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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 TRANSACTIONS — PROVISION OF COLD SUPPLY SERVICES

The Board is pleased to announce that on 31 May 2013, Jiayuanxing and TMG entered into the TMG Cold Supply Agreement, pursuant to which Jiayuanxing shall provide cold supply services at the underground transportation hub of TMG in the Tianjin Cultural Centre during the Service Period. On the same date, Jiayuanxing also entered into the TLP Cold Supply Agreement II with TLP and TYCOM, pursuant to which Jiayuanxing shall provide cold supply services at the commercial area of TLP in the Tianjin Cultural Centre during the Service Period.

TMG is a wholly-owned subsidiary of Tianjin Infrastructure Construction, the ultimate controller of the Company. TLP is a wholly-owned subsidiary of TMICL, the controlling Shareholder of the Company. TMICL owns 40% equity interest in TYCOM. As such, TMG, TLP and TYCOM are the associates of Tianjin Infrastructure Construction or TMICL and accordingly, are regarded as connected persons of the Company under the Listing Rules. The transactions contemplated under the Cold Supply Agreements constitute connected transactions of the Company under the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 16 March 2011 in relation to the construction of the Facilities by Jiayuanxing in the Tianjin Cultural Centre under the Exclusive Operation License (the “**Announcement**”).

The Board is pleased to announce that on 31 May 2013, Jiayuanxing and TMG entered into the TMG Cold Supply Agreement, pursuant to which Jiayuanxing shall provide cold supply services at the underground transportation hub of TMG in the Tianjin Cultural Centre during the Service Period. On the same date, Jiayuanxing also entered into the TLP Cold Supply Agreement II with TLP and TYCOM, pursuant to which Jiayuanxing shall provide cold supply services at the commercial area of TLP in the Tianjin Cultural Centre during the Service Period.

Set out below is a summary of the principal terms of the Cold Supply Agreements:

1. THE TMG COLD SUPPLY AGREEMENT

Date

31 May 2013

Parties

- (a) Jiayuanxing, as the supplier; and
- (b) TMG, as the user.

Services to be provided

During the Service Period, Jiayuanxing shall provide cold supply services at the underground transportation hub of TMG in the Tianjin Cultural Centre. In case of exceptionally high temperature at Tianjin City, Jiayuanxing shall, according to the decision of the municipal government of Tianjin City, advance the first day or postpone the last day of the Service Period.

Service fees and payment terms

The unit price for provision of cold supply services is RMB65 per m², being the bidding price for the cold supply as disclosed in the Announcement. The cold supply service area of the underground transportation hub in the Tianjin Cultural Centre is 60,218 m². The total service fees for the cold supply services under the TMG Cold Supply Agreement shall be RMB3,914,170 (equivalent to approximately HK\$4,970,996), which is calculated by multiplying the above cold supply service area (i.e. 60,218 m²) with the above unit price of RMB65 per m². The service fees shall be paid by TMG in one-off payment by 15 July 2013.

The cold supply service fees for the advanced or extended period as requested by TMG (except for the decision made by the municipal government of Tianjin City) shall be calculated by the following formula:

$$\text{Service fees} = A \times U \times N/122 \text{ days}$$

A = Cold supply service area (i.e. 60,218 m²)

U = Unit price (i.e. RMB65 per m²)

N = Number of days of the advanced or extended period

2. THE TLP COLD SUPPLY AGREEMENT II

Date

31 May 2013

Parties

- (a) Jiayuanxing, as the supplier;
- (b) TLP, as the user; and
- (c) TYCOM, as the administrator and representative of TLP.

Services to be provided

During the Service Period, Jiayuanxing shall provide cold supply services at the commercial area of TLP in the Tianjin Cultural Centre. In case of exceptionally high temperature at Tianjin City, Jiayuanxing shall, according to the decision of the municipal government of Tianjin City, advance the first day or postpone the last day of the Service Period.

Service fees and payment terms

The unit price for provision of cold supply services is RMB65 per m², being the bidding price for the cold supply as disclosed in the Announcement. The cold supply service area of the commercial area in the Tianjin Cultural Centre is 363,042 m². The total service fees for the cold supply services under the TLP Cold Supply Agreement II shall be RMB23,597,730 (equivalent to approximately HK\$29,969,117), which is calculated by multiplying the above cold supply service area (i.e. 363,042 m²) with the above unit price of RMB65 per m². The service fees shall be paid by TLP in two instalments with the first instalment in the sum of RMB11,000,000 (equivalent to approximately HK\$13,970,000) to be paid before 20 June 2013 and the second instalment in the sum of RMB12,597,730 (equivalent to approximately HK\$15,999,117) to be paid before 20 September 2013.

The cold supply service fees for the advanced or extended period as requested by TYCOM and TLP (except for the decision made by the municipal government of Tianjin City) shall be calculated by the following formula:

$$\text{Service fees} = A \times U \times N/122 \text{ days}$$

A = Cold supply service area (i.e. 363,042 m²)

U = Unit price (i.e. RMB65 per m²)

N = Number of days of the advanced or extended period

REASONS FOR ENTERING INTO THE COLD SUPPLY AGREEMENTS

Pursuant to the license operation agreement dated 16 March 2011 entered into between TCAC and Jiayuanxing, TCAC has agreed to grant the Exclusive Operation License to Jiayuanxing for the investment in, construction, operation, management, maintenance and renovation of the Facilities as well as for provision of heat and cold supply services in the Tianjin Cultural Centre.

The entering into of the Cold Supply Agreements allows Jiayuanxing to operate the Facilities constructed and provides it with an opportunity to make profit from providing cold supply services in the Tianjin Cultural Centre through the Facilities. The terms of the Cold Supply Agreements were determined after arm's length negotiation between the parties. The Directors (including the independent non-executive Directors) consider that the terms of the Cold Supply Agreements are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY, JIAYUANXING, TMG, TLP AND TYCOM

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.

Jiayuanxing is a wholly-owned subsidiary of the Company and its business scope includes development and comprehensive utilization of subsurface thermal systems; research and development and industrialization of technologies, techniques and equipment of clean energy and renewable energy; energy-saving projects, design consultation of park energy center, investment and construction, technical services and operation charge management.

TMG is a wholly-owned subsidiary of Tianjin Infrastructure Construction and is principally engaged in the organization and management of the investment, development, construction, design, supervision and operation of city rail transportation projects, etc.

TLP is a wholly-owned subsidiary of TMICL and is principally engaged in the properties development and investment in construction industry, commercial industry, service industry, etc. by using its own capital.

TYCOM is a limited liability company incorporated in the PRC and is owned as to 40% by TMICL. It is principally engaged in the properties management and operation.

LISTING RULES IMPLICATIONS

As mentioned above, TMG is a wholly-owned subsidiary of Tianjin Infrastructure Construction, the ultimate controller of the Company. TLP is a wholly-owned subsidiary of TMICL, the controlling Shareholder of the Company. TMICL owns 40% equity interest in TYCOM. As such, TMG, TLP and TYCOM are the associates of Tianjin Infrastructure Construction or TMICL and accordingly, are regarded as connected persons of the Company under the Listing Rules. The transactions contemplated under the Cold Supply Agreements constitute connected transactions of the Company under the Listing Rules.

On 26 July 2012, Jiayuanxing entered into the TLP Cold Supply Agreement with TLP. On 31 October 2012, Jiayuanxing also entered into the TMG Heat Supply Agreement II and TLP Heat Supply Agreement II with TMG and TLP respectively. The Cold Supply Agreements (namely TMG Cold Supply Agreement and TLP Cold Supply Agreement II) should be aggregated with TLP Cold Supply Agreement, TMG Heat Supply Agreement II and TLP Heat Supply Agreement II pursuant to Rule 14A.25 of the Listing Rules. As the applicable percentage ratios for the Cold Supply Agreements (after aggregation) are more than 0.1% but less than 5%, the provision of cold supply services under the Cold Supply Agreements is subject to the reporting and announcement requirements only and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. An Pindong and Ms. Chen Yinxing, the non-executive Directors of the Company, have abstained from voting to approve the Cold Supply Agreements in the Board meeting due to the fact that they were connected with Tianjin Infrastructure Construction or TMICL and are regarded not independent to make any recommendation to the Board.

DEFINITIONS

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

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cold Supply Agreements”	the TMG Cold Supply Agreement and the TLP Cold Supply Agreement II
“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
“Directors”	the directors of the Company, including the independent non-executive directors
“Exclusive Operation License”	the exclusive operation license granted by TCAC to Jiayuanxing on 16 March 2011 to invest in, construct, operate, manage, maintain and renovate the Facilities as well as to provide heat and cold supply services in the Tianjin Cultural Centre for a term of 26 years
“Facilities”	the facilities constructed or to be constructed in the Tianjin Cultural Centre, including but not limited to three centralised energy stations, transformer station(s), centralised cooling tower(s), tube well(s), underground well(s) as well as other facilities for heat and cold supplies
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Jiayuanxing”	Tianjin Jiayuanxing Innovative Energy Technology Company Limited* (天津佳源興創新能源科技有限公司), a wholly-owned subsidiary incorporated by the Company in Tianjin City, the PRC, for the investment in and operation of the Facilities as well as provision of heat and cold supply services in the Tianjin Cultural Centre
“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 which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Service Period”	the service period for cold supply under the TMG Cold Supply Agreement and TLP Cold Supply Agreement II commencing from 1 June 2013 to 30 September 2013
“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 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCAC”	Tianjin Construction Administration Committee* (天津市城鄉建設和交通委員會), a governmental agency for the People’s Government of Tianjin City
“Tianjin Cultural Centre”	Tianjin Cultural Centre* (天津市文化中心), located at Hexi District of Tianjin City, the PRC, with a total area of approximately 90 hectares
“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

“TLP”	Tianjin Lecheng Properties Company Limited* (天津樂城置業有限公司), a wholly-owned subsidiary of TMICL
“TLP Cold Supply Agreement”	an agreement dated 26 July 2012 entered into between Jiayuanxing and TLP in respect of the supply of cold by Jiayuanxing to TLP for a period of not more than 122 days from 26 July 2012, details of which were set out in the Company’s announcement dated 26 July 2012
“TLP Cold Supply Agreement II”	an agreement dated 31 May 2013 entered into between Jiayuanxing and TLP in respect of the supply of cold by Jiayuanxing to TLP during the Service Period
“TLP Heat Supply Agreement II”	an agreement dated 31 October 2012 entered into between Jiayuanxing and TLP in respect of the supply of heat by Jiayuanxing to TLP from 15 November 2012 to 15 March 2013, details of which were set out in the Company’s announcement dated 31 October 2012
“TMG”	Tianjin City Metro Group Company Limited* (天津市地下鐵道集團有限公司), a wholly-owned subsidiary of Tianjin Infrastructure Construction
“TMG Cold Supply Agreement”	an agreement dated 31 May 2013 entered into between Jiayuanxing and TMG in respect of the supply of cold by Jiayuanxing to TMG during the Service Period
“TMG Heat Supply Agreement II”	an agreement dated 31 October 2012 entered into between Jiayuanxing and TMG in respect of the supply of heat by Jiayuanxing to TMG from 15 November 2012 to 15 March 2013, details of which were set out in the Company’s announcement dated 31 October 2012
“TMICL”	Tianjin Municipal Investment Company Limited* (天津市政投資有限公司), the controlling Shareholder of the Company, holding 51.60% equity interest in the Company

“TYCOM”

Tianjin Yuanyicheng Commercial Operation Management Company Limited* (天津元易誠商業運營管理有限公司), a limited liability company incorporated in the PRC and owned as to 40% by TMICL

By Order of the Board
Zhang Wenhui
Chairman

Tianjin, the PRC
31 May 2013

As at the date of this announcement, the Board comprises four executive Directors: Mr. Zhang Wenhui, Mr. Lin Wenbo, Ms. Fu Yana and Ms. Shi Zhenjuan; two non-executive Directors: Mr. An Pindong and Ms. Chen Yinxing; and three independent non-executive Directors: Mr. Xie Rong, Mr. Di Xiaofeng and Ms. Lee Kit Ying, Karen.

*For the purposes of this announcement, the following exchange rate is used:-
RMB1.00= HK\$1.27*

** For identification purposes only*