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)

DISCLOSEABLE TRANSACTIONS
EQUIPMENT PROCUREMENT CONTRACTS

On 12 May 2017, the Company and Tianjin Machinery & Electric entered into the Beicang Equipment Procurement Contract and the Jingu Equipment Procurement Contract, pursuant to which the Company has agreed to purchase and Tianjin Machinery & Electric has agreed to sell equipment for the upgrade and renovation projects of Beicang sewage water treatment plant and Jingu sewage water treatment plant of the Company, respectively.

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Two Equipment Procurement Contracts should be aggregated. As the applicable percentage ratios (after aggregation) are more than 5% but less than 25%, the transactions contemplated under the Two Equipment Procurement Contracts constitute discloseable transactions of the Company under the Listing Rules. Accordingly, such transactions are subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 16 June 2016 in respect of the upgrade and renovation of the four sewage water treatment plants of the Company.

The Company has already conducted open tenders for the upgrade and renovation projects of Beicang sewage water treatment plant and Jingu sewage water treatment plant of the Company, respectively. On 20 October 2016, the Company issued a letter of acceptance to Tianjin Machinery & Electric, confirming that Tianjin Machinery & Electric has become the successful bidder for provision of equipment for the upgrade and renovation project of Jingu sewage water treatment plant. On 26 October 2016, the Company issued a letter of acceptance to Tianjin Machinery & Electric, confirming that Tianjin Machinery & Electric has become the successful bidder for provision of equipment for the upgrade and renovation project of Beicang sewage water treatment plant.

The Board is pleased to announce that on 12 May 2017, the Company and Tianjin Machinery & Electric entered into the Beicang Equipment Procurement Contract and the Jingu Equipment Procurement Contract, pursuant to which the Company has agreed to purchase and Tianjin Machinery & Electric has agreed to sell equipment for the upgrade and renovation projects of Beicang sewage water treatment plant and Jingu sewage water treatment plant, respectively.

TWO EQUIPMENT PROCUREMENT CONTRACTS

Set out below is a summary of the principal terms of the Two Equipment Procurement Contracts:-

Beicang Equipment Procurement Contract

Date:	12 May 2017
Parties:	The Company, as the purchaser; and Tianjin Machinery & Electric, as the vendor
Consideration:	RMB125,600,000 (equivalent to approximately HK$141,928,000), which is the bidding price offered by Tianjin Machinery & Electric in the open tender for provision of equipment for the upgrade and renovation project of Beicang sewage water treatment plant, among which, RMB123,435,130 is the fee for equipment, the remaining RMB2,164,870 is the fee for spare parts and replacement parts.

Jingu Equipment Procurement Contract

Date:	12 May 2017
Parties:	The Company, as the purchaser; and Tianjin Machinery & Electric, as the vendor
Consideration:	RMB258,580,000 (equivalent to approximately HK$292,195,400), which is the bidding price offered by Tianjin Machinery & Electric in the open tender for provision of equipment for the upgrade and renovation project of Jingu sewage water treatment plant, among which, RMB254,168,049 is the fee for equipment, the remaining RMB4,411,951 is the fee for spare parts and replacement parts.

Other principal terms of the Two Equipment Procurement Contracts are generally the same and summarized as follows:

(1) Subject Matters

Pursuant to the Two Equipment Procurement Contracts, Tianjin Machinery & Electric has agreed to supply the necessary equipment, spare parts, replacement parts, consumable materials, special tools, test instruments and technical data for the upgrade and renovation project of the relevant sewage water treatment plant, as well as being responsible for transportation, insurance, unloading and other related services.

(2) Payment of the Consideration

The consideration shall be settled by the Company in the form of telegraphic transfer to the designated bank account of Tianjin Machinery & Electric in the following manner:

(i) 15% of the total consideration (i.e. 15% of the fee for equipment and 15% of the fee for spare parts and replacement parts), being prepayment, shall be paid after the contract becoming effective and within 30 working days from receiving the application documents submitted by Tianjin Machinery & Electric;

(ii) 35% of the fee for each batch of equipment shall be paid after delivery of such batch of equipment to designated site and within 30 working days from receiving the application documents submitted by Tianjin Machinery & Electric;

(iii) 20% of the fee for each batch of equipment shall be paid after installation of such batch of equipment on the site but before trial run, and within 30 working days from receiving the application documents submitted by Tianjin Machinery & Electric;

(iv) 20% of the fee for each batch of equipment shall be paid within 30 working days after qualified acceptance of such batch of equipment;

(v) 85% of the fee for spare parts and replacement parts shall be paid after qualified acceptance of the spare parts and replacement parts; and

(vi) the remaining balance in the amount of 10% of the fee for equipment, being amount of quality warranty, shall be paid after expiry of 12 months from issuance of the completion report of the upgrade and renovation project.

(3) Supply Period

Tianjin Machinery & Electric has agreed to supply the equipment to the Company from October 2017 to September 2018.

(4) Letters of Guarantee

Tianjin Machinery & Electric shall, after signing of the contract, provide a letter of guarantee in relation to prepayment to be issued by a designated bank in the PRC, in which the Company will be the beneficiary, in the amount of 15% of the total consideration to guarantee performance of the prepayment obligation of Tianjin Machinery & Electric. The letter of guarantee in relation to prepayment shall be maintained in full until the 30th day after the issuance of unpacking and acceptance report in respect of all machinery and equipment.

Tianjin Machinery & Electric shall, after signing of the contract, also provide a letter of guarantee in relation to performance to be issued by a designated bank in the PRC, in which the Company will be the beneficiary, in the amount of 10% of the total consideration to guarantee performance of the obligation of Tianjin Machinery & Electric. The letter of guarantee in relation to performance shall be maintained in full until the 30th day after the issuance of completion report of the upgrade and renovation projects.

(5) Conditions Precedent

Each of the Two Equipment Procurement Contracts shall become effective upon (1) signing of the contract by both parties; and (2) provision of the relevant letter of guarantee in relation to performance by Tianjin Machinery & Electric.

INFORMATION OF THE COMPANY AND TIANJIN MACHINERY & ELECTRIC

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.

Tianjin Machinery & Electric is principally engaged in the import and export business of goods and technology, development of mechanical and electrical industrial products and related consulting service, installation of complete set of mechanical and electrical engineering equipment, and development, transfer, consulting and service of environmental protection technology.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Tianjin Machinery & Electric and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

REASONS FOR ENTERING INTO THE TWO EQUIPMENT PROCUREMENT CONTRACTS

The upgrade and renovation projects of Beicang sewage water treatment plant and Jingu sewage water treatment plant of the Company will improve the quality and standard of treated water to meet grade-A standard set in the Emission Standards of Urban Sewage Water Treatment Plant Pollutants (《城鎮污水處理廠污染物排放標準》) as local standards of Tianjin, which is consistent with the increasing social concern on environmental requirements and beneficial in producing better social and environmental benefits.

It is in the ordinary and usual course of business of the Company to upgrade and renovate its sewage water treatment plants, including Beicang sewage water treatment plant and Jingu sewage water treatment plant in Tianjin. The procurement of machinery and equipment from Tianjin Machinery & Electric under the Two Equipment Procurement Contracts forms part of the upgrade and renovation projects of the above two plants.

The Two Equipment Procurement Contracts were entered into after completion of the Company's open tender process. The terms of the Two Equipment Procurement Contracts were determined based on the terms of the open tender and after arm's length negotiations among the parties thereto. The Directors (including the independent non-executive Directors) consider that the terms of the Two Equipment Procurement Contracts are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Two Equipment Procurement Contracts should be aggregated. As the applicable percentage ratios (after aggregation) are more than 5% but less than 25%, the transactions contemplated under the Two Equipment Procurement Contracts constitute discloseable transactions of the Company under the Listing Rules. Accordingly, such transactions are subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Beicang Equipment Procurement Contract"	the equipment procurement contract entered into between the Company and Tianjin Machinery & Electric on 12 May 2017 in relation to the procurement of equipment for the upgrade and renovation project of Beicang sewage water treatment plant of the Company
"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 same meaning as ascribed to this term under the Listing Rules
"Directors"	the directors of the Company, including the independent non-executive directors
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jingu Equipment Procurement Contract"	the equipment procurement contract entered into between the Company and Tianjin Machinery & Electric on 12 May 2017 in relation to the procurement of equipment for the upgrade and renovation project of Jingu sewage water treatment plant of the Company
"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
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	ordinary share(s) of nominal value of RMB1.00 each in the existing share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin Machinery & Electric"	Tianjin Machinery & Electric Import & Export Co., Ltd.* (天津機電進出口有限公司)
"Two Equipment Procurement Contracts"	the Beicang Equipment Procurement Contract and the Jingu Equipment Procurement Contract
"%"	per cent.

For the purpose of this announcement, the following exchange rate is used: RMB1.00 = HK$1.13.

By order of the Board
Liu Yujun
Chairman

Tianjin, the PRC
12 May 2017

As at the date of this announcement, the board of directors of the Company comprises four executive Directors: Mr. Liu Yujun, Mr. Tang Fusheng, Ms. Fu Yana and Ms. Peng Yilin; two non-executive Directors: Mr. An Pindong and Ms. Chen Yinxing; and three independent non-executive Directors: Mr. Gao Zongze, Mr. Guo Yongqing and Mr. Wang Xiangfei.

* *For identification purpose only*