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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 TRANSACTION
JINCANG EXPRESSWAY CONSTRUCTION AGREEMENT
IN RELATION TO THE RECYCLED WATER PIPELINE NETWORK
CONNECTION PROJECT IN THE MAIN DISTRICT OF TIANJIN**

The Board hereby announces that on 25 November 2022, Water Recycling Company (a wholly-owned subsidiary of the Company) entered into the Jincang Expressway Construction Agreement with Expressway Group and Tianjin Tongsheng Municipal, pursuant to which Expressway Group agreed that Water Recycling Company and Tianjin Tongsheng Municipal shall carry out the construction of expressway road-related works of Caizhi Road (Current Pipeline Network – Gongxi Road) of the Project (First Batch) under the Jincang Expressway Bridge based on the approved planning route, design plan, construction scheme and other documents and in accordance with the relevant codes and standards.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, Tianjin Investment Group is the ultimate holding company of the Company, and Tianjin Expressway Group is the direct subsidiary of Tianjin Investment Group. Therefore, Tianjin Expressway Group is a connected person of the Company under Chapter 14A of the Listing Rules. According to Chapter 14A of the Listing Rules, the transaction contemplated under the Jincang Expressway Construction Agreement constitutes continuing connected transaction of the Company.

As all applicable percentage ratios for the Jincang Expressway Construction Agreement aggregated on an annual basis exceed 0.1% but are less than 5%, the Jincang Expressway Construction Agreement is only subject to reporting and announcement requirements but shall be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

References are made to (i) the overseas regulatory announcement of the Company dated 25 August 2021 regarding Water Recycling Company's external investment in the Project; (ii) the announcement of the Company dated 20 October 2021 regarding continuing connected transactions of the Engineering Consultation Service Agreement and the Construction Agreement for the Recycled Water Pipeline Network Connection Project in the Main District of Tianjin; (iii) the announcement of the Company 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 of the Company 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 of the Company dated 30 September 2022 regarding continuing connected transaction of Engineering Consultation Service (Second Batch) Agreement in relation to the Recycled Water Pipeline Network Connection Project in the Main District of Tianjin; and (vi) the announcement dated 16 November 2022 in relation to the revision of annual cap for continuing connected transaction (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 25 November 2022, Water Recycling Company (a wholly-owned subsidiary of the Company) entered into the Jincang Expressway Construction Agreement with Expressway Group and Tianjin Tongsheng Municipal, pursuant to which Expressway Group agreed that Water Recycling Company and Tianjin Tongsheng Municipal shall carry out the construction (the "**Construction**") of expressway road-related works of Caizhi Road (Current Pipeline Network – Gong Xi Road) of the Project (First Batch) under the Jincang Expressway Bridge based on the approved planning route, design plan, construction scheme and other documents and in accordance with the relevant codes and standards.

The principal terms of the Jincang Expressway Construction Agreement are summarized as follows:

Date: 25 November 2022

Parties: (a) Expressway Group;
(b) Water Recycling Company (as the project construction unit); and
(c) Tianjin Tongsheng Municipal (as the works construction unit).

Project description: The works start at the intersection of Caizhi Road and West Dawa drainage river and end at the intersection of Caizhi Road and Gongxi Road. The Jincang Expressway is located at the 7/10th point of the entire pipeline of the Construction and is over the Construction.

According to the approval document No. 1200002022100902230 of Tianjin Housing and Urban-Rural Construction Commission, the project shall be organised and implemented by Water Recycling Company.

Construction period: 25 November 2022 to 15 March 2023.

Rights and obligations: Water Recycling Company is responsible for the construction management of the Jincang Expressway road-related works for the Construction and Tianjin Tongsheng Municipal is responsible for the construction work. Water Recycling Company and Tianjin Tongsheng Municipal are subject to the inspection and supervision of Expressway Group and its relevant functional departments during the construction process. If problems are identified by Expressway Group or its relevant functional departments, Water Recycling Company and Tianjin Tongsheng Municipal shall immediately stop the works for rectification in accordance with the requirements of Expressway Group and shall only resume the works after obtaining the notice of resumption of works from Expressway Group. All liabilities and losses caused by the resumption of works and forced construction by Water Recycling Company and Tianjin Tongsheng Municipal shall be borne by Water Recycling Company and Tianjin Tongsheng Municipal. Expressway Group shall have the right to directly confiscate the deposit for the loss of operation of the expressway facilities of Tianjin Tongsheng Municipal. If the deposit is not sufficient to cover the loss, Tianjin Tongsheng Municipal shall also pay compensation based on the actual losses incurred. Water Recycling Company and Tianjin Tongsheng Municipal shall undertake joint and several liabilities. The completed construction shall fully comply with the requirements of the planning, design and construction documents approved by Expressway Group and the regulations of the transport authorities to ensure the traffic safety of the Jincang Expressway.

Water Recycling Company and Tianjin Tongsheng Municipal shall set up various safety and protective facilities in strict compliance with the Affirmative Decision of Administration License and the requirements of Expressway Group. If the safety and traffic of the Jincang Expressway are affected in the course of construction and operation of the project, Tianjin Tongsheng Municipal shall undertake full responsibilities. If losses are caused to Expressway Group, Tianjin Tongsheng Municipal shall make compensation based on the actual losses incurred, and Water Recycling Company and Tianjin Tongsheng Municipal shall undertake joint and several liabilities. If the quality of the construction is insufficient and impairs the safe passage on the expressway, or causes any traffic accidents, losses to passing vehicles and/or casualties, Tianjin Tongsheng Municipal shall undertake full responsibilities and shall make the compensation to Expressway Group based on the actual losses incurred, and Water Recycling Company and Tianjin Tongsheng Municipal shall undertake joint and several liabilities.

Water Recycling Company and Tianjin Tongsheng Municipal shall provide Expressway Group with the plan of demolition, relocation, reconstruction and occupation of expressway facilities at least 5 working days before the construction, and the construction can only be carried out with the written consent of Expressway Group. Water Recycling Company and Tianjin Tongsheng Municipal shall ensure that the construction will be completed within the construction period agreed in the Jincang Expressway Construction Agreement. After the completion of the construction, expressway facilities within the construction section will be resumed according to the original standard within the specified time, to meet the requirements of the safety and smooth traffic of the Jincang Expressway. The traffic safety facilities shall be set up at road-related points in accordance with the requirements.

The construction shall ensure that the requirements for working loads could be met taking into account the reconstruction and expansion of Jincang Expressway in the long term. When the Jincang Expressway is reconstructed (expanded), Water Recycling Company shall unconditionally and actively cooperate with the construction and implementation of the Jincang Expressway reconstruction (expansion) project, and relocate, monitor, reinforce and maintain the relevant facilities without cost during the reconstruction (expansion).

Expressway Group, Water Recycling Company and Tianjin Tongsheng Municipal shall strictly abide by the signed Construction Safety Agreement, while Water Recycling Company and Tianjin Tongsheng Municipal shall strengthen on-site management in the course of construction, and assign specific personnel to monitor the conditions of expressway facilities such as subgrade, pavement and bridge, so as to ensure the safety and smoothness of expressways. If any damage to expressway facilities, expressway accidents, losses to passing vehicle and casualties are caused by the construction, Tianjin Tongsheng Municipal shall immediately take measures such as suspending the construction, and promptly notifying Expressway Group and Water Recycling Company to prevent further damage, and take all the responsibilities of repair, rescue and compensation for damaged facilities, equipment, vehicles and casualties, while Water Recycling Company and Tianjin Tongsheng Municipal shall undertake joint and several liabilities.

Service fees and payment method: Water Recycling Company shall pay a one-off road-related service fee for the Jincang Expressway for the Construction in the sum of RMB1 million (hereinafter referred to as the “**Road-related Jincang Expressway Service Fee**” or “**Compensation**”) within 15 days of the date of the Jincang Expressway Construction Agreement, while Tianjin Tongsheng Municipal shall pay the deposit for operation losses of expressway facilities in the sum of RMB500,000 to Expressway Group in a one-off way. The Compensation and deposit for operation losses of expressway facilities shall be uniformly collected by the financial management center of Expressway Group; the Compensation shall be invoiced, and the deposit for operation losses of expressway facilities shall be invoiced with a receipt. If Water Recycling Company or Tianjin Tongsheng Municipal fails to pay the Compensation or deposit for operation losses of expressway facilities in time in accordance with the terms of agreement, it shall pay 2% of the Compensation or deposit for operation losses of expressway facilities to Expressway Group as damages for each overdue day. The deposit for operation losses of expressway facilities shall be refunded without interest after the completion of the construction based on the safety and acceptance of the construction. In cases of damage being made to expressway facilities or claims being made by passing vehicles due to the construction, Expressway Group shall be entitled to deduct a certain portion of the deposit for operation losses of expressway facilities according to the circumstances. If the deposit for operation losses of expressway facilities is insufficient to pay for such losses, Tianjin Tongsheng Municipal shall also be liable for the actual losses incurred, while Water Recycling Company and Tianjin Tongsheng Municipal shall undertake joint and several liabilities.

The Compensation does not include the permanent land acquisition costs for road-related facilities of Jincang Expressway for the Construction, the compensation for the sudden damage caused to expressway facilities in the course of construction and the resumption costs for facilities of the expressway construction section required for meeting the original standards as stipulated in the agreement. During the construction, the compensation for sudden damage to expressway facilities caused by the Jincang Expressway road-related works for the Construction and the resumption costs for facilities of the expressway construction section required for meeting the original standards as stipulated in the agreement shall be paid by Water Recycling Company to the relevant units based on the actual costs incurred and the specific circumstances. For damage to or occupation of expressway facilities and seedlings caused due to the construction, Water Recycling Company shall pay the compensation separately according to the actual situation.

According to the provisions of Tianjin’s Compensation Standards for Expressway Road-related Works, the fee for a DN1000mm diameter pipe crossing under the expressway shall be RMB1 million.

Based on the above, the Board is of the view that the pricing principle and basis of the Road-related Jincang Expressway Service Fee are in line with the principles of fairness and general commerciality, and its terms are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

Annual Cap

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 a 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 the 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, and entered into the Engineering Consultation Service (Second Batch) Agreement with Tianjin Infrastructure Consultant on 10 October 2022 (collectively, the “**Agreements**”), respectively.

The continuing connected transactions under the Agreements and the Jincang Expressway Construction Agreement are all conducted with direct or indirect subsidiaries of Tianjin Investment Group (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 Jincang Expressway Construction Agreement shall be aggregated in calculation in accordance with the requirements of Rules 14A.81 and 14A.83 of the Listing Rules.

Annual Cap for 2022

Pursuant to the Jincang Expressway Construction Agreement, the Company expects that the total amount of the Road-related Jincang Expressway Service Fee payable by Water Recycling Company to Expressway Group will not exceed RMB1 million for the financial year ending 31 December 2022.

As stated in the Announcements, the annual caps of the Agreements (when aggregated) will not exceed RMB123.61 million for the financial year ending 31 December 2022.

Therefore, the annual caps of the Agreements and the Jincang Expressway Construction Agreement (when aggregated) will not exceed RMB124.61 million for the financial year ending 31 December 2022.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JINCANG EXPRESSWAY CONSTRUCTION AGREEMENT

As stated in the Announcements, Water Recycling Company is 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 industry 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.

The terms of the Jincang Expressway Construction 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 Jincang Expressway Construction Agreement is 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 Investment Group 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.

Expressway Group is a wholly-owned subsidiary of Tianjin Investment Group and its scope of business includes highway engineering construction development, consultation and operation of self-developed highway engineering construction projects as permitted by national policy; expressway project investment, construction, operation and management and project development along the expressway; wholesale and retail of construction materials; proprietary trading and acting as an agent for the import and export of various commodities and technologies, except for those commodities and technologies whose import and export are restricted or prohibited by the state. (For projects that are subject to approval in accordance with the law, business activities may only be commenced after approval by the relevant authorities)

Tianjin Tongsheng Municipal is an indirect wholly-owned subsidiary of Tianjin Investment Group, 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 Investment Group.

Tianjin Investment Group 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 Investment Group is Tianjin SASAC.

IMPLICATIONS OF THE LISTING RULES

As stated above, as at the date of this announcement, Tianjin Investment Group is the ultimate holding company of the Company, and Tianjin Expressway Group is the direct subsidiary of Tianjin Investment Group. Therefore, Tianjin Expressway Group is a connected person of the Company under Chapter 14A of the Listing Rules. According to Chapter 14A of the Listing Rules, the transaction contemplated under the Jincang Expressway Construction Agreement constitutes continuing connected transaction of the Company.

As all applicable percentage ratios for the Jincang Expressway Construction Agreement aggregated on an annual basis exceed 0.1% but are less than 5%, the Jincang Expressway Construction Agreement is only subject to reporting and announcement requirements but shall be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions 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)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company (including independent non-executive Directors)
“Expressway Group”	Tianjin Expressway Group Limited* (天津高速公路集團有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Tianjin Investment Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jincang Expressway Construction Agreement”	the construction agreement for Caizhi Road (Current Pipeline Network – Gongxi Road) works crossing under the Jincang Expressway Viaduct (K3+553) of the first batch of the Recycled Water Pipeline Network Connection Project in the Main District of Tianjin entered into among Water Recycling Company, Expressway Group and Tianjin Tongsheng Municipal on 24 November 2022
“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 (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”	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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tianjin Investment Group”	Tianjin City Infrastructure Construction and Investment Group Co., Ltd.* (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 SASAC”	the State-owned Assets Supervision and Administration Commission of Tianjin People’s Government, the PRC Government 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 Investment Group
“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
25 November 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*