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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)

Announcement on the Guarantee for the Loan Granted to Tianjin Jinning Capital Water Company Limited

The Board of Directors (the “**Board**”) of the Company and all the Directors warrant that there are no false representations or misleading statements contained in, or material omissions from, this announcement, and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of this announcement.

The Board hereby announces that, as considered and approved by the Board on 21 June 2019, the Company intends to provide a full guarantee (the “**Guarantee**”) for the bank loan up to RMB19,000,000 (the “**Loan**”) granted to Tianjin Jinning Capital Water Company Limited (“**Jinning Company**”), a wholly-owned subsidiary of the Company.

As Jinning Company’s gearing ratio as at the end of May 2019 exceeded 70%, in accordance with the Articles of Association of the Company, the Guarantee is subject to the approval of the shareholders at the general meeting of the Company. The Company will dispatch a circular and notice of the general meeting containing, among other things, the information on the Guarantee to the shareholders of the Company at an appropriate time.

The details of the Guarantee are as follows:

I. Reasons for entering into the Guarantee

In March 2010, the Company secured the tender for the project of sewage treatment plant in Ninghe Modern Industrial Zone, and subsequently incorporated Jinning Company as a wholly-owned subsidiary with its own capital of RMB15,000,000, who was to be responsible for the operation of the Project. In September 2010, Jinning Company entered into the Concession Agreement on the BOT Project of Wastewater Treatment Plant in Ninghe Modern Industrial Zone with the Management Committee of Ninghe Modern Industrial Zone* (寧河現代產業區), and on 1 January 2018, Jinning Company entered into

the Supplementary Agreement to the Concession Agreement on the BOT Project of Wastewater Treatment Plant in Ninghe Modern Industrial Zone with the Management Committee of Ninghe Modern Industrial Zone* (寧河現代產業區), pursuant to which Jinning Company was to be responsible for the upgrading of the Project (Phase I) (the “**Project**”), with a designed capacity of 5,000 tonnes /day under the Standards (Class A) for Water Pollutant Discharge from Wastewater Treatment Plant of Tianjin City* (《城鎮污水處理廠水污染物排放標準》) (DB12599-2015). Based on our calculation, the total investment into the Project would be RMB25,647,200, of which RMB7,560,000 was to be provided by the Company with its own capital, with the remaining of RMB18,087,200 to be financed by bank loans. As required by the lender, the Company must provide a guarantee for the Loan granted to Jinning Company, who will in turn provide a counter-guarantee to the Company with the right of charges and proceeds from the sewage treatment plant.

II. Basic information on the Guarantee

The Company’s guarantee for Jinning Company will cover all its debts under the loan contract with the lender, including the principal of the loan up to RMB19,000,000, as well as the interest, penalty interest, liquidated damages and other related fees. The Company will assume economic and legal joint liability for all the debts within the scope of the Guarantee.

The Company will also enter into a counter-guarantee agreement with Jinning Company, who will provide a counter-guarantee to the Company with the right of charges and proceeds from the Wastewater Treatment Plant from the Project, which is in line with the provisions for counter-guarantee in the Company’s Articles of Association.

III. Basic information on and financial conditions of Jinning Company

The Company invested RMB15,000,000 in and owned 100% equity of Jinning Company, which was incorporated on 6 September 2010.

As at the end of December 2018, Jinning Company’s total assets amounted to RMB61,038,700, with a net assets, liabilities, current assets, current liabilities, operating income and net profit of RMB14,598,400, RMB46,440,300, RMB11,682,500, RMB46,440,300, RMB8,014,300 and RMB37,010,000, respectively.

As at the end of May 2019, Jinning Company’s total assets amounted to RMB65,574,500, with a net assets, liabilities, current assets, current liabilities,

operating income and net profit of RMB15,367,400, RMB50,207,100, RMB11,428,300, RMB50,207,100, RMB2,401,400 and RMB769,000, respectively. As at the end of May 2019, Jinning Company's gearing ratio was 76.56%.

IV. The Company's decision-making procedures for the Guarantee

As at the date of this announcement, the total external guarantees of the Company and its holding subsidiaries amounted to RMB2,838,493,100 (including the Guarantee), all of which were guarantees provided by the Company to its holding subsidiaries, accounting for 42.91% of the latest audited net assets of the Company as at 31 December 2018, and there were no overdue guarantees.

In accordance with the Company's Articles of Association, the Guarantee is within the scope of approval of the Board. However, as the gearing ratio of Jinning Company as at the end of May 2019 exceeded 70%, in accordance with the Articles of Association of the Company, the Guarantee is subject to the approval of the shareholders at the general meeting of the Company.

By Order of the Board
Liu Yujun
Chairman

Tianjin, the PRC

21 June 2019

As at the date of this announcement, the Board comprises three executive Directors: Mr. Liu Yujun, Ms. Wang Jing and Mr. Niu Bo; three non-executive Directors: Mr. Yu Zhongpeng, Mr. Han Wei and Mr. Si Xiaolong; and three independent non-executive Directors: Mr. Di Xiaofeng, Mr. Guo Yongqing and Mr. Wang Xiangfei.

** For identification purposes only.*