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 HEAT SUPPLY SERVICES

The Board is pleased to announce that on 14 November 2013, Jiayuanxing and TM Resources entered into the TM Resources Heat Supply Agreement III, pursuant to which Jiayuanxing shall provide heat supply services at the underground transportation hub of Tianjin Cultural Centre of TM Resources during the Service Period. On the same date, Jiayuanxing and TLP also entered into the TLP Heat Supply Agreement III, pursuant to which Jaiyuanxing shall provide heat supply services at the commercial area of Tianjin Cultural Centre of TLP during the Service Period.

TM Resources is an indirect 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. As such, TM Resources and TLP 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 Heat 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 Tianjin Cultural Centre under the Exclusive Operation License (the "**Announcement**").

The Board is pleased to announce that on 14 November 2013, Jiayuanxing and TM Resources entered into the TM Resources Heat Supply Agreement III, pursuant to which Jiayuanxing shall provide heat supply services at the underground transportation hub of Tianjin Cultural Centre of TM Resources during the Service Period. On the same date, Jiayuanxing and TLP also entered into the TLP Heat Supply Agreement III, pursuant to which Jaiyuanxing shall provide heat supply services at the commercial area of Tianjin Cultural Centre of TLP during the Service Period.

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

1. THE TM RESOURCES HEAT SUPPLY AGREEMENT III

Date

14 November 2013

Parties

(a) Jiayuanxing, as the supplier; and

(b) TM Resources, as the user.

Services to be provided

During the Service Period, Jiayuanxing shall provide heat supply services at the underground transportation hub of Tianjin Cultural Centre of TM Resources. In case of exceptionally low 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 heat supply services is RMB36 per m^2, being the bidding price for the heat supply as disclosed in the Announcement. The heat supply service area of the underground transportation hub of Tianjin Cultural Centre is 60,218 m^2. The total service fees for the heat supply services under the TM Resources Heat Supply Agreement III shall be RMB2,167,848 (equivalent to approximately HK$2,774,845), which is calculated by multiplying the above heat supply service area (i.e. 60,218 m^2) with the above unit price of RMB36 per m^2. The service fees shall be paid by TM Resources in one-off payment by 31 December 2013.

The heat supply service fees for the advanced or extended period as requested by TM Resources (except for the decision made by the municipal government of Tianjin City) shall, upon negotiation between both parties, be paid by TM Resources in one-off payment by 1 May 2014.

2. THE TLP HEAT SUPPLY AGREEMENT III

Date

14 November 2013

Parties

(a) Jiayuanxing, as the supplier; and

(b) TLP, as the user.

Services to be provided

During the Service Period, Jiayuanxing shall provide heat supply services at the commercial area of Tianjin Cultural Centre of TLP. In case of exceptionally low 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 heat supply services is RMB36 per m^2, being the bidding price for the heat supply as disclosed in the Announcement. The heat supply service area of the commercial area of Tianjin Cultural Centre is 363,042 m^2. The total service fees for the heat supply services under the TLP Heat Supply Agreement III shall be RMB13,069,512 (equivalent to approximately HK$16,728,975), which is calculated by multiplying the above heat supply service area (i.e. 363,042 m^2) with the above unit price of RMB36 per m^2. The service fees shall be paid by TLP in one-off payment by 31 December 2013.

The heat supply service fees for the advanced or extended period as requested by TLP (except for the decision made by the municipal government of Tianjin City) shall, upon negotiation between both parties, be paid by TLP in one-off payment by 1 May 2014.

REASONS FOR ENTERING INTO THE HEAT 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 Tianjin Cultural Centre. The centralised energy stations constructed are ready for supplying heat.

The entering into of the Heat Supply Agreements allows Jiayuanxing to operate the Facilities constructed and provides it with an opportunity to make profit from providing heat supply services in Tianjin Cultural Centre through the Facilities. The terms of the Heat 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 Heat 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, TM RESOURCES AND TLP

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; technology of clean energy and renewable energy, research and development and industrialization of techniques and equipment; energy-saving projects, design consultation of park energy center, investment and construction, technical services and operation charge management.

TM Resources is an indirect wholly-owned subsidiary of Tianjin Infrastructure Construction, the ultimate controller of the Company, and is principally engaged in the development and management of properties, leasing of offices and commercial leasing, advertisement operation, property management, car park services, and marketing operation and management, 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.

LISTING RULES IMPLICATIONS

As mentioned above, TM Resources is an indirect 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.

As such, TM Resources and TLP 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 Heat Supply Agreements constitute connected transactions of the Company under the Listing Rules.

On 31 October 2012, Jiayuanxing entered into the TMG Heat Supply Agreement II and TLP Heat Supply Agreement II with TMG and TLP respectively. On 31 May 2013, Jiayuanxing also entered into the TMG Cold Supply Agreement and TLP Cold Supply Agreement II with TMG and TLP respectively. The Heat Supply Agreements (namely TM Resources Heat Supply Agreement III and TLP Heat Supply Agreement III) should be aggregated with TMG Heat Supply Agreement II, TLP Heat Supply Agreement II, TMG Cold Supply Agreement and TLP Cold Supply Agreement II pursuant to Rule 14A.25 of the Listing Rules. As the applicable percentage ratios for the Heat Supply Agreements (after aggregation) are more than 0.1% but less than 5%, the provision of heat supply services under the Heat 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 Heat Supply Agreements in the Board meeting due to the fact that they were connected with Tianjin Infrastructure Construction 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
"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 Tianjin Cultural Centre for a term of 26 years
"Facilities"	the facilities constructed in 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
"Heat Supply Agreements"	the TM Resources Heat Supply Agreement III and the TLP Heat Supply Agreement III
"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 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 heat supply under the TM Resources Heat Supply Agreement III and TLP Heat Supply Agreement III commencing from 15 November 2013 to 15 March 2014

"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 II"	an agreement dated 31 May 2013 entered into between Jiayuanxing and TLP in respect of the supply of cold by Jiayuanxing to TLP, details of which were set out in the Company's announcement dated 31 May 2013
"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
"TLP Heat Supply Agreement III"	an agreement dated 14 November 2013 entered into between Jiayuanxing and TLP in respect of the supply of heat by Jiayuanxing to TLP during the Service Period
"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, details of which were set out in the Company's announcement dated 31 May 2013
"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
"TM Resources"	Tianjin Metro Resources Investment Company Limited* (天津地鐵資源投資有限公司), an indirect wholly-owned subsidiary of Tianjin Infrastructure Construction
"TM Resources Heat Supply Agreement III"	an agreement dated 14 November 2013 entered into between Jiayuanxing and TM Resources in respect of the supply of heat by Jiayuanxing to TM Resources during the Service Period

By Order of the Board
Zhang Wenhui
Chairman

Tianjin, the PRC
14 November 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$1.28

* *For identification purposes only*