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

On 24 September 2009, 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.

Tianjin Infrastructure Construction is 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 transactions contemplated under the Old Tenancy Agreements and the New 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 and the New Tenancy Agreements for each of the Company's financial years ending 31 December 2009 and 31 December 2010 represents less than 2.5% of the applicable percentage ratios of the Company, the New Tenancy Agreements are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 24 September 2009, 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 New Tenancy Agreements is as follows:

**DETAILS OF THE NEW TENANCY AGREEMENTS**

**Tenancy Agreements No.1**

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|---|---|
| Date: | 24 September 2009 |
| Parties: | (a) the Company as landlord<br>(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<br>Public area — 814.86 square meter (building)<br>866.39 square meter (courtyard) |
| Term: | 9 months commencing from 1 October 2009 to 30 June 2010 (both days inclusive) |
| Total rent: | RMB4,537,994.36 |
| Payment term: | Payable at the end of each calendar month during the term with monthly rent of approximately RMB504,221.60 |
| 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;<br>(ii) the electricity fees shall be charged to Tianjin Infrastructure Construction according to the electricity meter;<br>(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<br>(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**

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|---|---|
| Date: | 24 September 2009 |
| 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: | 9 months commencing from 1 October 2009 to 30 June 2010 (both days inclusive) |
| Total rent: | RMB775,325.16 |
| Payment term: | Payable at the end of each calendar month during the term with monthly rent of approximately RMB86,147.24 |
| 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**

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|---|---|
| Date: | 24 September 2009 |
| 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 — 726.08 square meter |
| | Public area — 100.75 square meter (building) |
| | 125.00 square meter (courtyard) |
| Term: | 9 months commencing from 1 October 2009 to 30 June 2010 (both days inclusive) |
| Total rent: | RMB496,043.19 |
| Payment term: | Payable at the end of each calendar month during the term with monthly rent of approximately RMB55,115.91 |
| 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 826.83 square meter; and |
| | (iv) the management fees shall be charged to Tianjin City Resources according to the total lettable area of 951.83 square meter at a rate of RMB4.80 per square meter per month. |

## ANNUAL CAP

As mentioned in the Company's announcement dated 23 December 2008, the Company entered into the Old Tenancy Agreements with the Tenants on 23 December 2008, which should be aggregated with the New Tenancy Agreements pursuant to Rule 14A.27 of the Listing Rules. Based on (i) the total rent of RMB5,867,412.75 received by the Company under the Old Tenancy Agreements for the period from 1 January 2009 to 30 September 2009 and (ii) the monthly rent of approximately RMB504,221.60, RMB86,147.24 and RMB55,115.91 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 Company's financial years ending 31 December 2009 and 31 December 2010 will not exceed RMB7,803,867.00 and RMB3,872,908.50 respectively.

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

## REASONS FOR ENTERING INTO THE NEW TENANCY AGREEMENTS

The entering into of the New Tenancy Agreements enables the Company to obtain steady return of rental income in respect of its owned premises. The terms of the New 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 New Tenancy Agreements are 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 controlling 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 is 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 transactions contemplated under the Old Tenancy Agreements and the New 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 and the New Tenancy Agreements for each of the Company's financial years ending 31 December 2009 and 31 December 2010 represents less than 2.5% of the applicable percentage ratios of the Company, the New Tenancy Agreements are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

## DEFINITION

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

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| "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 Rules |
| "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 |
| "Old Tenancy Agreements" | the tenancy agreements and their supplemental agreements all dated 23 December 2008 entered into by the Company with the Tenants, the details of which were announced by the Company in its announcement dated 23 December 2008 |
| "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 |

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| "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 24 September 2009 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 24 September 2009 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 24 September 2009 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 |
| "New 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諮詢有限公司), a 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), a 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 |

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| "TMICL" | Tianjin Municipal Investment Company Limited (天津市政投資有限公司), the controlling shareholder of the Company, holding 54.3% equity interest in the Company |

By Order of the Board
**Zhang Wenhui**
*Chairman*

Tianjin, the PRC
24 September 2009

*As at the date of this announcement, the Board comprises executive Directors: Mr. Zhang Wenhui, Mr. Gu Qifeng, Mr. An Pindong, 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.*