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

The Board announces that on 23 December 2008, the Company entered into Tenancy Agreements No.1, Tenancy Agreements No.2 and Tenancy Agreements No.3 with Tianjin Infrastructure Construction, Tianjin Construction Engineering and Tianjin City Resources respectively.

On 27 December 2006, the Company and Tianjin Infrastructure Construction entered into the Old Tenancy Agreements (A). On 31 March 2008, the Company and Tianjin Construction Engineering entered into the Old Tenancy Agreements (B). On 31 March 2008, the Company and Tianjin City Resources entered into the Old Tenancy Agreements (C). The Old Tenancy Agreements (A), the Old Tenancy Agreements (B) and the Old Tenancy Agreements (C) should be aggregated with the present Tenancy Agreements pursuant to rule 14A.27 of the Listing Rules.

Tianjin Infrastructure Construction completed the acquisition of 100% equity interest in TMICL (the substantial shareholder of the Company) on 21 February 2008 and therefore became the ultimate controller of the Company. Both Tianjin Construction Engineering and Tianjin City Resources are wholly-owned subsidiaries of Tianjin Infrastructure Construction. As such, Tianjin Infrastructure Construction, Tianjin Construction Engineering and Tianjin City Resources are all connected persons of the Company under the Listing Rules. The Old Tenancy Agreements (A), the Old Tenancy Agreements (B), the Old Tenancy Agreements (C) and the Tenancy Agreements constitute continuing connected transactions of the Company and should be aggregated under the Listing Rules.

Since the total annual rent paid or payable by the Tenants under the Old Tenancy Agreements (A), the Old Tenancy Agreements (B), the Old Tenancy Agreements (C) and the Tenancy Agreements for each of the Company's financial year ending 31 December 2008 and 31 December 2009 represents less than 2.5% of the applicable percentage ratios of the Company, the present Tenancy Agreements are, according to Rule 14A.34(1), only subject to the reporting, announcement and annual review requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

The Board announces that on 23 December 2008, the Company entered into Tenancy Agreements No.1, Tenancy Agreements No.2 and Tenancy Agreements No.3 with Tianjin Infrastructure Construction, Tianjin Construction Engineering and Tianjin City Resources respectively.

A summary of the principal terms of the Tenancy Agreements is as follows:

DETAILS OF THE TENANCY AGREEMENTS

Tenancy Agreements No.1

Date:	23 December 2008
Parties:	(a) the Company as landlord (b) Tianjin Infrastructure Construction as tenant
Premises:	Certain area from 3rd floor to 12th floor of TCEP Building
Car parking spaces:	28
Lettable area:	Floor area — 6,845.91 square meter Public area — 814.86 square meter (building) 866.39 square meter (courtyard)
Term:	1 year commencing from 1 October 2008 to 30 September 2009 (both days inclusive)
Rent:	Total annual rent of RMB6,050,659.14
Payment Term:	Payable at the end of each calendar month during the term with monthly rent of approximately RMB504,221.60 after the signing of the agreement; rent for October and November 2008 will be paid to the Company at the signing date of the agreement.

Purpose:	Business
Other Terms:	(i) the water fees shall be charged to Tianjin Infrastructure Construction according to the number of its staffs in the TCEP Building; (ii) the electricity fees shall be charged to Tianjin Infrastructure Construction according to the electricity meter; (iii) the heat supply fees shall be charged to Tianjin Infrastructure Construction according to the total lettable area (excluding the courtyard public area of 866.39 square meter) of 7,660.77 square meter; and (iv) the management fees shall be charged to Tianjin Infrastructure Construction according to the total lettable area of 8,527.16 square meter at a rate of RMB4.80 per square meter per month.

Tenancy Agreements No.2

Date:	23 December 2008
Parties:	(a) the Company as landlord (b) Tianjin Construction Engineering as tenant
Premises:	Certain area of 3rd floor and 4th floor of TCEP Building
Car parking spaces:	10
Lettable area:	Floor area — 1,175.93 square meter Public area — 139.81 square meter (building) 133.61 square meter (courtyard)
Term:	1 year commencing from 1 October 2008 to 30 September 2009 (both days inclusive)
Rent:	Total annual rent of RMB1,033,766.82
Payment Term:	Payable at the end of each calendar month during the term with monthly rent of approximately RMB86,147.24 after the signing of the agreement; rent for October and November 2008 will be paid to the Company at the signing date of the agreement.

Purpose:	Business
Other Terms:	(i) the water fees shall be charged to Tianjin Construction Engineering according to the number of its staffs in the TCEP Building;
	(ii) the electricity fees shall be charged to Tianjin Construction Engineering according to the electricity meter;
	(iii) the heat supply fees shall be charged to Tianjin Construction Engineering according to the total lettable area (excluding the courtyard public area of 133.61 square meter) of 1,315.74 square meter; and
	(iv) the management fees shall be charged to Tianjin Construction Engineering according to the total lettable area of 1,449.35 square meter at a rate of RMB4.80 per square meter per month.

Tenancy Agreements No.3

Date:	23 December 2008
Parties:	(a) the Company as landlord
	(b) Tianjin City Resources as tenant
Premises:	Certain area of 6th floor of TCEP Building
Car parking spaces:	10
Lettable area:	Floor area — 826.08 square meter Public area — 100.75 square meter (building) 125.00 square meter (courtyard)
Term:	1 year commencing from 1 October 2008 to 30 September 2009 (both days inclusive)
Rent:	Total annual rent of RMB738,790.92
Payment Term:	Payable at the end of each calendar month during the term with monthly rent of approximately RMB61,565.91 after the signing of the agreement; rent for October and November 2008 will be paid to the Company at the signing date of the agreement.

Purpose:	Business
Other Terms:	(i) the water fees shall be charged to Tianjin City Resources according to the number of its staffs in the TCEP Building;
	(ii) the electricity fees shall be charged to Tianjin City Resources according to the electricity meter;
	(iii) the heat supply fees shall be charged to Tianjin City Resources according to the total lettable area (excluding the courtyard public area of 125.00 square meter) of 926.83 square meter; and
	(iv) the management fees shall be charged to Tianjin City Resources according to the total lettable area of 1,051.83 square meter at a rate of RMB4.80 per square meter per month.

OLD TENANCY AGREEMENTS

The Company has entered into the Old Tenancy Agreements (A), the Old Tenancy Agreements (B), the Old Tenancy Agreements (C) (as defined below) which should be aggregated with the present Tenancy Agreements pursuant to rule 14A.27 of the Listing Rules.

Old Tenancy Agreements (A)

On 27 December 2006, the Company and Tianjin Infrastructure Construction entered into a tenancy agreement and its supplemental agreement ("**Old Tenancy Agreements (A)**"), details of which are as follows:

Date:	27 December 2006
Parties:	(a) the Company as landlord
	(b) Tianjin Infrastructure construction as tenant
Premises:	Certain area from 3rd floor to 12th floor of TCEP Building
Car parking spaces:	28
Lettable area:	Floor area — 8,847.92 square meter Public area — 1,055.42 square meter (building) 1,125.00 square meter (courtyard)

Term:	1 year commencing from 1 October 2007 to 30 September 2008 (both days inclusive)
Rent:	Total annual rent of RMB7,186,166.64
Payment Term:	Payable at the end of each calendar month during the term
Purpose:	Business
Other Terms:	(i) the water fees should be charged to Tianjin Infrastructure Construction according to the number of its staffs in the TCEP Building; (ii) the electricity fees should be charged to Tianjin Infrastructure Construction according to the electricity meter; (iii) the heat supply fees should be charged to Tianjin Infrastructure Construction according to the total lettable area (excluding the courtyard public area of 1,125.00 square meter) of 9,903.34 square meter; and (iv) the management fees should be charged to Tianjin Infrastructure Construction according to the total lettable area of 11,028.34 square meter at a rate of RMB4.80 per square meter per month.

Since Tianjin Infrastructure Construction completed the acquisition of 100% equity interest in TMICL (the substantial shareholder of the Company) and became the ultimate controller of the Company and hence the connected person of the Company on 21 February 2008, the transaction contemplated under Old Tenancy Agreements (A) was not a continuing connected transaction of the Company until 21 February 2008. The Company has just become aware of such continuing connected transaction with Tianjin Infrastructure Construction when the present Tenancy Agreements were prepared. The aggregate amounts paid by Tianjin Infrastructure Construction under the Old Tenancy Agreements (A) for the period from 21 February 2008 to 30 September 2008 was RMB4,451,431.00.

Old Tenancy Agreements (B)

On 31 March 2008, the Company and Tianjin Construction Engineering entered into a tenancy agreement and its supplemental agreement ("**Old Tenancy Agreements (B)**"), details of which are as follows:

Date:	31 March 2008
Parties:	(a) the Company as landlord (b) Tianjin Construction Engineering as tenant
Premises:	Certain area of 3rd floor and 4th floor of TCEP Building
Car parking spaces:	10
Lettable area:	Floor area — 1,175.93 square meter Public area — 139.81 square meter (building) 133.61 square meter (courtyard)
Term:	half year commencing from 1 April 2008 to 30 September 2008 (both days inclusive)
Rent:	Total half-year rent of RMB474,550.09
Payment Term:	Payable at the end of each calendar month during the term
Purpose:	Business
Other Terms:	(i) the water fees should be charged to Tianjin Construction Engineering according to the number of its staffs in the TCEP Building; (ii) the electricity fees should be charged to Tianjin Construction Engineering according to the electricity meter; (iii) the heat supply fees should be charged to Tianjin Construction Engineering according to the total lettable area (excluding the courtyard public area of 133.61 square meter) of 1,315.74 square meter; and (iv) the management fees should be charged to Tianjin Construction Engineering according to the total lettable area of 1,449.35 square meter at a rate of RMB4.80 per square meter per month.

Old Tenancy Agreements (C)

On 31 March 2008, the Company and Tianjin City Resources entered into a tenancy agreement and its supplemental agreement ("**Old Tenancy Agreements (C)**"), details of which are as follows:

Date:	31 March 2008
Parties:	(a) the Company as landlord (b) Tianjin City Resources as tenant
Premises :	Certain area of 6th floor of TCEP Building
Car parking spaces:	10
Lettable area:	Floor area — 826.08 square meter Public area — 100.75 square meter (building) 125.00 square meter (courtyard)
Term:	half year commencing from 1 April 2008 to 30 September 2008 (both days inclusive)
Rent:	Total half-year rent of RMB339,656.58
Payment Term:	Payable at the end of each calendar month during the term
Purpose:	Business
Other Terms:	(i) the water fees should be charged to Tianjin City Resources according to the number of its staffs in the TCEP Building; (ii) the electricity fees should be charged to Tianjin City Resources according to the electricity meter; (iii) the heat supply fees should be charged to Tianjin City Resources according to the total lettable area (excluding the courtyard public area of 125.00 square meter) of 926.83 square meter; and (iv) the management fees should be charged to Tianjin City Resources according to the total lettable area of 1,051.83 square meter at a rate of RMB4.80 per square meter per month.

ANNUAL CAP

Based on (i) the rent of RMB4,451,431.00 received under the Old Tenancy Agreements (A) for the period from 21 February 2008 to 30 September 2008, (ii) the rent of RMB474,550.09 and RMB339,656.58 received under the Old Tenancy Agreements (B) and the Old Tenancy Agreements (C) respectively and (iii) the monthly rent of approximately RMB504,221.60, RMB86,147.24 and RMB61,565.91 payable under Tenancy Agreements No.1, Tenancy Agreements No.2 and Tenancy Agreements No.3 respectively, the annual caps for the abovementioned tenancy agreements for the financial year ending 31 December 2008 and the financial year ending 31 December 2009 will not exceed RMB7,221,441.92 and RMB5,867,412.75 respectively.

There is no other similar transaction which should be aggregated with the Tenancy Agreements pursuant to rule 14A.27 of the Listing Rules.

REASONS FOR ENTERING INTO THE OLD TENANCY AGREEMENTS (A), THE OLD TENANCY AGREEMENTS (B), THE OLD TENANCY AGREEMENTS (C) AND THE TENANCY AGREEMENTS

The entering into of the Old Tenancy Agreements (A), the Old Tenancy Agreements (B), the Old Tenancy Agreements (C) and the Tenancy Agreements enables the Company to obtain steady return of rental income in respect of its owned premises. The terms of the Old Tenancy Agreements (A), the Old Tenancy Agreements (B), the Old Tenancy Agreements (C) and the Tenancy Agreements were determined after arm's length negotiations between the parties and with reference to the open market rent of comparable properties.

The Directors, including the independent non-executive Directors, consider that the Old Tenancy Agreements (A), the Old Tenancy Agreements (B), the Old Tenancy Agreements (C) and the Tenancy Agreements were entered into in the ordinary and usual course of business of the Group and on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE GROUP AND THE TENANTS

The Group is principally engaged in (i) the design, management, operation, technological consultation of sewage water treatment plants and their related infrastructure facilities and auxiliary services; (ii) the design, toll collection, repair and maintenance, management, operation, technological consultation of toll roads and auxiliary services in relation to the operation of the South-eastern Half Ring

Road of the Middle Ring of Tianjin, Tianjin City Indebted Road Construction for Vehicle-passage Toll Collection Office and their related auxiliary facilities; and (iii) the development and operation of environmental protection technology and products.

Tianjin Infrastructure Construction is the ultimate controller of the Company and the sole shareholder of TMICL (the substantial shareholder of the Company), holding 100% equity interest in TMICL. It is principally engaged in investment in sea and 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 consultancy; market construction development services; leasing of self-owned buildings; leasing of infrastructures and development and operation of utilities; licensed operation of infrastructures and transfer of licensed operations with government authorization; production, development, operation of construction materials, decoration materials, electrical products (excluding cars); construction investment consultation.

Tianjin Construction Engineering is a wholly-owned subsidiary of Tianjin Infrastructure Construction. It is principally engaged in the consultation of investment in construction projects, the consultation of construction budget, the consultation of management in construction projects and the consultation services of product information and construction projects.

Tianjin City Resources is a wholly-owned subsidiary of Tianjin Infrastructure Construction. It is principally engaged in the coordination of the assets invested by Tianjin Infrastructure Construction and its subsidiaries, the planning of business names of facilities and the tender invitation, the operation and planning of outdoor advertising resources of the abovementioned business scope, the development, planning, designing and operation planning of outdoor advertising resources within Tianjin, the advertising business, the development of related city resources, the consultation of business management and the data information services.

LISTING RULES IMPLICATION

Tianjin Infrastructure Construction completed the acquisition of 100% equity interest in TMICL (the substantial shareholder of the Company) on 21 February 2008 and therefore became the ultimate controller of the Company. Both Tianjin Construction Engineering and Tianjin City Resources are wholly-owned subsidiaries of Tianjin Infrastructure Construction. As such, Tianjin Infrastructure Construction, Tianjin Construction Engineering and Tianjin City Resources are all connected persons of the Company under the Listing Rules. The Old Tenancy Agreements (A), the Old Tenancy Agreements (B), the Old Tenancy Agreements (C) and the Tenancy Agreements constitute continuing connected transactions of the Company and should be aggregated under the Listing Rules.

Since the total annual rent paid or payable by the Tenants under the Old Tenancy Agreements (A), the Old Tenancy Agreements (B), the Old Tenancy Agreements (C) and the Tenancy Agreements for each of the Company's financial year ending 31 December 2008 and 31 December 2009 represents less than 2.5% of the applicable percentage ratios of the Company, the present Tenancy Agreements are, according to Rule 14A.34(1), only subject to the reporting, announcement and annual review requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

DEFINITION

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

"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 meaning ascribed to it under the Listing Rule
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	has the meaning ascribed to it under the Listing Rules, as application 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)
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	the Stock Exchange of Hong Kong Limited

"TCEP Building"	TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC
"Tenancy Agreements No.1"	a tenancy agreement and its supplemental agreement both dated 23 December 2008 entered into between the Company and Tianjin Infrastructure Construction in respect of certain area from 3rd floor to 12th floor of TCEP Building and 28 car parking spaces
"Tenancy Agreements No.2"	a tenancy agreement and its supplemental agreement both dated 23 December 2008 entered into between the Company and Tianjin Construction Engineering in respect of certain area of 3rd floor and 4th floor of TCEP Building and 10 car parking spaces
"Tenancy Agreements No.3"	a tenancy agreement and its supplemental agreement both dated 23 December 2008 entered into between the Company and Tianjin City Resources in respect of certain area of 6th floor of TCEP Building and 10 car parking spaces
"Tenancy Agreements"	Tenancy Agreements No.1, Tenancy Agreements No.2 and Tenancy Agreements No.3
"Tenants"	Tianjin Infrastructure Construction, Tianjin Construction Engineering and Tianjin City Resources
"Tianjin Construction Engineering"	Tianjin City Investment and Construction Engineering Management and Consultation Company Limited (天津城投建設工程管理資詢有限公司), the wholly-owned subsidiary of Tianjin Infrastructure Construction
"Tianjin City Resources"	Tianjin City Investment and Resources Operating Company Limited (天津城投城市資源經營有限公司), the 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 controller 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 substantial shareholder of the Company, holding 54.3% equity interest in the Company

By order of the Board
Ma Baiyu
Chairman

Tianjin, the PRC
23 December 2008

As at the date of this announcement, the Board comprises executive Directors: Ms. Ma Baiyu, Mr. An Pindong, Mr. Gu Qifeng, Mr. Wang Zhanying, Mr. Tan Zhaofu and Ms. Fu Yana, and independent non-executive Directors: Mr. Ko Poming, Mr. Xie Rong and Mr. Di Xiaofeng.