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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)

CONNECTED TRANSACTION – LAND COMPENSATION AGREEMENT REGARDING THE HOUTAI PROJECT

The Board is pleased to announce that on 30 September 2022, the Board considered and approved the resolution in relation to the entering into of the Land Compensation Agreement between Jiayuan Kaichuang Company (a wholly-owned subsidiary of the Company) and Tianjin Environmental Investment, pursuant to which Jiayuan Kaichuang Company intended to pay to Tianjin Environmental Investment the cost of land consolidation and reserve amounting to RMB6.29 million in total (i.e. the Land Compensation Cost) for the acquisition of Land of Houtai Project owned by Tianjin Environmental Investment for the construction of Houtai Project, and Tianjin Environmental Investment shall complete the cancellation of the permanent land use of the Land of Houtai Project.

As at the date of this announcement, Tianjin Infrastructure Construction is the ultimate holding company of the Company while Tianjin Environmental Investment is a direct wholly-owned subsidiary of Tianjin Infrastructure Construction. Therefore, under Chapter 14A of the Listing Rules, Tianjin Environmental Investment is a connected person of the Company. Under Chapter 14A of the Listing Rules, the transaction contemplated under the Land Compensation Agreement constitutes connected transaction of the Company.

On 31 December 2021, the Land Compensation Agreement Parties have entered into the Purchase Agreement on Buried Pipe for Superficial Geothermal Energy. Pursuant to Rule 14A.81 of the Listing Rules, the Purchase Agreement on Buried Pipe for Superficial Geothermal Energy shall be aggregated with the transaction contemplated under the Land Compensation Agreement. As one or more of the applicable percentage ratios (after aggregation) are more than 0.1% but less than 5%, the transactions contemplated under the Purchase Agreement on Buried Pipe for Superficial Geothermal Energy and Land Compensation Agreement are subject to the reporting and announcement requirements only, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the Company's overseas regulatory announcement (the "ORA") dated 27 October 2021 relating to the Company's winning of the bid for Houtai Project and the connected transaction announcement (the "Announcement") dated 30 December 2021 relating to the Purchase Agreement on Buried Pipe for Superficial Geothermal Energy regarding the Houtai Project. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the Announcement. As disclosed in the ORA and the Announcement, the Company won the bidding for Houtai Project by means of public bidding on 26 October 2021. In accordance with the requirements of bidding documents regarding the licensed operation of the Houtai Project, the Company is required to establish a project company (Jiayuan Kaichuang Company) to invest in, construct and permit the operation of the Houtai Project.

The Board is pleased to announce that on 30 September 2022, the Board considered and approved the resolution in relation to the entering into the Land Compensation Agreement between Jiayuan Kaichuang Company (a wholly-owned subsidiary of the Company) and Tianjin Environmental Investment, pursuant to which Jiayuan Kaichuang Company intended to pay to Tianjin Environmental Investment the cost of land consolidation and reserve amounting to RMB6.29 million in total (i.e. the Land Compensation Cost) for the acquisition of Land of Houtai Project owned by Tianjin Environmental Investment for the construction of Houtai Project, and Tianjin Environmental Investment shall complete the cancellation of the permanent land use of the Land of Houtai Project.

LAND COMPENSATION AGREEMENT

The principal terms of the Land Compensation Agreement are summarized below:

- Date: 15 October 2022
- Parties: (a) Jiayuan Kaichuang Company; and
(b) Tianjin Environmental Investment.
(collectively, the "Land Compensation Agreement Parties")
- Information of the Land: A portion of the land located in the intersection of Xiangze Avenue and Xiangya Avenue, Xiqing District, with land title certificate number being Jin (2021) Xiqing District Bu Dong Chan Quan No. 1000377, with an occupational area of 4,100 square meter, pursuant to the approved project land use map provided by Jiayuan Kaichuang Company. The boundaries of the land reach Xiangze Avenue to the north, planned boundary to the south, planned boundary to the west and Xiangya Avenue to the east ("Land of Houtai Project").
- Related Matters: The construction of Houtai Project by Jiayuan Kaichuang Company is subject to the permanent acquisition of Land of Houtai Project owned by Tianjin Environmental Investment. Jiayuan Kaichuang Company shall pay the Land Compensation Cost to Tianjin Environmental Investment with reference to the matters stated in paragraphs headed "Land Compensation Cost and Payment Terms" below.

Land Compensation Cost and
Payment Terms:

Pursuant to the “Notice on Further Regulating the Management of Land Allocation Income and Expenditure of Tianjin Finance Bureau, Tianjin Municipal Bureau of Planning and Natural Resources and Tianjin Development and Reform Commission” (Jin Cai Zong [2020] No. 3)* (《天津市財政局天津市規劃和自然資源局天津市發展和改革委員會關於進一步規範劃撥土地收支管理的通知》(津財綜[2020]3號)), in order to obtain the right to use state-owned land by way of allocation; the user of the allocated land, namely Jiayuan Kaichuang Company, shall pay the land reserve authority the cost of land consolidation and reserve.

Pursuant to the “Letter of Authorization of Land Consolidation” (Di Zheng Ban Zi [2012] No.106)* (《土地整理委託書》(地整辦字[2012]106號)) issued by Tianjin Land Consolidation Center, Tianjin Land Consolidation Center has authorized the Tianjin Environmental Investment to implement the consolidation of the Land of Houtai Project. The formalities related to land consolidation and the respective payment of the cost of land consolidation and reserve shall be completed by Tianjin Environmental Investment as the entity, instead of Jiayuan Kaichuang Company. As Jiayuan Kaichuang Company is not the entity for implementing land consolidation, while Tianjin Environmental Investment shall be the entity responsible for handling the matters related to land consolidation, Jiayuan Kaichuang Company shall pay Tianjin Environmental Investment the aforesaid cost of land consolidation and reserve amounting to RMB6.29 million in total (the “**Land Compensation Cost**”) first. Then, Tianjin Environmental Investment shall subsequently transfer the Land Compensation Cost to the land reserve authority while handling the matters related to land consolidation.

The Land Compensation Cost was determined by Chengming Certified Public Accountants engaged by Jiayuan Kaichuang Company and Tianjin Environmental Investment, based on the following: (1) the applicable laws, regulations and procedures for the allocation of the land of Houtai; (2) the land price per square meter determined after arm’s length negotiations between Tianjin Environmental Investment (as the representative of Tianjin Municipal Government) and the village committee of the village in which the Land of Houtai Project is located, on normal commercial terms; and (3) the land occupation area of the energy station. Chengming Certified Public Accountants has prepared a special audit report pursuant to the above criteria for the determination of the Land Compensation Cost.

Jiayuan Kaichuang Company shall pay Tianjin Environmental Investment the Land Compensation Cost in lump sum by means of telegraphic transfer within 30 working days from the date of entering into of the Land Compensation Agreement. A value-added tax invoice for the respective amount shall be issued by Tianjin Environmental Investment.

- Payee's Rights and Obligations:
1. Jiayuan Kaichuang Company shall pay Tianjin Environmental Investment the Land Compensation Cost in time in accordance with the Land Compensation Agreement.
 2. Jiayuan Kaichuang Company shall undertake the cost related to the completion of land use formalities of the Land of Houtai Project.
- Recipient's Rights and Obligations:
1. After the completion of canceling the permanent land use of the Land of Houtai Project, Tianjin Environmental Investment shall provide Jiayuan Kaichuang Company with the cancellation proof in time.
 2. Tianjin Environmental Investment shall cooperate with Jiayuan Kaichuang Company for the completion of formalities regarding the four boundaries of Tianjin Environmental Investment without any additional charges.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LAND COMPENSATION AGREEMENT

As stated in the ORA and the Announcement, winning the bidding for Houtai Project is in line with the development strategy of the Company and beneficial in increasing the principal operating income of the Company in the future and expanding the market share of new energy cooling and heating business, which will have a positive impact on the future development of the Company.

Considering that Tianjin Environmental Investment has rich experience in constructions such as buried pipes construction and according to the bidding documents regarding the licensed operation of the Houtai Project, Tianjin Environmental Investment has completed the construction of Indoor Buried Pipes of the Houtai Project and settled the Cost in advance, therefore Jiayuan Kaichuang Company has agreed to enter into the Purchase Agreement on Buried Pipe for Superficial Geothermal Energy regarding the Houtai Project with Tianjin Environmental Investment.

In order to facilitate the construction of Houtai Project, Jiayuan Kaichuang Company shall fulfill the prerequisites of paying the Land Compensation Cost to the land reserve authority, thus condition of division will be satisfied; and accordingly Jiayuan Kaichuang Company will be able to obtain the right to use state-owned land by way of allocation and subsequently commence the Houtai Project. Therefore, Jiayuan Kaichuang Company has agreed to entering into the Land Compensation Agreement with Tianjin Environmental Investment for the facilitation of Houtai Project.

The terms of the Land Compensation Agreement were determined after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) consider that the terms of the Land Compensation Agreement were entered into in the ordinary and usual 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 PARTIES

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; licensed 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.

Jiayuan Kaichuang Company is a direct wholly-owned subsidiary of the Company. Its business scope includes heating services, R&D of emerging energy technologies, technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion, property management and cooling services.

Tianjin Environmental Investment is a direct wholly-owned subsidiary of Tianjin Infrastructure Construction, which 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, as well as the development and consolidation of project lands; 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 Infrastructure Construction is principally engaged in the investment of its own capital in integrated development and renewal of sea and river, metro, urban highways and bridges, underground pipeline network, and urban environmental infrastructure; investment planning; corporate management consulting; market building and development services; leasing of self-owned properties; leasing of infrastructure, development, and operation public utilities; licensed operation of infrastructure and transfer of licensed business under government authorization; production, development and operation of building materials, decorative materials, electronic products (excluding automobiles); and construction investment consulting. As at the date of this announcement, the ultimate beneficial owner of Tianjin Infrastructure Construction is the Tianjin Municipal SASAC.

IMPLICATIONS OF THE LISTING RULES

As stated above, as at the date of this announcement, Tianjin Infrastructure Construction is the ultimate holding company of the Company while Tianjin Environmental Investment is a direct wholly-owned subsidiary of Tianjin Infrastructure Construction. Therefore, under Chapter 14A of the Listing Rules, Tianjin Environmental Investment is a connected person of the Company. Under Chapter 14A of the Listing Rules, the transaction contemplated under the Land Compensation Agreement constitutes connected transaction of the Company.

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Mr. Ji Guanglin, the 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 considered unable to provide recommendation to the Board in their independent capacity, and therefore they have abstained from voting on the approval of the Land Compensation Agreement at the board meeting.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“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)”	have the same meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company, including independent non-executive directors
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Houtai Project”	Houtai Park 1# Energy Station Concession Project* (侯台公園1#能源站特許經營項目), for details, please refer to the Company's ORA dated 26 October 2021 on winning the bid for the Houtai Project
“Jiayuan Kaichuang Company”	Tianjin Jiayuan Kaichuang New Energy Technology Co., Ltd.* (天津佳源開創新能源科技有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of the Company

“Land Compensation Agreement”	the Agreement on Compensation of Land for Houtai Park 1# Energy Station Construction in relation to Land Requisition of Tianjin Environmental Construction and Investment Company Limited* (侯台公園1#能源站工程涉及徵用天津市環境建設投資有限公司土地補償協議書) to be entered by Jiayuan Kaichuang Company and Tianjin Environmental Investment on 15 October 2022 regarding payment of cost of land consolidation and reserve (i.e. the Land Compensation Cost) for Houtai Project
“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, as applicable to a transaction
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Agreement on Buried Pipe for Superficial Geothermal Energy”	the purchase agreement on the buried pipe for superficial geothermal energy regarding the Houtai Project* (淺層地能土壤埋管購買協議) signed by Jiayuan Kaichuang Company and Tianjin Environmental Investment on 31 December 2021 in relation to the transfer of the property right of the indoor buried pipes work of the Houtai Project
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of nominal value of RMB1.00 each of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Environmental Investment”	Tianjin Environmental Construction and Investment Company Limited (天津市環境建設投資有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of Tianjin Infrastructure Construction
“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 SASAC”	State-owned Assets Supervision and Administration Commission of Tianjin People’s Government, a Chinese government agency as defined in Rule 19A.04 of the Listing Rules

“TMICL”

Tianjin Municipal Investment Company Limited (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

“%”

per cent

By order of the Board

Ji Guanglin

Chairman

Tianjin, China

30 September 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 purpose only*