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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)

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

This announcement is published by the Company pursuant to Rule 13.51(1) of the Listing Rules.

In order to thoroughly implement the opinion on strengthening Party leadership in improving corporate governance and the incorporation of the key requirements of the “Three-Year Action of State-owned Enterprise Reform” (「國企改革三年行動」) into the Company’s Articles of Association and other relevant requirements, while taking into account the Guidelines on the Bylaws of Listed Companies (《上市公司章程指引》) and the Rules for the Independent Directors of Listed Companies (《上市公司獨立董事規則》), which were amended by the China Securities Regulatory Commission at the beginning of 2022, as well as the actual situation of the Company, the Board of Directors has considered and approved the proposed amendments to the relevant chapters and articles of the existing Articles of Association of the Company on 31 May 2022.

The details of the proposed amendment to the Articles of Association are set out as below:

Adding one article after the Original Article 2 under CHAPTER 1 GENERAL (see note 1):

Article 3 after the addition: In accordance with the relevant provisions under the Constitution of the Communist Party of China, the Company shall establish an organisation of the Communist Party of China, carry out the activities of the Party, set up working organs for the Party, allocate sufficient competent staff to deal with Party affairs and guarantee sufficient funds to operate the Party organisation.

Article 10

Original Article 10: The other senior management members referred in the Articles of Association shall mean the deputy general manager, the secretary to the Board of Directors and the chief accountant (the one who is in charge of finance).

Article 11 after amendment: The other senior management members referred in the Articles of Association shall mean the deputy general manager, the secretary to the Board of Directors, the chief accountant (the one who is in charge of finance) and general legal counsel.

Article 12

Original Article 12: The business scope of the Company is based on the projects approved by the registration authority.

The business scope of the Company: It includes the construction, design, management, operation, technical consultation and related services of sewage treatment facilities; the construction, design, charge, maintenance, operation and technical consultation and related services of the southeast road in Tianjin middle ring, tolls of road construction loans and the related supporting facilities.

According to the needs of business management, the Company may amend the Articles of Association and the business scope in accordance with the relevant provisions. However, the amendment shall be registered. As to projects within the business scope of the Company which have to be approved under the laws and administrative rules and regulations, they shall be approved according to the law.

Article 13 after amendment: The business scope of the Company is based on the projects approved by the registration authority.

The business scope of the Company: investment, construction, design, management, operation, technical consultation and supporting services for sewage water, tap water, reclaimed water, industrial wastewater and other water treatment facilities; investment, construction, design, management, operation, technical consultation and supporting services for the collection, transportation, treatment and resource utilization of various types of solid waste and related infrastructure; investment, construction, design, management, operation, technical consultation and supporting services for energy supply services and energy conservation and environmental protection-related facilities; development and operation of environmental protection technology and environmental protection products and equipment; urban integrated environmental services and ecological management services; design, construction, management, construction and operation and management of municipal infrastructure facilities; urban road franchised operation, technical consultation and supporting services for the southeast half of the Central Ring Road in Tianjin municipality; rental of self-owned houses.

According to the needs of business management, the Company may amend the Articles of Association and the business scope in accordance with the relevant provisions. However, the amendment shall be registered. As to projects within the business scope of the Company which have to be approved under the laws and administrative rules and regulations, they shall be approved according to the law.

Article 111

Original Article 111:

The Board of Directors shall be responsible for the general meeting and shall exercise the following powers:

- (1) responsible for convening general meeting and reporting its work to the general meeting;
- (2) to implement resolutions approved at the general meeting;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's annual financial budget and final accounts;
- (5) to formulate the Company's plans of profit distribution and loss recovery;
- (6) to formulate the plans of increasing or reducing the registered capital of the Company, issue of bonds or other securities and listing;
- (7) to work out plans of substantial acquisition, repurchase of the Company's shares or merger, division, dissolution or change of the form the Company;
- (8) to decide on the establishment of the Company's internal management structure;
- (9) to appoint or dismiss the Company's general managers, secretary to the Board; according to the nomination by the general manager, appoint or dismiss deputy general managers, chief accountants, and other senior management member of the Company and to decide on their remuneration and punishment;
- (10) to formulate the Company's basic management system;
- (11) to formulate proposals for the amendments to the Company's Articles of Association;

- (12) to propose to the general meeting for appointment or replacement of accountant firm as the Company's auditor;
- (13) within the scope authorized by the general meeting, to decide on the Company's external investment, acquisition and disposal of assets, charge of assets, external guarantee, entrusted financial management and connected transactions;
- (14) to manage the disclosure of the Company's information;
- (15) to listen to the work report by the general manager of the Company and check on the work on the general manager;
- (16) to make resolutions on matters which are beyond the scope of general meeting pursuant to relevant laws and regulations and the Articles of Associations;
- (17) other powers conferred by the general meeting, laws, regulations and the Articles of Association.

Except for the resolution of the Board of Directors in items (6), (7), (11) of this article which shall be passed by more than two-third of all the Directors, resolutions of the Board of Directors in respect of all other matters may be passed by a majority of Directors.

Article 112 after amendment:

The Board of Directors is the decision-making body of the Company, which formulates strategies, makes decisions and prevents risks, and shall be responsible for the general meeting and exercise the following powers:

- (1) responsible for convening general meeting and reporting its work to the general meeting;
- (2) to implement resolutions approved at the general meeting;
- (3) to formulate medium-and long-term development plans for the Company, and decide on the Company's business plans and investment plans;
- (4) to formulate the Company's annual financial budget and final accounts;
- (5) to formulate the Company's plans of profit distribution and loss recovery;
- (6) to formulate the plans of increasing or reducing the registered capital of the Company, issue of bonds or other securities and listing;

- (7) to work out plans of substantial acquisition, repurchase of the Company's shares or merger, division, dissolution or change of the form the Company;
- (8) to decide on the establishment of the Company's internal management structure, as well as the establishment and dissolution of subsidiaries and other branches;
- (9) to appoint or dismiss the Company's general managers and secretary to the Board; to appoint or dismiss deputy general managers, chief accountants, chief legal advisors and other senior management member of the Company according to the nomination of the general manager; to decide on the remuneration, appraisal, reward and punishment of the senior management of the Company; to decide the Company's remuneration management policy and performance appraisal policy;
- (10) to formulate major income distribution plans of the Company;
- (11) to formulate the Company's basic management system;
- (12) to determine the risk management system, the internal control system, the system for accountability for non-compliant operation and investment, and legal compliance management system of the Company, and to monitor and assess operation thereof; to direct, inspect and assess the Company's internal audit work, determine the person in charge of the Company's internal audit department, establish a mechanism under which the audit department is accountable to the Board of Directors, and approve the annual audit plan and important audit reports in accordance with the law; to determine the upper limit of the Company's gearing ratio;
- (13) to formulate proposals for the amendments to the Company's Articles of Association;
- (14) to propose to the general meeting for appointment or replacement of accountant firm as the Company's auditor;
- (15) within the scope authorized by the general meeting, to decide on the Company's external investment, acquisition and disposal of assets, charge of assets, external guarantee, entrusted financial management, connected transactions, external donation, etc.;
- (16) to manage the disclosure of the Company's information;

- (17) to establish a management system for the authorization to the senior management, to receive reports of the general manager of the Company on his/her work, to inspect the implementation of the resolutions and authorizations of the Board of Directors by the general manager and other senior management members, and to establish and perfect the accountability mechanism for the general manager and other senior management members;
- (18) to determine the matters related to the exercise of the Company's rights as a shareholder of its invested enterprises;
- (19) to make resolutions on matters which are beyond the scope of general meeting pursuant to relevant laws and regulations and the Articles of Associations;
- (20) other powers conferred by the general meeting, laws, regulations and the Articles of Association.

Except for the resolution of the Board of Directors in items (6), (7), (13) of this article which shall be passed by more than two-third of all the Directors, resolutions of the Board of Directors in respect of all other matters may be passed by a majority of Directors.

Article 121

Original Article 121:

The manner and time limit of notice of regular and special Board meeting:

- (I) If the time and venue of regular Board meeting has been determined by the Board of Directors in advance, notice of meeting is not required.
- (II) Where the time and venue of regular Board meetings have not been specified in advance by the Board of Directors, the chairman of the Board shall give notice of the time and venue of Board meeting to all Directors and supervisors not less than 14 days but not more than 30 days before the date of proposed meeting; the chairman of the Board shall give notice of the time and venue of special Board meeting to all Directors and supervisors 10 days before the date of proposed meeting, in case of emergency, it shall not be subject to the limitation of the time; the aforesaid notice of the Board meeting shall be given to all Directors and supervisors by means of telex, telegram, facsimile, e-mail, registered post or by hand.

- (III) The notice shall be in Chinese with English translation if necessary, including the duration of meeting, agenda, reasons and topics as well as the date of giving such notice. Any Director has the right of to waive to request for receiving the notice of Board meeting.
- (IV) Where a Director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such Director shall be deemed to have notified of the meeting.
- (V) The regular Board meeting or special meeting may be held in the form of telephone conference or by means of similar communication facilities. So long as the Directors attending the meeting are able to hear the speech of other Directors clearly and communicate, all the Directors attending the meeting shall be deemed to have attended the meeting in person. If the meeting is held by such mean, the way of participation shall be clearly specified on the notice of meeting.
- (VI) The Board of Directors may accept Board meetings in the form of written communications over the resolutions to replace meetings on site. However, draft motions of the meeting must be delivered to all Directors by hand, mail, e-mail, telegraph or fax. After the Board of Directors has delivered the motion to all Directors and that the number of Directors giving consent and signature to the motion has reached the quorum, such motion, if delivered to the secretary to the Board of Directors by means of methods referred to above, shall become a Board resolution and no convening of a Board meeting shall be required.

Article 122 after amendment: The manner and time limit of notice of regular and special Board meeting:

- (I) If the time and venue of regular Board meeting has been determined by the Board of Directors in advance, notice of meeting is not required.

- (II) Where the time and venue of regular Board meetings have not been specified in advance by the Board of Directors, the chairman of the Board shall give notice of the time and venue of Board meeting to all Directors and supervisors not less than 14 days but not more than 30 days before the date of proposed meeting; the Corporate Governance Center shall give notice of the time and venue of special Board meeting to all Directors and supervisors 5 days before the date of proposed meeting, in case of emergency, it shall not be subject to the limitation of the time; the aforesaid notice of the Board meeting shall be given to all Directors and supervisors by means of telex, telegram, facsimile, e-mail, registered post or by hand.
- (III) The notice shall be in Chinese with English translation if necessary, including the duration of meeting, agenda, reasons and topics as well as the date of giving such notice. Any Director has the right of to waive to request for receiving the notice of Board meeting.
- (IV) Where a Director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such Director shall be deemed to have notified of the meeting.
- (V) The regular Board meeting or special meeting may be held in the form of telephone conference or by means of similar communication facilities. So long as the Directors attending the meeting are able to hear the speech of other Directors clearly and communicate, all the Directors attending the meeting shall be deemed to have attended the meeting in person. If the meeting is held by such mean, the way of participation shall be clearly specified on the notice of meeting.
- (VI) The Board of Directors may accept Board meetings in the form of written communications over the resolutions to replace meetings on site. However, draft motions of the meeting must be delivered to all Directors by hand, mail, e-mail, telegraph or fax. After the Board of Directors has delivered the motion to all Directors and that the number of Directors giving consent and signature to the motion has reached the quorum, such motion, if delivered to the secretary to the Board of Directors by means of methods referred to above, shall become a Board resolution and no convening of a Board meeting shall be required.

Article 130

Original Article 130:

The nomination, election and replacement of the Independent Directors shall be carried out lawfully and formally.

- (I) The Board of Directors, Board of Supervisors or shareholders holding 1% of more of issued share capital may nominate the candidates for Independent Directors and be elected at the general meeting.
- (II) The nominator of Independent Directors shall obtain the nominee's consent before the nomination. The nominator shall fully understand the occupation, education background, professional title and detailed work experiences as well as all the parttime position of the nominee, and express his/her opinion on the qualification and independence of the nominee as an Independent Director. The nominee shall make a public declaration that no relationship between himself/herself and the Company would impact on his/her independence. Before the convening of the general meeting for electing the Independent Directors, the Board of Directors of the Company shall announce the abovementioned content as required.
- (III) Before the convening of the general meeting for electing the Independent Directors, the Company shall send all the relevant information of all nominees to the CSRC, the local agent of CSRC of the domicile of the Company and the stock exchange where the shares of the Company are listed. Shall there are any objections to the nominees from the Board of Directors of the Company, such written opinions of the Board shall also be sent.

The nominee who is disagreed by the CSRC may be the candidate for Directors of the Company, but not the candidate of the Independent Directors.

During the general meeting for electing the Independent Directors, the Board of Directors of the Company shall make statement as to whether CSRC has any objections to the candidate for Independent Directors.

- (IV) The terms of office for each Independent Director shall be the same as the other Directors of the Board. Upon the expiry of the term of office, the Independent Directors may be re-elected or reappointed; however, the period of reappointment shall not exceed six years.

- (V) If the Independent Directors fail to attend the Board meeting in person for three consecutive times, the Board of Directors may propose to the general meeting to remove such Independent Director.

Except the abovementioned situation and the situation as stipulated in the Company Law that he/she is not allowed to be the Directors, the Independent Directors shall not be removed before the expiry of his terms of office without good cause. For any pre-mature removal, the Company shall disclose special matter for disclosure. If the Independent Director being removed is of the view that the reason for removal is inappropriate, he shall make public declaration.

- (VI) The Independent Director may resign before the expiry of his/her term of office. The Independent Director shall submit the written resignation letter to the Board of Directors state any matter which is relevant to his/her resignation or he/she consider that it would be necessary to draw the attention of the shareholder and creditor of the Company.

If the resignation of the Independent Directors makes the number of Independent Directors or the Board of Directors fall below than the statutory quorum or minimum quorum as required by the Articles of Association, such resignation of the Independent Director shall only come into force when the next Independent Director has been appointed to fill the vacancy.

Article 131 after amendment: The nomination, election and replacement of the Independent Directors shall be carried out lawfully and formally.

- (I) The Board of Directors, Board of Supervisors or shareholders holding 1% of more of issued share capital may nominate the candidates for Independent Directors and be elected at the general meeting.
- (II) The nominator of Independent Directors shall obtain the nominee's consent before the nomination. The nominator shall fully understand the occupation, education background, professional title and detailed work experiences as well as all the parttime position of the nominee, and express his/her opinion on the qualification and independence of the nominee as an Independent Director. The nominee shall make a public declaration that no relationship between himself/herself and the Company would impact on his/her independence.

Before the convening of the general meeting for electing the Independent Directors, the Board of Directors of the Company shall announce the abovementioned content as required.

- (III) Before the convening of the general meeting for electing the Independent Directors, the Company shall concurrently send the relevant information of the nominees as is stipulated in section (II) of this article to the stock exchange. Should there be any objections to the nominees from the Board of Directors of the Company, such written opinions of the Board shall also be sent.
- (IV) The terms of office for each Independent Director shall be the same as the other Directors of the Board. Upon the expiry of the term of office, the Independent Directors may be re-elected or reappointed; however, the period of reappointment shall not exceed six years.
- (V) If the Independent Directors fail to attend the Board meeting in person for three consecutive times, the Board of Directors may propose to the general meeting to remove such Independent Director.

Prior to the expiration of the term of office of an Independent Director, the Company may remove him/her from the office through procedures prescribed by the law. For any pre-mature removal, the Company shall disclose the removal as a special matter.

- (VI) The Independent Director may resign before the expiry of his/her term of office. The Independent Director shall submit the written resignation letter to the Board of Directors state any matter which is relevant to his/her resignation or he/she consider that it would be necessary to draw the attention of the shareholder and creditor of the Company.

If the resignation of the Independent Directors makes the number of Independent Directors or the Board of Directors fall below than the statutory quorum or minimum quorum as required by the Articles of Association, such resignation of the Independent Director shall only come into force when the next Independent Director has been appointed to fill the vacancy.

Article 131

Original Article 131:

Apart from the powers conferred to by the Company Law and other relevant laws, regulations as a Director, the Company also confers to the Independent Director the following special powers:

- (I) Major connected transactions (means connection transactions between the Company and connected parties required to be disclosed according to the Rules Governing the Listing of Securities on the SEHK and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (including the amended version from time to time)) shall be approved by the Independent Directors before it is submitted to the Board meeting for discussion.

Before making decision, the Independent Directors may engage the intermediaries to issue the independent financial consultation report as the basis of decision.

- (II) To propose to the Board of Directors in appointing or removing the accounting firm;
- (III) To propose to the Board of Directors for convening the extraordinary general meeting;
- (IV) To propose the convening of a Board meeting;
- (V) To independently engage external audit firm and consultancy firm.

Upon unanimous consent by all Independent Directors, the Independent Directors may engage independently the external audit firm and consultancy firm to carry out the auditing and consultation of the specific matters of the Company and the related expenses shall be paid by the Company.

- (VI) To solicit the voting rights from the shareholders in public before the convening of general meeting.

The Independent Directors shall obtain the consent from a majority of all Independent Directors in exercising the above powers. If the abovementioned proposals are not adopted or the abovementioned powers cannot be properly exercised, the Company shall disclose the relevant situation.

The Independent Directors shall form more than half of the members of the audit committee, the nomination committee, the remuneration and assessment committee of the Board.

Article 132 after amendment: Apart from the powers conferred to by the Company Law and other relevant laws, regulations as a Director, the Company also confers to the Independent Director the following special powers:

- (I) Major connected transactions (means connection transactions between the Company and connected parties required to be disclosed according to the Rules Governing the Listing of Securities on the SEHK and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (including the amended version from time to time)) shall be approved by the Independent Directors before it is submitted to the Board meeting for discussion.

Before making decision, the Independent Directors may engage the intermediaries to issue the independent financial consultation report as the basis of decision.

- (II) To propose to the Board of Directors in appointing or removing the accounting firm;
- (III) To propose to the Board of Directors for convening the extraordinary general meeting;
- (IV) To propose the convening of a Board meeting;
- (V) To independently engage external audit firm and consultancy firm.

Upon unanimous consent by all Independent Directors, the Independent Directors may engage independently the external audit firm and consultancy firm to carry out the auditing and consultation of the specific matters of the Company and the related expenses shall be paid by the Company.

- (VI) To solicit the voting rights from the shareholders in public before the convening of general meeting.

The Independent Directors shall obtain the consent from a majority of all Independent Directors in exercising the above powers. If the abovementioned proposals are not adopted or the abovementioned powers cannot be properly exercised, the Company shall disclose the relevant situation.

The Independent Directors shall account for the majority of the members of the audit committee, the nomination committee, the remuneration and assessment committee, and serve as the convener.

Article 140

The Company shall have one general manager, who shall be appointed or removed by the Board of Directors; the terms of office shall be three years which can be reappointed.

Original Article 140:

The Company may have several deputy general managers and one chief accountant to assist the work of the general manager, who shall be nominated by the general manager and appointed upon resolved by the Board of Directors.

The general manager, deputy general manager, chief accountant and secretary of the Board are the members of senior management of the Company.

The persons who undertake the administrative post other than Directors of the controlling shareholder of the Company shall not be appointed as the senior management member of the Company.

Article 141 after amendment:

The Company shall have one general manager and a number of deputy general managers to form the management, which shall be accountable to the Board of Directors, report to the Board of Directors and be subject to the supervision and management of the Board of Directors.

The Company shall implement a market-based system for selecting and hiring professional managers and introduce a system to manage members of management with tenure and contract. The management shall be appointed, supervised and managed by the Board of Directors, have a tenure of three years, have annual and tenure targets as determined by the Board of Directors, and strictly assess their performance and pay their remuneration as specified in the contract. Professional managers shall strictly be recruited according to principles of market-based selection and recruitment, be managed by contract, differentiated remuneration and market-oriented exit, and the Board of Directors shall negotiate with the professional managers to determine the level of remuneration reasonably, and the conditions of termination of the employment relationship.

The Company may have one chief accountant and one chief legal advisor to assist the general manager in his/her work, who shall be nominated by the general manager and appointed upon resolution by the Board of Directors.

The general manager, deputy general manager, chief accountant, secretary of the Board and chief legal advisor are the members of senior management of the Company. The persons who undertake administrative posts other than Directors of the controlling shareholder and actual controller of the Company shall not be appointed as the senior management member of the Company.

Article 141

Original Article 141:

The Company shall establish a general manager office, the attendees of its meeting comprise of management members which are senior management members and general legal counsel. The general manager office shall be accountable to the Board of Directors. The general manager of the Company shall be the convener and chairman of such meetings and perform the following duties:

- (I) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the Board of Directors and report to the Board of Directors;
- (II) to organize the implementation of the Company's annual business plan and investment plan;
- (III) to draw up the planning of internal management organs setup of the Company;
- (IV) to formulate plans for the establishment of the Company's basic management systems;
- (V) to formulate the Company's basic management systems;
- (VI) to propose the appointment or dismissal of the Company's deputy general manager and chief accountant to the Board of Directors;
- (VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (VIII) other powers conferred by the Articles of Association and the Board of Directors.

Article 142 after amendment:

The Company shall establish a general manager office, the attendees of its meeting comprise of management members which are managerial staffs. The general manager of the Company shall be the convener and chairman of such meetings and perform the following duties:

- (I) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the Board of Directors and report to the Board of Directors;
- (II) to organize the implementation of the Company's annual business plan and investment plan;

- (III) to draw up the planning of internal management organs setup of the Company;
- (IV) to formulate plans for the establishment of the Company's basic management systems;
- (V) to formulate the Company's basic management systems;
- (VI) to propose the appointment or dismissal of the Company's deputy general manager, chief accountant and general legal counsel to the Board of Directors;
- (VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (VIII) other powers conferred by the Articles of Association and the Board of Directors.

Article 142

Original Article 142:

The Company shall formulate the rules of procedure of the general manager office meeting, to be executed upon approval by the Board of Directors. The rules of procedure of the general manager office meeting shall include the following:

- (I) the condition, procedure and attendees of the general manager meeting;
- (II) the respective job description and division of labor of general manager and other senior management members;
- (III) the application of Company's funds and assets; authority to sign the significant contracts and report to the Board of Directors and Board of supervisors;
- (IV) other matters that the Board of Directors deems necessary.

Article 143 after amendment: The management is the executive body of the Company, which is responsible for operations management, implementation and strong leadership. The management shall formulate the rules and regulations for the work of the general manager office meeting, to be executed upon approval by the Board of Directors. The general manager shall, through the general manager office meeting and other forms of meetings, exercise the authorization of the Board of Directors. The Board of Directors shall authorize the power of decision making to the general manager. Prior to any decision making, the general manager office shall generally listen to the views of the party secretary and the chairman of the Board of Directors, in case a consensus has not be reached, the proposal shall not be proposed in the meeting. On other important issues, the general manager office shall also value and listen to the views of the Party secretary and the chairman of the Board of Directors. The working rules of the general manager office meeting shall include the following:

- (I) the condition, procedure and attendees of the general manager meeting;
- (II) the respective job description and division of labor of general manager and other senior management members;
- (III) the application of Company's funds and assets; authority to sign the significant contracts and report to the Board of Directors and Board of supervisors;
- (IV) other matters that the Board of Directors deems necessary.

Article 159

Original Article 159: The Company shall establish a party committee which consists of 1 party committee secretary, 2 deputy secretaries and several members elected or appointed in accordance with the regulations of the Constitution of the Communist Party of China. Eligible members of party committee shall enter the Board of Directors, the Board of Supervisors and the management through statutory procedures and fully express the opinion of the party committee in policy making. The Company shall establish a commission for discipline inspection which consists of 1 secretary and several members to perform the duties of supervision, disciplinary enforcement and accountability.

Article 160 after amendment: In accordance with the provisions of the Constitution of the Communist Party of China and with the approval of the higher Party organizations, the Committee of the Communist Party of China of Tianjin Capital Environmental Protection Group Company Limited (hereinafter referred to as the Company Party Committee or Party Committee) was established. At the same time, in accordance with relevant regulations, the Disciplinary Inspection Committee of the Company Party Committee (hereinafter referred to as the Company Disciplinary Committee or Disciplinary Committee) was established.

Article 160

Original Article 160: In line with the principle of being efficient and effective, the party committee sets up party affairs departments separately, such as discipline inspection institutions, organizations, offices, etc., allocates and strengthens full-time party officials at a rate not less than 1% of the total number of employees, and implements equal remuneration for party members and administrative staff at the same level. The work and activity expenses of the party committee shall be no less than 1% of the total salaries of the employees in the previous year, incorporated into the annual financial budget of the Company, and included in the pre-tax expenditure from the management fee of the Company.

Article 161 after amendment: The Company Party Committee is elected by the Party members' meeting or the Party members' representative meeting, and the term of office is generally five years. The expiration of the term of office shall be subject to a general election. The term of office of the Company Disciplinary Committee is the same as that of the Party Committee.

Article 161

Original Article 161: The party committee shall conduct research and discussion, and provide recommendations before the Board of Directors and the management making any significant decisions.

Article 162 after amendment: The secretary, deputy secretary and members of the Company Party Committee and the Disciplinary Committee are set up in accordance with the approval of the higher Party organizations and are elected or appointed in accordance with the relevant provisions of the Constitution of the Communist Party of China.

Article 162

Original Article 162:

The party committee shall perform its duties pursuant to the Constitution of the Communist Party of China and other regulations of the Party.

- (I) To convey and implement the party's and the state's route, principles and policies, as well as the important decisions, instructions, deployment, and spirit of the meeting of higher party organizations; to study and formulate implementation opinions and concrete measures for implementation;
- (II) The party committee shall take the lead and check the process of selection and appointment of personnel, and insist on the principle of management of cadres by the Communist Party and a combination of the selection of operations management by the Board and the right of the operations management to utilize talents in accordance with law;
- (III) To study and discuss the reform, development and stability and substantial matters on operation and management of the Company as well as material issues relating to the interests of the staff, and provide advices and recommendations in this regard; to support the general meeting, Board meeting, meetings of the Board of Supervisors, and general manager office to perform their duties in accordance with laws and regulations and support the work of employee representative congress;
- (IV) To take responsibility to comprehensively strengthen party self-discipline, to lead the Company's ideological and political work, united front work, building of spiritual civilization, building of corporate culture and mass organization work such as Labor Union and the Communist Youth League, and to lead the construction of the Party's honest administration and support the disciplinary inspection committee to earnestly perform its supervision duties;
- (V) To handle other material matters that fall within the duty of the party committee.

Article 163 after amendment:

The Company shall insist on and improve the leadership system of mutual entry and cross appointment, and qualified members of the Party Committee may enter the Board of Directors and the management through legal procedures, and qualified Party members of the Board of Directors and the management can enter the Party Committee in accordance with relevant regulations and procedures.

Party secretary and chairman of the Board of Directors are generally served by one person, Party members of the general manager as deputy secretary of the party committee. The Party Committee can be equipped with full-time deputy secretary responsible for the Party building works. The full-time deputy secretary shall serve as a member of the Board of Directors, rather than serving at the managerial level. Members of the Party Committee on the Board of Directors and the managerial level shall fully express the views of the Party Committee when making decisions on the Board of Directors and the managerial level, embody the intentions of the Party Committee, and report the relevant situation to the Party Committee in a timely manner.

Article 163

Original Article 163: The consideration on matters by the party committee is generally conducted in the manner of party committee meetings, the notice, convention and voting procedures thereof, should be executed in accordance with relevant regulations of the Party.

Article 164 after amendment: The Party Committee of the Company shall play a leading role, supervising the Company's direction of development, monitoring the whole picture and promoting implementation, discussing and making decisions on significant matters of the Company in accordance with the regulations. The main responsibilities are:

- (I) to enhance the political construction of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all the Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;
- (II) to thoroughly study and implement Xi Jinping's Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party's theory, thoroughly implement the Party's line, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organization at a higher level in the Company;
- (III) to investigate and discuss the significant operation and management matters of the Company and support the Board of Directors and the management to exercise their rights and perform their duties in accordance with the laws;

- (IV) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team, cadre and talents team of the Company;
- (V) to undertake the main responsibility in improving the Party's conduct and upholding integrity, lead and support discipline inspection institutions to fulfil their supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote the Party's self-governance fully and with rigor into the grassroots level;
- (VI) to strengthen the building of grassroot Party organizations and teams of Party members, unite and lead officials and employees to devote themselves into the reform and development of the Company;
- (VII) to lead the Company's ideological and political work, the spirit and civilization progress, the united front work and lead mass organizations such as the Labour Union, Communist Youth League and Women's Organization of the Company.

Adding five articles after Original Article 164 under CHAPTER 16 PARTY COMMITTEE (see note 1):

Article 165 after the addition: The Company's major operation and management matters must be studied and discussed by the Party Committee before decisions are made by the Board of Directors in accordance with the terms of reference and prescribed procedures. For the Board of Directors to authorize the decision-making proposal, the party committee shall maintain strict control to prevent undue and excessive authorization. For the Board of Directors to authorize the chairman and general manager to make decisions, the party committee generally shall not carry out any prior examination and discussion, but shall play an effective role through appropriate means. The matters to be studied and discussed mainly include:

- (I) the implementation of the Party Central Committee's decisions and major measures to implement the national development strategy;
- (II) The Company's development strategies, medium and long-term development plans, and important reform programs;
- (III) the reorganization of the Company's assets, transfer of property rights, capital operations and large investments in principle and directional issues;

- (IV) the Company's organizational structure settings and adjustments, the development and modification of important rules and regulations;
- (V) major issues related to the Company's safety production, stability maintenance, employee rights and interests, social responsibility, etc.;
- (VI) other important matters that should be studied and discussed by the Party Committee.

The Party Committee shall formulate a list of matters to be studied and discussed in the light of the actual situation of the Company and clarify the rights and responsibilities of the Party Committee and other governance bodies such as the Board of Directors and the management.

Article 166 after the addition: The Company Party Committee shall strictly examine and discuss major operation and management issues, focusing on whether the decisions are in line with the Party's theories and policies, whether they are in line with the decisions of the Party Central Committee and the implementation of national development strategies, whether they are in line with the requirements of the municipal committee and the municipal government, whether they adhere to the reform principles of the manufacturing industry and "Tianjin+", whether they are conducive to promoting the high-quality development of enterprises, enhancing their competitive strength and realizing the value of state-owned assets, and whether they are conducive to safeguarding the public interest and the legitimate rights and interests of employees.

Article 167 after the addition: The Party Committee of the Company shall study and discuss major business management matters in advance and insist on consistency in decision making quality and efficiency, and generally go through the procedures of proposing motions, formulating proposed plans, studying and discussing by the Party Committee, communicating before the Board of Directors' meetings, and implementing the intention of the Party organization during the general meeting.

Article 168 after the addition: In accordance with the principles of strengthening the work of the Party and lean and efficient coordination, the Company Party Committee has set up the Party and Group Work Department, the Organization Department of the Party Committee and other working organizations, and the Organization Department of the Party Committee is responsible for the management of leaders and the construction of grass-roots Party organizations. A certain number of party affairs staff will be allocated, and same rank and treatment policy shall be strictly implemented, and two-way exchange between party affairs staff and other operation and management staff will be promoted.

Article 169 after the addition: Through channels such as the inclusion of management fees and retention of party expenses, the Company's Party organization work funds are guaranteed and tilted to the front line of production and operation. The part included in the management fee is generally arranged in accordance with the ratio of 1% of the total staff salary of the Company in the previous year and included in the annual budget by the Company. The Company shall integrate the use of various resources to well arrange the Party organization activities.

Consolidating and amending the Original Article 207 and the Original Article 208 into Article 212 (see note 1):

Original Article 207: The Company shall implement an internal audit system, and assigns full-time auditors to audit and monitor the internal revenue and expenditure and economic activities.

Original Article 208: The Company's internal audit system and the responsibilities of auditors shall be approved by the Board before implementation. Person in charge of audit shall report to the Board.

Article 212 after the consolidation and amendment: The internal audit department of the Company shall be accountable to the Board of Directors in accordance with the relevant regulations of the State and the city, and shall implement internal audit work, audit and supervise the operation and management activities of the Company, its invested enterprises and branches, and seek to strengthen the audit supervision of its shareholding enterprises, foreign enterprises and overseas enterprises, so as to prevent the management mode of "investment without supervision", "equity participation without supervision" and "no control and supervision".

The internal audit department of the Company shall be under the guidance and supervision of the audit committee of the Board of Directors.

Consolidating and amending the Original Article 219 to the Original Article 222 into Article 223 (see note 1):

Original Article 219: The Company formulates its systems regarding labour management, personnel affairs, wages and welfare and social insurance in accordance with the laws, rules and relevant administrative regulations of the PRC.

Original Article 220: The Company shall adopt the system of appointment for all levels of management personnel and a contract system for ordinary employees. The Company may decide by itself on its staffing, and has the right to employ or dismiss employees in accordance with the relevant regulations and contracts.

Original Article 221: The Company shall have the right to, based on its own economic efficiency, decide by itself the levels of wages and welfare benefits of all levels of management personnel and other employees to the extent as provided for in the relevant administrative regulations.

Original Article 222: The Company shall protect the lawful rights and interests of its employees and in accordance with law, enter into labor contracts with the employees provide social insurance and labor protection and realize safety in production.

The Company shall strengthen occupational education and job training by various means to improve the quality of the employees.

Article 223 after the consolidation and amendment:

The Company shall comply with national laws and administrative regulations on labor protection and safe production, implement relevant national policies, and protect the legitimate rights and interests of workers. In accordance with national laws, administrative regulations and policies on labor and personnel affairs, and based on the demand for production and operation, the Company shall formulate its systems regarding labour management, personnel affairs and wages.

The Company shall continue to improve its market-oriented employment and remuneration structure, implement open recruitment of employees, competition for management promotion, performance appraisal for all staff, position adjustment and exit mechanism for incompetent employees, establish a market competitive market-rate remuneration structure for key and core talents, and flexibly carry out various forms of medium – and long-term incentives.

Note 1: The original subsequent chapters, articles, serial numbers and cross-references will be renumbered and adjusted accordingly upon the addition or consolidation of the relevant articles.

The English versions of the proposed amendments to the Articles of Association are unofficial translation of their respective Chinese versions. In the event of any inconsistency, the Chinese versions shall prevail.

The proposed amendments to the Articles of Association are subject to the approval of the Shareholders at a Shareholder's general meeting by way of special resolution.

GENERAL

A Shareholder's general meeting will be convened for the purpose of, among other things, seeking for the Shareholders' approval for the amendments to the Articles of Association. Votes at the said Shareholder's general meeting will be taken by poll.

A notice and circular of the said Shareholder's general meeting containing, among other things, details of the amendments to the Articles of Association will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

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|---------------------------|--|
| “Articles of Association” | the articles of association of the Company |
| “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 |
| “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 |
| “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 |

“Shareholder(s)” the shareholder(s) of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

By order of the Board
Liu Yujun
Chairman

Tianjin, the PRC
31 May 2022

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. Gu Wenhui, Mr. Si Xiaolong and Mr. Liu Tao; and three independent non-executive Directors: Mr. Xu Zhiming, Mr. Guo Yongqing and Ms. Lu Yingying.