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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)

UPDATE ON THE PROPOSED APPLICATION OF KAIYING COMPANY FOR QUOTATION ON THE NATIONAL EQUITIES EXCHANGE AND QUOTATIONS SYSTEM (THE NEW THIRD BOARD*)

This announcement is made by Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 14 September 2016 in relation to the Potential Quotation (the “**Announcement**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

Reorganization into a joint stock company

On 31 October 2016, Kaiying Company was reorganized into a joint stock company by way of overall alteration. After the reorganization, the name of Kaiying Company changed to Tianjin Kaiying Technology Development Joint Stock Company Limited* (天津凱英科技發展股份有限公司), and the business, assets, personnel, rights of debt and debts of the former Kaiying Company were assumed by the joint stock company after the alteration.

Application for the Potential Quotation

On 8 December 2016, Kaiying Company filed an application with NEEQ Company for quotation of its shares on the New Third Board. NEEQ Company is the operating institution of the New Third Board and the Potential Quotation is subject to the approval of NEEQ Company.

Reasons for and benefits of the Potential Quotation

The quotation of Kaiying Company on the New Third Board will enable Kaiying Company to enhance its corporate governance, standardize its operation and facilitate its expansion of financing channels as well as further increase its size and strengthen its capabilities, which will help increase the liquidity of assets and enhance the asset value of the Company as well as to safeguard the interests of the shareholders of the Company.

Listing Rules implications

As the Company currently does not intend to effect any sales of its existing shareholding in Kaiying Company or to issue new shares of Kaiying Company in connection with the Potential Quotation, thus, immediately following completion of the Potential Quotation, the Company will continue to directly hold 80% equity interest in Kaiying Company and indirectly hold the remaining 20% equity interest through Water Recycling Company, a wholly-owned subsidiary of the Company. The financial results of Kaiying Company will therefore continue to be consolidated into the accounts of the Company. Since there is no disposal or deemed disposal by the Company of its interest in Kaiying Company in connection with the Potential Quotation, the Potential Quotation will not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules, and therefore is not subject to the approval of general meeting of the Company.

The Company has already made a spin-off application to the Stock Exchange in relation to the Potential Quotation pursuant to Practice Note 15 of the Listing Rules. As at the date of this announcement, such application is still pending for the approval from the Stock Exchange.

The implementation of the Potential Quotation will be subject to, among other things, the approval of the Stock Exchange and NEEQ Company. The Company will make such further announcement(s) in relation to the Potential Quotation as and when appropriate pursuant to the Listing Rules.

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
9 December 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.

** For identification purpose only*