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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 IN RELATION TO SUCCESS IN THE BID FOR A PPP PROJECT OF THE SECOND SEWAGE TREATMENT PLANT OF KARAMAY

Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”) and all members of the board (the “**Board**”) of directors (the “**Directors**”) of the Company warrant the authenticity, accuracy and completeness of the information contained in this announcement, and jointly and severally accept full responsibility for any misrepresentation, misleading statement or material omissions contained in this announcement.

The Company recently received a successful bidding notice issued by Karamay Construction Bureau of Xinjiang Uygur Autonomous Region, the People’s Republic of China (the “**PRC**”), which confirmed the Company has successfully won the bid for a Public-Private-Partnership (“**PPP**”) project of the Second Sewage Treatment Plant of Karamay (the “**Project**”).

The Project comprises assets of existing Phrase I and assets of new Phrase II to be built in the Second Sewage Treatment Plant of Karamay. The completed Phrase I of the sewage treatment plant, which formally commenced its operation at the end of 2011, has a sewage processing capacity of 50,000 cubic metres per day and adopted the business model of “Transfer-Operate-Transfer (TOT). It is planned that the additional Phrase II of the sewage treatment plant, which is scheduled to complete and commence commercial operation on 1 January 2019, will have a sewage processing capacity of 100,000 cubic metres per day and will adopt the business model of “Design-Build-Operate-Transfer” (DBOT). The Project will meet Grade 1A discharge standard of “Discharge Standard of Pollutants of Municipal Sewage Treatment Plant” (GB18918-2002).

The Project's investor has been chosen through public tender. A project company (the "**Project Company**") will be jointly established by the investor and an entity designated by the government of Karamay ("**Party A**"). The Project Company shall then obtain the concession rights of the Project and shall be responsible for the operation of Phrase I, the design, construction and operation of Phrase II, the provision of sewage treatment services as well as the collection of sewage treatment fees during the concession period. According to the relevant provisions stipulated in the tender documents, the Project Company shall be established by way of cash contribution from both of the Party A and the Company. The Party A and the Company intend to hold 10% and 90% equity interest of the Project Company, respectively. The concession period of the Project shall be 27 years from 1 January 2017, including two years of construction period for Phase II. Upon expiration of the concession period, facilities of the Project shall be transferred to Karamay Construction Bureau or any institution or department designated by the government of Karamay.

The transfer price of the concession rights of Phrase I of the Project was RMB180.1450 million and the estimated investment amount for Phrase II is expected to be RMB275.0396 million. As such, it is expected that the total consideration payable by the Company to acquire the Project will be RMB455.1846 million.

The tender price for bidding the Project is the unit fee for sewage treatment services and the Company acquired the Project by submitting a unit fee of RMB1.3/cubic meter.

The Company is going to enter into a PPP project agreement (the "**PPP Project Agreement**") with Karamay Construction Bureau in connection with the Project on the agreed terms of the above principal contents and the relevant matters relating to the provision of the sewage treatment services. Upon its establishment, the Project Company shall succeed all of the rights and obligations under the PPP Project Agreement.

The Project is a new concession project acquired by the Company within its scope of principal business of sewage treatment, which can facilitate an expansion of market share in sewage treatment sector and an increase of revenue and profit for the Company. The acquisition of the Project is of great significance for the Company's entering into the Xinjiang regional market, increasing the influence in the region and expanding the overall scale. The smooth operation of the Project enables the Company to take full advantage of its management and technical personnel resources and can provide convenience for the Company to further develop projects in the western region.

The total investment amount of the Project is approximately RMB455.1846 million which represents approximately 9.9% of the audited net assets of the Company as at 31 December 2015. Accordingly, the Project does not constitute a significant assets restructuring of the Company pursuant to the PRC law. As at the date of this announcement, Karamay Construction Bureau and Party A are third parties independent of and not connected with the Company and its connected persons.

The Project, if materialized, may constitute a disclosable transaction pursuant to Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). As the applicable percentage ratios are expected to be more than 5% but less than 25%, the Project, if materialized, is only subject to the reporting and announcement requirements but is exempt from the requirement of shareholders’ approval of the Company. When the Company and Karamay Construction Bureau enter into the PPP Project Agreement and the Project Company is established, the Company will make further announcement(s) in accordance with the Listing Rules and the actual circumstances when appropriate.

By order of the Board
Liu Yujun
Chairman

Tianjin, the PRC
29 September 2016

As at the date of this announcement, the Board comprises four executive Directors: Mr. Liu Yujun, Mr. Lin Wenbo, 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.