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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 PURCHASE AGREEMENT ON BURIED PIPE REGARDING THE HOUTAI SCENIC SPOT PROJECT**

The Board is pleased to announce that on 21 December 2022, the Board considered and approved the resolution in relation to the entering into of the Agreement between Jiayuansheng Innovative Company (an indirect wholly-owned subsidiary of the Company) and Tianjin Environmental Investment, pursuant to which Jiayuansheng Innovative Company has agreed to pay to the Tianjin Environmental Investment the Cost according to the bidding documents regarding the licensed operation of the Houtai Scenic Spot Project and the investment and construction agreement in respect of the Houtai Scenic Spot Project by 31 December 2022, and Tianjin Environmental Investment has agreed to transfer the property right of the Houtai Scenic Spot Project Buried Pipes Work to Jiayuansheng Innovative Company.

As at the date of this announcement, Tianjin Infrastructure Construction is the ultimate holding company of the Company and 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 Agreement constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Agreement is greater than 0.1% but less than 5%, the transaction contemplated under the Agreement is only subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

Reference is made to the overseas regulatory announcement of the Company dated 5 February 2015 in relation to the Company's successful bidding for the Houtai Scenic Spot Project (the "**Overseas Regulatory Announcement**"). As disclosed in the Overseas Regulatory Announcement, the Company won the bidding for Houtai Scenic Spot Project by means of public bidding on 20 January 2015. In accordance with the requirements of bidding documents regarding the licensed operation of the Houtai Scenic Spot Project, the Company is required to establish a project company (Jiayuansheng Innovative Company) to invest in, construct and permit the operation of the Houtai Scenic Spot Project.

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## THE AGREEMENT

The principal terms of the Agreement are summarized as below:

- Parties: (a) Jiayuansheng Innovative Company; and  
(b) Tianjin Environmental Investment.
- Assets to be acquired: Houtai Scenic Spot 2# Energy Station buried pipes work (侯台風景區2#能源站地埋管工程) (“**Houtai Scenic Spot Project Buried Pipes Work**”)
- Cost and Payment Terms: As agreed in the bidding documents regarding the licensed operation of the Houtai Scenic Spot Project and the investment and construction agreement in respect of the Houtai Scenic Spot Project, the construction of the Houtai Scenic Spot Project Buried Pipes Work has been completed by Tianjin Environmental Investment, the related investment and financial cost of which amounted to not more than RMB28,060,000 (including tax amounted to RMB1,336,190.48, the amount excluding the tax was RMB26,723,809.52) (subject to the amount to be approved by the third-party appraisal agency) (the “**Cost**”), which have been settled by Tianjin Environmental Investment in advance.
- The Cost above was determined with reference to the terms of the bidding documents regarding the licensed operation of the Houtai Scenic Spot Project and the cost and expenses incurred by the construction of the Houtai Scenic Spot Project Buried Pipes Work which was reviewed by the third-party appraisal agency. The final amount of the Cost will be determined and approved after review by the third-party appraisal agency depending on the situation.
- As the successful bidder of the Houtai Scenic Spot Project, Jiayuansheng Innovative Company shall adopt the “purchase” method and pay the Cost to Tianjin Environmental Investment by 31 December 2022. From the date of the Agreement, the property right of the Houtai Scenic Spot Project Buried Pipes Work shall be owned by Jiayuansheng Innovative Company. Jiayuansheng Innovative Company intends to use its own funds and external financing to pay for the Cost in cash.

Payee's Warranty: Tianjin Environmental Investment shall ensure that the Houtai Scenic Spot Project Buried Pipes Work meets the design requirements and quality standards.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

As disclosed in the Overseas Regulatory Announcement, winning the bidding for Houtai Scenic Spot Project is in line with the development strategy of the Company and beneficial to increase the principal operating income of the Company in the future, expand 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 the construction of buried pipes, etc., and according to the bidding documents regarding the licensed operation of the Houtai Scenic Spot Project, Tianjin Environmental Investment has completed the construction of the Houtai Scenic Spot Project Buried Pipes Work and settled the Cost in advance, therefore Jiayuansheng Innovative Company has agreed to enter into the Agreement with Tianjin Environmental Investment.

The terms of the 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 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 ABOUT THE COMPANY, JIAYUANSHENG INNOVATIVE COMPANY, TIANJIN ENVIRONMENTAL INVESTMENT AND TIANJIN INFRASTRUCTURE CONSTRUCTION**

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 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.

Jiayuansheng Innovative Company is an indirect wholly-owned subsidiary of the Company. Its business scope includes energy conservation and environment protection, new energy technology development, consultation, services and transfer; property management; cooling and heating services.

Tianjin Environmental Investment, 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 Infrastructure Construction is principally engaged in the 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 at the date of this announcement, the ultimate beneficial owner of Tianjin Infrastructure Construction is 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 and 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 Agreement constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Agreement is greater than 0.1% but less than 5%, the transaction contemplated under the Agreement is only subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Ji Guanglin, the executive Director of the Company, and Ms. Peng Yilin, Mr. An Pindong, non-executive Directors of the Company, who are connected with Tianjin Infrastructure Construction or TMICL, are deemed unable to provide recommendation to the Board in their independent capacity, and therefore they have abstained from voting on the approval of the Agreement at the board meeting.

## DEFINITIONS

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

“Agreement”	the purchase agreement on the buried pipe for superficial geothermal energy regarding the Houtai Scenic Spot 2# Energy Station Project contemplated to be executed by Jiayuansheng Innovative Company and Tianjin Environmental Investment on 21 December 2022 in relation to the transfer of the property right of the Houtai Scenic Spot Project Buried Pipes Work
“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 as ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company, including independent non-executive directors
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Houtai Scenic Spot Project”	Tianjin City Houtai Scenic Spot 2# Energy Station Concession Project* (天津市侯台風景區2#能源站特許經營項目). For details, please refer to the Overseas Regulatory Announcement of the Company dated 5 February 2015 in relation to its successful bidding for the Houtai Scenic Spot Project
“Jiayuansheng Innovative Company”	Tianjin Jiayuansheng Innovative Energy Technology Company Limited* (天津佳源盛創新能源科技有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the same meaning as 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

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of nominal value of RMB1.00 each in the existing share capital 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 PRC Governmental Body 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
“%”	percentage

By Order of the Board  
**Ji Guanglin**  
*Chairman*

Tianjin, the PRC  
21 December 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.*