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

Reference is made to the announcement of the Company dated 30 June 2017 in relation to the continuing connected transactions between the Company and Tianjin Infrastructure Construction. The 2017 Agreements will expire on 30 June 2018.

On 28 June 2018, the Board resolved that the Company would enter into the New Sewage Water Plant Operation Agreement on 29 June 2018 with Tianjin Infrastructure Construction, pursuant to which the Company agreed to operate and maintain the Plant for Tianjin Infrastructure Construction during the Service Period. On 28 June 2018, the Board resolved that the Company would enter into the New Sludge Disposal Centre Operation Agreement on 29 June 2018 with Tianjin Infrastructure Construction, pursuant to which the Company agreed to operate and maintain the Sludge Disposal Centre for Tianjin Infrastructure Construction during the Service Period.

Tianjin Infrastructure Construction is the ultimate controller of the Company. Tianjin Infrastructure Construction is therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the New Agreements constitute continuing connected transactions of the Company and should be aggregated with the 2017 Agreements under the Listing Rules.

Since the total annual service fees paid or payable under the 2017 Agreements and the New Agreements for each of the Company's financial years ending 31 December 2018 and 31 December 2019 represent less than 5% of the applicable percentage ratios, the New Agreements are subject to the reporting and announcement requirements only and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 30 June 2017 in relation to the continuing connected transactions between the Company and Tianjin Infrastructure Construction (the "**Announcement**"). The 2017 Agreements will expire on 30 June 2018.

On 28 June 2018, the Board resolved that the Company would enter into the New Sewage Water Plant Operation Agreement on 29 June 2018 with Tianjin Infrastracture Construction, pursuant to which the Company agreed to operate and maintain the Plant for Tianjin Infrastructure Construction during the Service Period. On 28 June 2018, the Board resolved that the Company would enter into the New Sludge Disposal Centre Operation Agreement on 29 June 2018 with Tianjin Infrastucture Construction, pursuant to which the Company agreed to operate and maintain the Sludge Disposal Centre for Tianjin Infrastructure Construction during the Service Period.

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

1. THE NEW SEWAGE WATER PLANT OPERATION AGREEMENT

Signing Date:	29 June 2018
Parties:	(a) The Company, as operator; and (b) Tianjin Infrastructure Construction, as owner of the Plant
Service Scope:	The operation and maintenance of the Plant, excluding the Sludge Disposal Centre, the Zhangguizhuang Water Recycling Plant and the aqueducts outside the Plant, in accordance with the specified industry standards.
Term:	The Service Period from 1 July 2018 to 30 June 2019 (both days inclusive)
Service Fees:	Monthly service fee of RMB4,198,000, which was determined after arm's length negotiations between the parties with reference to the estimated volume of sewage water to be processed, the operating costs for maintaining the Plant, and the estimated electricity used for operating the Plant. Currently, the Plant is under upgrade and renovation work. For relevant matters upon the completion and in relation to the subsequent trials of the project, the parties will resolve them by negotiations.
Payment Term:	Monthly service fee of RMB4,198,000 shall be payable by Tianjin Infrastructure Construction within 15 business days after receiving the invoice for service fees of previous months from the Company. Upon receipt of the above monthly service fee, the Company shall monthly return to Tianjin Infrastructure Construction the electricity and other taxes used for operating the Plant which have already been paid by Tianjin Infrastructure Construction.

2. THE NEW SLUDGE DISPOSAL CENTRE OPERATION AGREEMENT

Signing Date:	29 June 2018
Parties:	(a) The Company, as operator; and (b) Tianjin Infrastructure Construction, as owner of the Sludge Disposal Centre
Service Scope:	The operation and maintenance of the Sludge Disposal Centre, including processing, transportation and landfill of sludge generated from the Plant, in accordance with the specified industry standards.
Term:	The Service Period from 1 July 2018 to 30 June 2019 (both days inclusive)
Service Fees:	Including (1) fees for processing the sludge in the Sludge Disposal Centre of RMB156.64 per tonne (including electricity fee of RMB53.40 per tonne); (2) transportation fees of RMB48 per tonne, which was determined in accordance with the market price for same service; and (3) taxes. The Company expects that the daily sludge processing volume will be approximately 141 tonnes, and the total sludge processing volume during the Service Period will be approximately 51,465 tonnes. Accordingly, the total service fees during the term of the New Sludge Disposal Centre Operation Agreement are expected to be not more than RMB9,520,000.
Payment Term:	Within 15 business days after the end of each calendar month, the Company will provide the sludge test report together with the invoice for service fees to Tianjin Infrastructure Construction. Tianjin Infrastructure Construction shall pay the service fees to the Company within 15 business days after receiving the invoice. Upon receipt of the above monthly service fee, the Company shall monthly return to Tianjin Infrastructure Construction an amount for payment of the electricity fee used for operating the Sludge Disposal Centre, which will be calculated by multiplying the volume of sludge processed with RMB53.40 per tonne.

ANNUAL CAPS

As mentioned in the Announcement, the Company and Tianjin Infrastructure Construction entered into the Sewage Water Plant Operation Agreement 2017 and the Sludge Disposal Centre Operation Agreement 2017 on 30 June 2017. The 2017 Agreements should be aggregated with the New Agreements pursuant to Rule 14A.83 of the Listing Rules.

Annual Cap for 2018

Based on (1) the monthly service fee of RMB4,198,000 paid or to be paid by Tianjin Infrastructure Construction under the Sewage Water Plant Operation Agreement 2017 in the Company's financial year ending 31 December 2018, (2) the total service fees of not more than RMB4,725,000 paid or to be paid under the Sludge Disposal Centre Operation Agreement 2017 in the Company's financial year ending 31 December 2018, (3) the monthly service fee of RMB4,198,000 payable under the New Sewage Water Plant Operation Agreement in the Company's financial year ending 31 December 2018, and (4) the expected total service fees of not more than RMB4,760,000 payable under the New Sludge Disposal Centre Operation Agreement in the Company's financial year ending 31 December 2018, the annual cap for the above four agreements for the Company's financial year ending 31 December 2018 will not exceed RMB59,861,000.

Annual Cap for 2019

Based on (1) the monthly service fee of RMB4,198,000 payable by Tianjin Infrastructure Construction under the New Sewage Water Plant Operation Agreement in the Company's financial year ending 31 December 2019, and (2) the expected total service fees of not more than RMB4,760,000 payable under the New Sludge Disposal Centre Operation Agreement in the Company's financial year ending 31 December 2019, the annual cap for the above two agreements for the Company's financial year ending 31 December 2019 will not exceed RMB29,948,000.

There is no other similar transaction which should be aggregated with the New Agreements pursuant to Rule 14A.83 of the Listing Rules.

REASONS FOR ENTERING INTO THE NEW AGREEMENTS

The Company is specialized in operating and maintaining sewage water treatment plants and sludge disposal centre. The entering into of the New Agreements enables the Company to make profit from operating the Plant and the Sludge Disposal Centre. The terms of the New Agreements were determined after arm's length negotiations between the parties thereto. The Directors, including the independent non-executive Directors, consider that the New Agreements are on normal commercial terms and in the ordinary and usual course of business of the Company, and their terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE COMPANY AND TIANJIN INFRASTRUCTURE CONSTRUCTION

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 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.

LISTING RULES IMPLICATIONS

As mentioned above, Tianjin Infrastructure Construction is the ultimate controller of the Company. Tianjin Infrastructure Construction is therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the New Agreements constitute continuing connected transactions of the Company and should be aggregated with the 2017 Agreements under the Listing Rules.

Since the total annual service fees paid or payable under the 2017 Agreements and the New Agreements for each of the Company's financial years ending 31 December 2018 and 31 December 2019 represent less than 5% of the applicable percentage ratios, the New Agreements are subject to the reporting and announcement requirements only and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Liu Yujun, the executive Director of the Company, and Mr. Yu Zhongpeng and Mr. Han Wei, the non-executive Directors of the Company, have abstained from voting to approve the New Agreements in the Board meeting due to the fact that they are 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 expressions shall have the following meanings:

"2017 Agreements"	the Sewage Water Plant Operation Agreement 2017 and the Sludge Disposal Centre Operation Agreement 2017
"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 it under the Listing Rules
"Directors"	the directors of the Company, including the independent non-executive directors
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Agreements"	the New Sewage Water Plant Operation Agreement and the New Sludge Disposal Centre Operation Agreement

"New Sewage Water Plant Operation Agreement"	the operation agreement entered into between the Company and Tianjin Infrastructure Construction on 29 June 2018 in respect of the operation and maintenance of the Plant during the Service Period
"New Sludge Disposal Centre Operation Agreement"	the operation agreement entered into between the Company and Tianjin Infrastructure Construction on 29 June 2018 in respect of the operation and maintenance of the Sludge Disposal Centre during the Service Period
"percentage ratios"	has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction
"Plant"	the Zhangguizhuang Sewage Water Treatment Plant located at Zhangguizhuang, Tianjin, the PRC
"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 under the New Sewage Water Plant Operation Agreement and the New Sludge Disposal Centre Operation Agreement from 1 July 2018 to 30 June 2019 (both days inclusive)
"Sewage Water Plant Operation Agreement 2017"	the operation agreement dated 30 June 2017 entered into between the Company and Tianjin Infrastructure Construction in respect of the operation and maintenance of the Plant for the period from 1 July 2017 to 30 June 2018, details of which were set out in the Company's announcement dated 30 June 2017
"Sludge Disposal Centre"	the Sludge Disposal Centre of the Zhangguizhuang Sewage Water Treatment Plant located at Zhangguizhuang, Tianjin, the PRC
"Sludge Disposal Centre Operation Agreement 2017"	the operation agreement dated 30 June 2017 entered into between the Company and Tianjin Infrastructure Construction in respect of the operation and maintenance of the Sludge Disposal Centre for the period from 1 July 2017 to 30 June 2018, details of which were set out in the Company's announcement dated 30 June 2017

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 controlling shareholder of the Company, holding 50.14% equity interest in the Company

By order of the Board
Liu Yujun
Chairman

Tianjin, the PRC
29 June 2018

As at the date of this announcement, the Board comprises four executive Directors: Mr. Liu Yujun, Mr. Tang Fusheng, Ms. Fu Yana and Ms. Peng Yilin; two non-executive Directors: Mr. Yu Zhongpeng and Mr. Han Wai; and three independent non-executive Directors: Mr. Gao Zongze, Mr. Guo Yongqing and Mr. Wang Xiangfei.

* *For identification purposes only*