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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)

**(1) FAILURE TO FULFILL THE EXERCISE CONDITIONS FOR
THE THIRD EXERCISE PERIOD
UNDER THE A SHARE OPTION INCENTIVE SCHEME; AND
(2) CANCELLATION OF PART OF FIRST GRANT OF SHARE
OPTIONS AND RESERVED SHARE OPTIONS**

References are made to (i) the announcement of the Company dated 27 November 2020 in relation to the proposed adoption of the A Share Option Incentive Scheme and the relevant overseas regulatory announcements; (ii) the circular of the Company dated 8 December 2020 in relation to, among other things, the proposed adoption of the A Share Option Incentive Scheme (the “**Circular**”); (iii) the announcement of the Company dated 23 December 2020 in relation to the resolutions passed at the 2020 second extraordinary general meeting, the 2020 second H shareholders’ class meeting and the 2020 second A shareholders’ class meeting; (iv) the announcement of the Company dated 21 January 2021 in relation to the first grant of Share Options under the A Share Option Incentive Scheme and the relevant overseas regulatory announcements; (v) the relevant overseas regulatory announcement of the Company dated 29 January 2021; (vi) the announcement of the Company in relation to the grant of Reserved Share Options under the A Share Option Incentive Scheme and the relevant overseas regulatory announcement, both dated 21 December 2021; (vii) the announcements of the Company in relation to the adjustments to the list of Participants and number of Share Options to be granted and cancellation of part of the Share Options, the adjustments to the Exercise Price of the A Share Option Incentive Scheme and the fulfilment of the Exercise Conditions for the first Exercise Period of the A Share Option Incentive Scheme and the relevant overseas regulatory announcements, all dated 22 February 2023; (viii) the relevant overseas regulatory announcement of the Company dated 25 May 2023; (ix) the announcement of the Company dated 29 June 2023 in relation to the adjustments to the Exercise Price of the A Share Option Incentive Scheme; (x) the relevant overseas regulatory announcement of the Company dated 23 January 2024; (xi) the announcement of the Company dated 26 January 2024 in relation to the fulfillment of the Exercise Conditions for the first Exercise Period of Reserved Share Options under the A Share Option Incentive Scheme; (xii) the announcement of the Company dated 26 January 2024 in relation to the adjustments to the Exercise Price of Reserved Share Options under the A Share Option Incentive Scheme; (xiii) the announcement of the Company dated 26 January 2024 in relation to (1) adjustments to the list of Participants and number of Reserved Share Options; and (2) cancellation of part of Reserved Share Options; (xiv) the announcement of the Company dated 14 March 2024 in relation to the fulfillment of the Exercise Conditions for the second Exercise Period of the first grant of Share Options under the A Share Option Incentive Scheme; (xv) the relevant overseas regulatory announcement of the Company dated 27 May 2024; (xvi) the relevant overseas regulatory announcement of the Company dated 24 June 2024; (xvii) the announcement of the Company dated 28 June 2024 in relation to the adjustments to the Exercise Price of the A Share Option Incentive Scheme; (xviii) the relevant overseas regulatory announcement of the Company dated 2 July 2024; (xix) the relevant overseas regulatory announcement of the Company dated 8 October 2024; (xx) the relevant overseas regulatory announcement of the Company dated 2 January 2025; (xxi) the announcement of the Company dated 14 January 2025 in relation to (1) adjustments to the list of Participants and number of Reserved Share Options; and (2) cancellation of part of Reserved Share Options; and (xxii) the announcement dated 14 January 2025 in relation to the fulfillment of the Exercise Conditions of the second Exercise Period of Reserved Share Options under the A Share Option Incentive Scheme. Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the Circular.

I. EXPLANATION ON THE FAILURE TO FULFILL THE EXERCISE CONDITIONS FOR THE THIRD EXERCISE PERIOD OF THE A SHARE OPTION INCENTIVE SCHEME

Pursuant to the relevant provisions of the A Share Option Incentive Scheme considered and approved at the 2020 second extraordinary general meeting, the 2020 second A class meeting and the 2020 second H class meeting of the Company, the performance appraisal conditions to be fulfilled by the Company for the third Exercise Period shall be:

(1) based on the year of 2019, the growth rate of the operating revenue for 2023 shall not be less than 70% and shall not be lower than the average industry level for 2023;

(2) the weighted average return on net assets for 2023 shall not be less than 8% and shall not be lower than the average industry level for 2023;

(3) the proportion of revenue from principal business in 2023 shall not be less than 93%.

According to the 2019 and 2023 audit reports of the Company issued by PricewaterhouseCoopers Zhongtian Certified Public Accountants (Special General Partnership), the operating revenues of the Company for 2019 and 2023 were RMB2,851,453,000 and RMB4,665,083,000, respectively. Based on the year of 2019, the growth rate of the Company's operating revenue for 2023 is 63.6%, which does not meet the performance appraisal conditions for the third Exercise Period as stipulated in the A Share Option Incentive Scheme, and the conditions for the exercise of the third Exercise Period under the A Share Option Incentive Scheme have not been fulfilled.

II. EXPLANATION ON THE CANCELLATION OF SHARE OPTIONS FOR THE THIRD EXERCISE PERIOD

Under the exercise arrangement of the A Share Option Incentive Scheme, the number of Share Options exercisable for each Exercise Period is 1/3 of the Share Options granted, and the number of the Share Options granted to the 137 Participants for the first grant in the third Exercise Period is 3,204,914 in total, and the number of the Share Options granted to the 14 Participants for Reserved Share Options in the third Exercise Period is 262,670 in total. Given that the Exercise Conditions for the third Exercise Period of the A Share Option Incentive Scheme have not been fulfilled and in accordance with the A Share Option Incentive Scheme and the Evaluation Methods in respect of the Implementation of the 2020 Share Option Incentive Scheme, a total of 3,467,584 Share Options granted to the Participants for the first grant and Reserved Share Options, but not yet exercised, for the third Exercise Period of the A Share Option Incentive Scheme will be canceled by the Company.

III. OPINION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is of the opinion that, as the performance appraisal target for the third Exercise Period of the A Share Option Incentive Scheme was not achieved and the Exercise Conditions was not fulfilled, the Supervisory Committee agrees to cancel the 3,467,584 Share Options in total granted but not exercised for the third Exercise Period of the A Share Option Incentive Scheme. The decision-making procedures in respect of this matter are legal and compliant, and will not prejudice the interests of the Company and Shareholders as a whole.

IV. CALCULATION AND EXPLANATION OF FEES RELATING TO INCENTIVE SHARE OPTIONS

In accordance with the Accounting Standards for Business Enterprises No. 11 – Share-based Payments and the International Financial Reporting Standards No. 2 – Share-based Payment, if an equity instrument already granted is not vested because the vesting conditions have not been met, the amount of the goods or services acquired shall not be recognized. After canceling the 3,467,584 Share Options in total granted to the Participants of the first grant and Reserved Share Options, but not exercised, for the third Exercise Period, the Company will accordingly reverse the cumulative costs and expenses recognized during the waiting period, with the specific amounts subject to the annual audit report issued by the accountant firm, and will not have any significant impact on the financial condition and operating results of the Company.

V. CONCLUDING REMARKS OF THE LEGAL OPINION

The PRC legal adviser of the Company, Grandall Law Firm, Tianjin Office, is of the opinion that, as at the date of issuance of the legal opinion, the determination that the Exercise Conditions for this Exercise have not been fulfilled and the cancellation are in compliance with the relevant requirements under the Administrative Measures, the Trial Measures for Implementation of Equity Incentives in State-controlled (Domestic) Listed Companies (《**國有控股上市公司(境內)實施股權激勵試行辦法**》), and the provisions under the A Share Option Incentive Scheme.

By order of the Board
Tang Fusheng
Chairman

Tianjin, the PRC
21 March 2025

As at the date of this announcement, the Board comprises three executive Directors: Mr. Tang Fusheng, Ms. Nie Yanhong and Mr. Fu Xinghai; three non-executive Directors: Mr. Wang Yongwei, Mr. An Pindong and Mr. Liu Tao; and three independent non-executive Directors: Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei.