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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)

INSIDE INFORMATION

(1) PROPOSED NON-PUBLIC ISSUANCE OF A SHARES; (2) CONNECTED TRANSACTION IN RELATION TO THE PROPOSED SUBSCRIPTION OF A SHARES BY THE CONTROLLING SHAREHOLDER; (3) PROPOSED INTRODUCTION OF THE STRATEGIC INVESTOR SUBSCRIPTION; AND (4) SPECIFIC MANDATE

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”) dated 13 July 2020, in relation to, among other things, the proposed non-public issuance of A shares and connected transaction relating to the proposed subscription of A shares by the controlling shareholder; the circular dated 21 August 2020 (the “**Circular**”) and the overseas regulatory announcements dated 27 January 2021. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Circular.

PARTIAL TERMINATION AGREEMENT

In view of the current changes in the capital market environment, and comprehensive consideration of the Company's actual situation, development plans and many other factors, the Company has carefully analyzed and repeatedly communicated with relevant parties, Three Gorges Capital intends to no longer subscribe for A Shares under the Non-public Issuance of A Shares of the Company; the Company intends to enter into the “Partial Termination Agreement to the Strategic Investor Subscription Agreement” (the “**Partial Termination Agreement**”) with Yangtze Ecology and Three Gorges Capital. The Partial Termination Agreement stipulates that Three Gorges Capital voluntarily gives up on the subscription of the A Shares under the Company's Non-public Issuance of A shares. The terms of the Strategic Investor Subscription Agreement in respect of the matters related to the Company and the Three Gorges Capital shall be terminated automatically, and the Strategic Investor Subscription Agreement shall no longer have legal effect on Three Gorges Capital; Yangtze Ecology will continue to subscribe for the A Shares under the Company's Non-public Issuance of A shares according to the terms agreed in the Strategic Investor Subscription Agreement; except for the terms related to Three Gorges Capital, other terms as agreed in the Strategic Investor Subscription Agreement shall remain unchanged and continue to be effective to the Company and Yangtze Ecology.

Currently, the Company, Yangtze Ecology and Three Gorges Capital have not yet completed the signing of their respective internal reporting and decision-making procedures for the Partial Termination Agreement. The specific terms to the agreement are subject to the actual agreement to be signed by the parties; after signing, the Company will promptly follow the applicable and relevant provisions of laws, regulations and the Listing Rules for fulfilling the obligation of information disclosure.

If the Partial Termination Agreement is signed successfully, it shall constitute an adjustment to the proposal of the Non-public Issuance of A Shares. After the adjustment of the proposal of the Non-public Issuance of A Shares, Three Gorges Capital will no longer participate in this Non-public Issuance of A Shares as the strategic investor, and the amount of funds raised and the number of shares to be issued will be reduced accordingly. Yangtze Ecology and TMICL will remain as the issue targets, the details of which are set out below:

Items	Before adjustment	After adjustment
Issue targets and subscription method	The issue targets of this Non-public Issuance of A shares are 3 specific targets, which include Yangtze Ecology, Three Gorges Capital and TMICL. All issue targets will subscribe the A shares of this Non-public Issuance of A shares in cash	The issue targets of this Non-public Issuance of A shares are 2 specific targets, which include Yangtze Ecology and TMICL. All issue targets will subscribe the A shares of this Non-public Issuance of A shares in cash
Number of issuances, amount of funds raised and subscription status	Yangtze Ecology intends to subscribe for 179,856,115 Shares for a proposed subscription amount of RMB1,000,000,000; Three Gorges Capital intends to subscribe for 107,913,669 Shares for a proposed subscription amount of RMB600,000,000; TMICL intends to subscribe for 35,971,223 Shares for a proposed subscription amount of RMB200,000,000	Yangtze Ecology intends to subscribe for 179,856,115 Shares for a proposed subscription amount of RMB1,000,000,000; TMICL intends to subscribe for 35,971,223 Shares for a proposed subscription amount of RMB200,000,000
The scale and use of funds raised	It is expected that the gross proceeds to be raised from the proposed Non-public Issuance of A Shares will be not more than RMB1.8 billion. After deducting the issuance costs, all proceeds are proposed to be used in repayment of interest-bearing liabilities and supplement the working capital	It is expected that the gross proceeds to be raised from the proposed Non-public Issuance of A Shares will be not more than RMB1.2 billion. After deducting the issuance costs, all proceeds are proposed to be used in repayment of interest-bearing liabilities and supplement the working capital

SUPPLEMENTAL AGREEMENT

In order to bring strategic resources such as leading international and domestic markets, channels, and brands to the Company, and promote the realisation of a significant increase in the Company's sales performance, the Company and Yangtze Ecology intend to sign a supplemental agreement to the Strategic Investor Subscription Agreement (the "**Supplemental Agreement**"), so as to supplement and revise the provisions in relation to the strategic cooperation and the liabilities for breach of contract.

Currently, the Company and Yangtze Ecology are performing internal reporting and decision-making procedures, and have not yet signed the Supplemental Agreement. After signing the Supplemental Agreement, the Company will perform its obligation of information disclosure in a timely manner.

In relation to the relevant strategic cooperation matters in the Supplemental Agreement to be signed by the Company and Yangtze Ecology, the terms of Supplemental Agreement are intended to be agreed as follows:

1. Cooperative Project Development. On the premise of not violating national laws and regulations and their respective management systems, both parties shall jointly develop and construct a comprehensive water environment management project at the Yangtze river economic belt. By 31 December 2022, the target scale (amount) of contract of the cooperative operation projects shall not be less than RMB3 billion.
2. Cooperative project operation. On the premise of not violating the national laws and regulations and their respective management systems, Yangtze Ecology entrusts the Company to operate some water projects in Hubei, Chongqing, Jiangxi and other regions. By 31 December 2022, the target scale (amount) of contracts for the cooperative operation projects shall not be less than RMB20 million per year.
3. The Company and Yangtze Ecology have both explicitly agreed that the supplementary provisions in relation to the strategic cooperation in 1 to 2 above will not affect the continued performance of the strategic cooperation provisions agreed in the Strategic Investor Subscription Agreement. The strategic cooperation provisions agreed in the Strategic Investor Subscription Agreement shall continue to be legally binding on both the Company and Yangtze Ecology. When Yangtze Ecology makes subsequent investment decisions on other projects, it will consider the resources to be allocated for this project to avoid direct competition.

Since the aforementioned Partial Termination Agreement and Supplemental Agreement have not been signed, the specific contractual terms are subject to the final agreements to be signed by both parties.

Shareholders' attention is also drawn to the overseas regulatory announcements dated 27 January 2021 issued by the Company in relation to the proposed Non-public Issuance of A Shares by the Company.

Since the information disclosed in this announcement may or may not result in the entering into of formal agreements, the specific matters on the transactions contemplated thereunder may or may not proceed. In addition, the Non-public Issuance of A Shares remains subject to the obtaining of approval from the CSRC (the “**Approval**”). There are uncertainties as to whether the Company can obtain the Approval in relation to the Non-public Issuance of A Shares. The Company will perform its obligation of information disclosure in a timely manner according to the progress of the above matter conducted by the CSRC. Therefore, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Liu Yujun
Chairman

Tianjin, the PRC
27 January 2021

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

* *For identification purpose only*