this announcement, Tianjin Finance City is a wholly-owned subsidiary of Tianjin Infrastructure Construction, which is the ultimate controlling shareholder of the Company. Therefore, Tianjin Finance City is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transaction contemplated under each of the 2017 Property Services Agreements constitutes a continuing connected transaction of the Company.

According to Rule 14A.81 of the Listing Rules, all transactions contemplated under the 2017 Property Services Agreements should be aggregated. As the applicable percentage ratios (after aggregation) are more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the 2017 Property Services Agreements are subject to the reporting and announcement requirements only and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 30 December 2016, the Company and Tianjin Finance City entered into the 2017 Property Services Agreements, pursuant to which Tianjin Finance City agreed to provide property management services including property cleaning, road sweeping, security and protection services, etc. during the Service Period.

Set out below is a summary of the principal terms of the 2017 Property Services Agreements:

1. DONGJIAO SEWAGE WATER TREATMENT PLANT PROPERTY SERVICES AGREEMENT

- Date: 30 December 2016
- Parties: (a) Tianjin Finance City, as service provider; and
(b) The Company, as service recipient
- Service Scope: (1) Property cleaning: cleaning and clean-keeping of office in complex building, duty room, conference room, corridor, lobby, public area, washroom and bathroom;
(2) Road sweeping: sweeping and clean-keeping of factory road, road surface, bicycle shed and public area; and
(3) Security and protection services: door keeping, patrol, order maintenance, guard and security check.
- Term: The Service Period is from 1 January 2017 to 31 December 2017.
- Services Fees: The monthly security and protection services fee is RMB66,500, the monthly property cleaning fee is RMB8,100, and the monthly road sweeping fee is RMB10,800. The total services fees during the Service Period under the Dongjiao Sewage Water Treatment Plant Property Services Agreement are RMB1,024,800.
The services fees are determined after arm's length negotiations between the parties with reference to the estimated types of property services to be provided and the numbers of personnel deployed.
- Payment Term: The Company shall pay the comprehensive property management services fees of previous month to Tianjin Finance City by cheque prior to the 10th day of each month.

2. BEICANG SEWAGE WATER TREATMENT PLANT PROPERTY SERVICES AGREEMENT

- Date: 30 December 2016
- Parties: (a) Tianjin Finance City, as service provider; and
(b) The Company, as service recipient
- Service Scope: (1) Property cleaning: cleaning and clean-keeping of office in complex building, duty room, conference room, corridor, lobby, public area, washroom and bathroom;
(2) Road sweeping: sweeping and clean-keeping of factory road, road surface, bicycle shed and public area; and
(3) Security and protection services: door keeping, patrol, order maintenance, guard and security check.
- Term: The Service Period is from 1 January 2017 to 31 December 2017.
- Services Fees: The monthly security and protection services fee is RMB4,200, the monthly property cleaning fee is RMB8,100, and the monthly road sweeping fee is RMB8,100. The total services fees during the Service Period under the Beicang Sewage Water Treatment Plant Property Services Agreement are RMB698,400.

The services fees are determined after arm's length negotiations between the parties with reference to the estimated types of property services to be provided and the numbers of personnel deployed.
- Payment Term: The Company shall pay the comprehensive property management services fees of previous month to Tianjin Finance City by cheque prior to the 10th day of each month.

3. XIANYANGLU SEWAGE WATER TREATMENT PLANT PROPERTY SERVICES AGREEMENT

- Date: 30 December 2016
- Parties: (a) Tianjin Finance City, as service provider; and
(b) The Company, as service recipient
- Service Scope: (1) Property cleaning: cleaning and clean-keeping of office in complex building, duty room, conference room, corridor, lobby, public area, washroom and bathroom;
(2) Road sweeping: sweeping and clean-keeping of factory road, road surface, bicycle shed and public area; and
(3) Security and protection services: door keeping, patrol, order maintenance, guard and security check.
- Term: The Service Period is from 1 January 2017 to 31 December 2017.
- Services Fees: The monthly security and protection services fee is RMB73,500, the monthly property cleaning fee is RMB8,100, and the monthly road sweeping fee is RMB10,800. The total services fees during the Service Period under the Xianyanglu Sewage Water Treatment Plant Property Services Agreement are RMB1,108,800.
The services fees are determined after arm's length negotiations between the parties with reference to the estimated types of property services to be provided and the numbers of personnel deployed.
- Payment Term: The Company shall pay the comprehensive property management services fees of previous month to Tianjin Finance City by cheque prior to the 10th day of each month.

4. ZHANGGUIZHUANG SEWAGE WATER TREATMENT PLANT PROPERTY SERVICES AGREEMENT

- Date: 30 December 2016
- Parties: (a) Tianjin Finance City, as service provider; and
(b) The Company, as service recipient
- Service Scope: (1) Property cleaning: cleaning and clean-keeping of office in complex building, duty room, conference room, corridor, lobby, public area, washroom and bathroom;
(2) Road sweeping: sweeping and clean-keeping of factory road, road surface, bicycle shed and public area; and
(3) Security and protection services: door keeping, patrol, order maintenance, guard and security check.
- Term: The Service Period is from 1 January 2017 to 31 December 2017. However, if the operation agreement dated 30 June 2016 entered into between the Company and Tianjin Infrastructure Construction in respect of the operation and maintenance of the Zhangguizhuang Sewage Water Treatment Plant is terminated, this Zhangguizhuang Sewage Water Treatment Plant Property Services Agreement will be terminated automatically.
- Services Fees: The monthly security and protection services fee is RMB63,000, the monthly property cleaning fee is RMB8,100, and the monthly road sweeping fee is RMB8,100. The total services fees during the Service Period under the Zhangguizhuang Sewage Water Treatment Plant Property Services Agreement are RMB950,400.
- The services fees are determined after arm's length negotiations between the parties with reference to the estimated types of property services to be provided and the numbers of personnel deployed.

Payment Term: The Company shall pay the comprehensive property management services fees of previous month to Tianjin Finance City by cheque prior to the 10th day of each month.

5. JINGU SEWAGE WATER TREATMENT PLANT PROPERTY SERVICES AGREEMENT

Date: 30 December 2016

Parties: (a) Tianjin Finance City, as service provider; and
(b) The Company, as service recipient

Service Scope: (1) Property cleaning: cleaning and clean-keeping of office in complex building, duty room, conference room, corridor, lobby, public area, washroom and bathroom;
(2) Road sweeping: sweeping and clean-keeping of factory road, road surface, bicycle shed and public area; and
(3) Security and protection services: door keeping, patrol, order maintenance, guard and security check.

Term: The Service Period is from 1 January 2017 to 31 December 2017.

Services Fees: The monthly security and protection services fee is RMB84,000, the monthly property cleaning fee is RMB10,800, and the monthly road sweeping fee is RMB13,500. The total service fees during the Service Period under the Jingu Sewage Water Treatment Plant Property Services Agreement are RMB1,299,600.

The services fees are determined after arm's length negotiations between the parties with reference to the estimated types of property services to be provided and the numbers of personnel deployed.

Payment Term: The Company shall pay the comprehensive property management services fees of previous month to Tianjin Finance City by cheque prior to the 10th day of each month.

6. TCEP BUILDING PROPERTY SERVICES AGREEMENT

- Date: 30 December 2016
- Parties: (a) Tianjin Finance City, as service provider; and
(b) The Company, as service recipient
- Service Scope: (1) Cleaning: cleaning and clean-keeping of lobby, elevator, floor, recreation and sports facility, business center, washroom, stairway, conference room and office;
(2) Security and protection services: patrol, vehicle management, monitoring system, guard, equipment maintenance;
(3) Maintenance of water, electricity and equipment: inspection and maintenance, repair and keeping record;
(4) Civil services;
(5) Administrative issues: reception, filing and mail services; and
(6) Other property services.
- Term: The Service Period is from 1 January 2017 to 31 December 2017.
- Service Fees: The monthly property services fee is RMB81,398. The total service fees during the Service Period under the TCEP Building Property Services Agreement are RMB976,776.

The services fees are determined after arm's length negotiations between the parties with reference to the area of property services.
- Payment Term: Tianjin Finance City shall issue the receipt of comprehensive property management fees of previous quarter to the Company prior to the third business day of the first month of each quarter. The Company shall pay the comprehensive property management fees of previous quarter by cheque or remittance within seven business days upon receiving the receipt.

ANNUAL CAP

The annual cap for the services fees under the 2017 Property Services Agreements for the year ending 31 December 2017 shall not exceed RMB6,060,000. The service fees are expected to be satisfied by the internal resources of the Group.

The annual cap was determined with reference to, among others, the following factors:

- (1) the aggregate amount of property services fees of RMB1,742,000 paid by the Company for property services in respect of the Dongjiao Sewage Water Treatment Plant, Beicang Sewage Water Treatment Plant, Xianyanglu Sewage Water Treatment Plant, Zhangguizhuang Sewage Water Treatment Plant, Jingu Sewage Water Treatment Plant and TCEP Building for the 5 months ending 31 December 2016;
- (2) the expected aggregate amount of property services fees of not more than RMB6,058,776 payable by the Company under the 2017 Property Services Agreements for property services in respect of the Dongjiao Sewage Water Treatment Plant, Beicang Sewage Water Treatment Plant, Xianyanglu Sewage Water Treatment Plant, Zhangguizhuang Sewage Water Treatment Plant, Jingu Sewage Water Treatment Plant and TCEP Building for the year ending 31 December 2017;
- (3) in respect of sewage water treatment plants, the charging rate of security and protection services of RMB3,500 each person per month, and the charging rate of property cleaning and road sweeping services of RMB2,700 each person per month; and
- (4) in respect of TCEP Building, the charging rate of property services of RMB6 per square meter per month.

There is no other similar transaction which should be aggregated with the 2017 Property Services Agreements pursuant to Rule 14A.83 of the Listing Rules.

REASONS FOR ENTERING INTO THE 2017 PROPERTY SERVICES AGREEMENTS

The Group needs to engage professional property management company to provide property management services including property cleaning, road sweeping, security and protection services, etc. for the Dongjiao Sewage Water Treatment Plant, Beicang

Sewage Water Treatment Plant, Xianyanglu Sewage Water Treatment Plant, Zhangguizhuang Sewage Water Treatment Plant, Jingu Sewage Water Treatment Plant and TCEP Building.

Tianjin Finance City is an experienced property management services provider in Tianjin, the PRC. Tianjin Finance City has managed many properties. The experience of Tianjin Finance City shall provide reliable support to the Group's business operation.

The terms of the 2017 Property Services Agreements were determined after arm's length negotiations between the parties thereto. The Directors, including the independent non-executive Directors, consider that the 2017 Property Services Agreements are on normal commercial terms and in the ordinary and usual course of business of the Company, and their terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE COMPANY AND TIANJIN FINANCE CITY

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 Finance City is a wholly-owned subsidiary of Tianjin Infrastructure Construction, which is the ultimate controlling shareholder of the Company. It is principally engaged in provision of property management services, such as property cleaning, road sweeping, security and protection services, civil services and administration services, etc.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tianjin Finance City is a wholly-owned subsidiary of Tianjin Infrastructure Construction, which is the ultimate controlling shareholder of the Company. Therefore, Tianjin Finance City is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transaction contemplated under each of the 2017 Property Services Agreements constitutes a continuing connected transaction of the Company.

According to Rule 14A.81 of the Listing Rules, all the transactions contemplated under the 2017 Property Services Agreements should be aggregated. As the applicable percentage ratios (after aggregation) are more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the 2017 Property Services Agreements are subject to the reporting and announcement requirements only and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Liu Yujun, 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 2017 Property Services Agreements in the Board meeting due to the fact that they are connected with 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:

“2017 Property Services Agreements”	the Dongjiao Sewage Water Treatment Plant Property Services Agreement, Beicang Sewage Water Treatment Plant Property Services Agreement, Xianyanglu Sewage Water Treatment Plant Property Services Agreement, Zhangguizhuang Sewage Water Treatment Plant Property Services Agreement, Jingu Sewage Water Treatment Plant Property Services Agreement and TCEP Building Property Services Agreement
“Beicang Sewage Water Treatment Plant Property Services Agreement”	the property services agreement dated 30 December 2016 entered into between the Company and Tianjin Finance City, pursuant to which Tianjin Finance City agreed to provide property services for Beicang Sewage Water Treatment Plant during the Service Period
“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 same meaning as ascribed to it under the Listing Rules

“Directors”	the directors of the Company, including the independent non-executive directors
“Dongjiao Sewage Water Treatment Plant Property Services Agreement”	the property services agreement dated 30 December 2016 entered into between the Company and Tianjin Finance City, pursuant to which Tianjin Finance City agreed to provide property services for Dongjiao Sewage Water Treatment Plant during the Service Period
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jingu Sewage Water Treatment Plant Property Services Agreement”	the property services agreement dated 30 December 2016 entered into between the Company and Tianjin Finance City, pursuant to which Tianjin Finance City agreed to provide property services for Jingu Sewage Water Treatment Plant during the Service Period
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction
“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
“Service Period”	the service period under the 2017 Property Services Agreements from 1 January 2017 to 31 December 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCEP Building Property Services Agreement”	the property services agreement dated 30 December 2016 entered into between the Company and Tianjin Finance City, pursuant to which Tianjin Finance City agreed to provide property services for TECP Building during the Service Period

“Tianjin Finance City”	Tianjin Finance City Property Management Company Limited* (天津金融城物業管理有限公司), a company incorporated in the PRC with limited liability, and 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 controlling shareholder 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 50.14% equity interest in the Company
“Xianyanglu Sewage Water Treatment Plant Property Services Agreement”	the property services agreement dated 30 December 2016 entered into between the Company and Tianjin Finance City, pursuant to which Tianjin Finance City agreed to provide property services for Xianyanglu Sewage Water Treatment Plant during the Service Period
“Zhangguizhuang Sewage Water Treatment Plant Property Services Agreement”	the property services agreement dated 30 December 2016 entered into between the Company and Tianjin Finance City, pursuant to which Tianjin Finance City agreed to provide property services for Zhangguizhuang Sewage Water Treatment Plant during the Service Period

By order of the Board
Liu Yujun
Chairman

Tianjin, the PRC
30 December 2016

As at the date of this announcement, the Board comprises four executive Directors: Mr. Liu Yujun, Mr. Lin Wenbo, Ms. Fu Yana and Ms. Peng Yilin; two non-executive Directors: Mr. An Pindong and Ms. Chen Yinxing; and three independent non-executive Directors: Mr. Gao Zongze, Mr. Guo Yongqing and Mr. Wang Xiangfei.

** For identification purposes only*