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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 IN RELATION TO PROVISION OF LOAN TO HBGJTC

PROVISION OF LOAN

The Board hereby announces that on 29 November 2024, the Board considered and approved the Loan in an aggregate amount of up to RMB40,000,000 to be provided by the Company (as lender) to HBGJTC (as borrower) pursuant to the Loan Agreement for a term of three years in respect of the agreed Loan in the amount of RMB24,350,000 and a term of one year for the agreed Loan in the amount of RMB15,650,000.

IMPLICATIONS OF THE LISTING RULES

As (1) HBGJTC is a non-wholly owned subsidiary of the Company; and (2) Tianjin Infrastructure Construction, the ultimate holding company of the Company, holds 40% equity interest in Hebei Guokong which in turn holds 30% equity interest in HBGJTC, HBGJTC is considered a connected subsidiary and a connected person of the Company under the Listing Rules. The provision of the Loan and the transactions contemplated under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the provision of the Loan and the transactions contemplated under the Loan Agreement exceeds 0.1% but all of them are less than 5%, the provision of the Loan and the transactions contemplated under the Loan Agreement is only subject to the reporting and announcement requirements and is exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The principal terms of the Loan Agreement are summarized as follows:

- Parties: (a) the Company (as lender); and
(b) HBGJTC (as borrower).
- Credit limit of the Loan: Up to a maximum of RMB40,000,000 in aggregate
- Interest rate of the Loan: The interest rate of the Loan is a fixed rate of 5% per annum. The interest rate is determined after arm's length negotiation between the parties on normal commercial terms.
- The Loan shall bear interests from the date of actual advancement and be settled on a quarterly basis on the 20th day of the end of each quarter. HBGJTC shall pay the interests on each interest settlement date.
- Term of the Loan: The term of the Loan is three years for the Loan in the amount of RMB24,350,000 and one year for the Loan in the amount of RMB15,650,000.
- Usage of the Loan: To replenish working capital
- Overdue repayment and misappropriation of the Loan: Where HBGJTC fails to make repayment in due time or misappropriates the Loan in breach of the Loan Agreement, the Company will charge a default interest at the agreed interest rate of the Loan plus 30% (in the case of overdue repayment) or 50% (in the case of misappropriation) on the overdue or misappropriated amount from the overdue or misappropriation date until the amount involved is returned.
- Early repayment: HBGJTC may make early repayment in part or in full of the principal of the Loan upon application to the Company in writing and with the consent of the Company. No interest shall accrue on the corresponding early repayment portion from the date of repayment.
- Other agreed terms: (1) Where HBGJTC has the ability to make early repayment, and where it would not affect HBGJTC's normal operation, the Company has the right to demand HBGJTC to make early repayment in part or in full of the principal amount drawn down under the Loan Agreement and settle the corresponding interests, taking into account the actual funding and use of funds for the transactions contemplated under the Loan Agreement.

- (2) Where the Company finds that HBGJTC fails to utilise the Loan for the purposes as set out in the Loan Agreement, the Company has the right to unilaterally demand HBGJTC to make early repayment in full of the principal amount drawn down under the Loan Agreement and settle the corresponding interests.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

Reference is made to the announcement of the Company dated 11 March 2019 in relation to the establishment of a joint venture (i.e. HBGJTC) to implement the PPP Project (the “**Announcement**”). As disclosed in the Announcement, HBGJTC was a project company established by the Company, Hebei Guokong, CCTB3C, TMEDI, SGCI and SGEZTC for the purpose of developing, operating and investing in the PPP Project and receiving service fees for sewage treatment service during the concession period.

HBGJTC started its business operation in October 2020. Due to the shortfall in working capital, HBGJTC applied for the Loan from the Company. The Company will provide loans based on the actual needs of HBGJTC.

The terms of the Loan Agreement were determined after arm’s length negotiation between the parties. The Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement and the transactions contemplated thereunder are on normal commercial terms and entered into during the ordinary course of business of the Group, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF 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; 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 technologies 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.

HBGJTC is a non-wholly owned subsidiary of the Company and is established for the development, operation of and investment in the PPP Project. The business scope of HBGJTC is the operation and maintenance, operational management and technological research and development, technological consultation, technological promotion and technical services of sewage treatment, reclaimed water utilization and sludge disposal facilities; and the production, maintenance and sales of environmental protection equipment.

As at the date of this announcement, the Company, Hebei Guokong, SGCI, SGEZTC, CCTB3C and TMEDI directly hold 59%, 30%, 9%, 1%, 0.9% and 0.1% equity interest in HBGJTC, respectively.

In particular, Hebei Guokong is held as to 60% and 40% by HSAHO and Tianjin Infrastructure Construction, the ultimate holding company of the Company, respectively. The business scope of HSAHO includes, subject to the approval of the provincial government, the management of the assets of the enterprises funded by it and the enterprises under its custody, the receipt, management and disposal of non-performing assets of provincial state-owned enterprises; the external investment; the consultation of investment, corporate management and financial issues; the planning of projects; the development and operation of properties; and the leasing of entrusted properties. The ultimate beneficial owner of HSAHO is the State-owned Assets Supervision and Administration Commission of Hebei Province. Tianjin Infrastructure Construction 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. The ultimate beneficial owner of Tianjin Infrastructure Construction is the State-owned Assets Supervision and Administration Commission of Tianjin Municipality.

SGCI is principally engaged in the investment and management of projects such as new rural construction, rural habitat environment, rural road network, overall town construction, public infrastructure construction, shantytown reconstruction, irrigation facilities construction, comprehensive agricultural development, collective land acquisition, old city reconstruction, resettlement compensation, property acquisition, preliminary development of land, property development and resettlement housing construction; the service of enterprise management; the rental of housing and venues; the construction and operation service of information technology infrastructure; the processing and storage service of big data; the service of information technology; the integration services of information system; the research and development, sales, technical consultation, technical services and technology transfer of computer software and hardware, communication equipment, security products and information equipment; and the telecom value-added services, etc. The ultimate beneficial owner of SGCI is the State-owned Assets Management Office of Gaocheng District, Shijiazhuang.

SGEZTC is principally engaged in the construction of infrastructure and municipal facilities, the development and operation of properties, the demolition of properties (excluding blasting), property services, the management and information consultation of engineering projects, the production, agency and publication of domestic advertisement; conference and exhibition services; the sales of construction materials; and the construction of water treatment center upgrade and renovation projects, etc. The ultimate beneficial owner of SGEZTC is the State-owned Assets Management Office of Gaocheng District, Shijiazhuang.

The ultimate holding companies of CCTB3C are China State Construction Engineering Corporation and China Investment Corporation. China State Construction Engineering Corporation is principally engaged in the operation of state-owned assets within the scope of authorization of the State Council, the survey, design, construction, installation and consultation of domestic and overseas civil and construction projects; property operation; decoration projects; sculpture and mural business; the undertaking of national foreign economic assistance projects; the contracting of foreign investment projects in the PRC; the establishment of non-trading enterprises overseas for the using of foreign resources, capital and technologies to carry out labor cooperation in the PRC and the export of equipment and materials required for foreign projects; the production and operation of construction materials and other non-metallic mineral products, metal products for construction, tools, construction machinery and drilling machinery; the import and export of goods and the agency of import and export; project investments; real estate development; engineering survey and design; the management of construction projects; technical consultation and technical services; and property management, etc. The ultimate beneficial owner of China State Construction Engineering Corporation is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. China Investment Corporation is a wholly state-owned company established with approval from the State Council of the PRC. It is principally engaged in the investment in foreign currency financial products, such as foreign currency bonds, in the PRC; the investment in overseas bonds, stocks, funds, derivative financial instruments and other financial products; the investment in domestic and overseas equity; the entrusted investment in foreign countries; the provision of loans through entrusted financial institutions; the entrusted management of foreign exchange assets; the promotion and establishment of equity investment funds and fund management companies, etc. The ultimate beneficial owner of China Investment Corporation is the State Council of the PRC.

The ultimate holding company of TMEDI is Tianjin Guoxing Capital Operation Co., Ltd.* (天津國興資本運營有限公司) which is mainly engaged in the operation and management of state-owned property (equity) and related consulting services. The ultimate beneficial owner of Tianjin Guoxing Capital Operation Co., Ltd.* (天津國興資本運營有限公司) is the State-owned Assets Supervision and Administration Commission of Tianjin Municipality.

As of 31 December 2023, the audited total assets, net assets, liabilities, current assets and current liabilities of HBGJTC amounted to RMB408,675,600, RMB263,116,300, RMB145,559,300, RMB108,492,600, RMB50,680,700, respectively, representing a gearing ratio of 35.62%. As of 31 October 2024, the unaudited total assets, net assets, liabilities, current assets and current liabilities of HBGJTC amounted to RMB430,481,200, RMB278,184,200, RMB152,297,000, RMB138,801,300, RMB60,289,600, respectively, representing a gearing ratio of 35.38%.

IMPLICATIONS OF THE LISTING RULES

As (1) HBGJTC is a non-wholly owned subsidiary of the Company; and (2) Tianjin Infrastructure Construction, the ultimate holding company of the Company, holds 40% equity interest in Hebei Guokong which in turn holds 30% equity interest in HBGJTC, HBGJTC is considered a connected subsidiary and a connected person of the Company under the Listing Rules. The provision of the Loan and the transactions contemplated under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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GENERAL

As at the date of this announcement, executive Director Mr. Tang Fusheng and Mr. Pan Guangwen and non-executive Directors Mr. Wang Yongwei and Mr. An Pindong are respectively connected with Tianjin Infrastructure Construction, and are considered unable to provide recommendations to the Board in an independent capacity. Therefore, they have abstained from voting on the board resolutions approving the Loan Agreement and the transactions contemplated thereunder. Save as aforesaid, none of the Directors has a material interest in the Loan Agreement and the transactions contemplated thereunder or is required to abstain from voting on the relevant board resolutions.

DEFINITIONS

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

“Board”	the board of Directors
“CCTB3C”	The Third Construction Co., Ltd of China Construction Third Engineering Bureau* (中建三局第三建設工程有限責任公司), a limited liability company established in the PRC, directly holding 0.9% equity interest in HBGJTC as at the date of this announcement
“China” or “PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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
“connected subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company, including independent non-executive director(s)
“Loan”	the loan in an aggregate amount of up to RMB40,000,000 to be provided by the Company (as lender) to HBGJTC (as borrower) pursuant to the Loan Agreement

“Loan Agreement”	the loan agreement to be entered into between the Company (as lender) and HBGJTC (as borrower) in relation to the provision of the Loan to HBGJTC by the Company
“Group”	the Company and its subsidiaries
“HBGJTC”	Hebei Guojin Tianchuang Sewage Treatment Company Limited* (河北國津天創污水處理有限責任公司), a limited liability company established in the PRC and a connected subsidiary and a connected person of the Company, in which the Company, Hebei Guokong, SGCI, SGEZTC, CCTB3C and TMEDI directly hold 59%, 30%, 9%, 1%, 0.9% and 0.1% equity interest as at the date of this announcement, respectively
“Hebei Guokong”	Hebei Guokong Jincheng Environmental Control Co., Ltd.* (河北國控津城環境治理有限責任公司), a limited liability company established in the PRC and a connected person of the Company, directly holding 30% equity interest in HBGJTC as at the date of this announcement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning as ascribed to it under the Listing Rules
“PPP Project”	the PPP Project for Comprehensive Improvement of Regional Water Environment in Gaocheng District of Shijiazhuang City in Hebei Province* (河北省石家莊市藁城區區域水環境綜合提升工程PPP項目) implemented by the Company, Hebei Guokong, CCTB3C, TMEDI and Hebei Gaocheng Economic Committee by adopting the public-private partnership model (PPP model) through HBGJTC
“RMB”	Renminbi, the lawful currency of the PRC
“SGCI”	Shijiazhuang Gaocheng Construction Investment Co., Ltd.* (石家莊市藁城區建設投資有限公司), a limited liability company established in the PRC, directly holding 9% equity interest in HBGJTC as at the date of this announcement
“SGEZTC”	Shijiazhuang Gaocheng Economic Development Zone Zhengtong Construction & Development Co., Ltd.* (石家莊藁城經濟開發區政通建設開發有限公司), a limited liability company established in the PRC, directly holding 1% equity interest in HBGJTC as at the date of this announcement
“Share(s)”	ordinary share(s) of nominal value of RMB1.00 each in the existing share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“TMEDI”	Tianjin Municipal Engineering Design & Research Institute* (天津市政工程設計研究總院有限公司), a limited liability company established in the PRC, directly holding 0.1% equity interest in HBGJTC as at the date of this announcement
“TMICL”	Tianjin Municipal Investment Co., Ltd.* (天津市政投資有限公司), a controlling shareholder of the Company, holding approximately 45.57% equity interest in the Company
“%”	per cent

By order of the Board
Tang Fusheng
Chairman

Tianjin, the PRC
29 November 2024

As at the date of this announcement, the Board comprises three executive Directors: Mr. Tang Fusheng, Mr. Pan Guangwen and Ms. Nie Yanhong; three non-executive Directors: Mr. Wang Yongwei, Mr. An Pindong and Mr. Liu Tao; and three independent non-executive Directors: Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei.

* *For identification purpose only*