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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 THE PROPOSED TERMINATION OF SOME INVESTMENT PROJECTS

References are made to the relevant announcements and overseas regulatory announcements of Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”), all dated 22 November 2021, in relation to (1) the termination of 2020 Adjusted Non-public Issuance of A Shares; (2) the proposed Non-public Issuance of A Shares; (3) the Specific Mandate; and (4) the proposed adoption of the Shareholders’ Return Plan, the relevant circular dated 8 December 2021 (the “**Circular**”), the notice of 2021 fourth extraordinary general meeting and the notice of 2021 second H shareholders’ class meeting dated 8 December 2021, the announcement relating to the approval of Non-public Issuance of A Shares by Tianjin SASAC dated 10 December 2021, the announcement on the resolutions passed at the 2021 fourth extraordinary general meeting, the 2021 second H shareholders’ class meeting and the 2021 second A shareholders’ class meeting dated 24 December 2021, the announcement relating to the acceptance of the application for Non-public Issuance of A Shares by the CSRC dated 11 January 2022, the relevant overseas regulatory announcements dated 7 February 2022, 21 February 2022, 3 March 2022, 17 March 2022 and 22 April 2022, the announcement in relation to the approval obtained from the Issuance Examination Committee of the CSRC for the application for the Non-public Issuance of A Shares dated 16 May 2022, the announcement relating to the approval of Non-public Issuance of A Shares by the CSRC dated 8 June 2022, the announcement on results of Non-public Issuance of A Shares and changes in share capital dated 29 September 2022, the relevant overseas regulatory announcements dated 22 March 2023 and 27 March 2023, the announcement in relation to the proposed change in the use of part of the proceeds and the relevant overseas regulatory announcement dated 7 August 2023, the relevant overseas regulatory announcement dated 25 August 2023, the circular in relation to, among others, the proposed change in the use of part of the proceeds dated 4 September 2023, the announcement on the resolutions passed at the 2023 second extraordinary general meeting dated 21 September 2023, the relevant overseas regulatory announcements dated 22 September 2023, 17 November 2023, 22 March 2024 and 23 August 2024, the announcement in relation to the proposed change in the use of part of the proceeds and the relevant overseas regulatory announcement dated 17 December 2024, the circular dated 27 December 2024 in relation to (among other things) the proposed change in the use of part of the proceeds, the announcement dated 14 January 2025 on resolutions passed at the 2025 first extraordinary general meeting, and the relevant overseas regulatory announcement, as well as the relevant overseas regulatory announcements dated 24 February 2025, 23 March 2025, and 29 July 2025. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Circular.

I. SUMMARY ON THE CHANGE IN THE USE OF PART OF THE PROCEEDS

(I) Background of the Proceeds

According to the Approval on the Non-Public Issuance of Shares of Tianjin Capital Environmental Protection Group Company Limited (Zheng Jian Xu Ke [2022] No. 1122) (《關於核准天津創業環保集團股份有限公司非公開發行股票的批覆》(證監許可[2022]1122號)) issued by the China Securities Regulatory Commission on 30 May 2022, the Company non-publicly issued 143,189,655 RMB-denominated ordinary shares at an issue price of RMB5.80 per Share to certain investors in September 2022, and the gross proceeds raised was RMB830,499,999.00. According to the Verification Report (PricewaterhouseCoopers Zhong Tian Yan Zi (2022) No. 0816) (普華永道中天驗字(2022)第0816號《驗資報告》) issued by PricewaterhouseCoopers Zhong Tian LLP, as of 20 September 2022, the total amount of proceeds from the issuance was RMB830,499,999.00. After deducting the expenses relating to the issuance of RMB19,743,434.08 (tax exclusive), the amount of net proceeds was RMB810,756,564.92.

(II) Basic Information about the Investment Projects of the Proceeds

As of 31 July 2025, the project investment of the proceeds from the issuance by the Company was as follows:

Unit: RMB0'000

Committed investment projects	Proposed amount of proceeds to be utilized	Accumulative amount of proceeds utilized	Project progress
The construction project of the sewage processing plant at the Tianying Science and Technology Park in the Jieshou Hi-Tech District of Fuyang in Anhui	14,800.00	13,643.28	The commercial operation commenced on 1 July 2022. However, as the government's audit and final settlement work for the project has not yet been completed, some of the remaining construction payments have not yet met the payment conditions
The newly-built and upgrade and supporting pipeline network (phase II) PPP project of Honghu township sewage processing plant	11,150.00	8,768.35	The commercial operation commenced on 1 August 2024. As the project settlement has not yet been completed, some of the remaining project payments have not met the payment conditions
The first batch of projects of the recycled water pipe network connection project in the main districts of Tianjin City	16,600.00	11,633.68	The project acceptance was completed on 27 March 2024. It is currently in the final settlement stage, with the settlement process not yet completed. Some of the remaining project payments have not yet met the payment conditions

Committed investment projects	Proposed amount of proceeds to be utilized	Accumulative amount of proceeds utilized	Project progress
Karamay Nanjiao Sewage Treatment Plant Franchising Project	10,300.00	6,878.74	The drainage pipeline construction work, an item of the project, is currently under construction. The project completion date and expected date of availability are expected to be postponed to June 2026. Considering the progress of the project settlement, the proceedings for the project is expected to be used up by August 2026
Chibi Lushui Industrial Park sewage treatment plant and supporting pipeline network concession TOT project	5,300.00	0.00	The project is proposed to be terminated
The repayment of interest-bearing liabilities and supplement the working capital	22,925.66	22,925.66	Not applicable
Total	<u>81,075.66</u>	<u>63,834.40</u>	

Note: The 48th meeting of the ninth session of the Board of Directors was held on 17 December 2024 and the 2025 First Extraordinary Shareholders' Meeting was held on 14 January 2025, which had considered and passed a resolution on changing the purpose of part of the proceeds, approving the Company's change of use of the proceeds of the Water Recycling Batch 1 Project of RMB53 million for the investment expenditure of Chibi Lushui Project. In order to improve the efficiency of the use of the proceeds, safeguard the long-term interests of the Company and arrange the use of the proceeds, the Company intended to use RMB53,000,000 out of the remaining proceeds of RMB112,703,200 for the Water Recycling Batch 1 Project to the construction of the Chibi Lushui Project instead. The remaining proceeds of RMB59,703,200 would continue to be used for the construction of the Water Recycling Batch 1 Project, thereby promoting the long-term and steady development of the Company's business and safeguarding the interests of the Company and shareholders. For further details, please refer to the Company's announcement dated 17 December 2024 in relation to the proposed change in the use of part of the proceeds, the circular in relation to the proposed change in the use of part of the proceeds dated 27 December 2024 and the announcement on the resolutions passed at the 2025 first extraordinary general meeting dated 14 January 2025.

(III) Change in the Termination of Some Investment Projects

In order to enhance the efficiency of the use of proceeds, protect the interests of all Shareholders, and better meet the needs of the Company's future development, the Company intends to terminate the implementation of the Chibi Lushui Project.

(IV) Deliberations of the Board of Directors

The Company held a Board meeting on 22 August 2025, at which the "Proposal on Terminating Some Investment Projects and Extension of Other Investment Projects" was considered and approved. The Board of Directors agreed that the Company should terminate the implementation of the Chibi Lushui Project.

In accordance with relevant regulations such as "Regulatory Rules for Raised Funds of Listed Companies", "Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 – Standardized Operations", "Stock Listing Rules of Shanghai Stock Exchange" and the Company's "Management System of Raised Proceeds", the matter needs to be submitted to a general meeting of the Company for consideration.

II. SPECIFIC REASONS FOR TERMINATION OF SOME INVESTMENT PROJECTS

(I) Proposed termination of Planned Investment in Some Investment Projects and Their Actual Investment

The Chibi Lushui Project has a sewage treatment capacity of 40,000 m³ per day, with a cooperation term of 40 years. The total investment for the project is RMB301.00 million, for which, RMB53.00 million is intended to be funded from the proceedings, and the remaining amount is from the Company's own funds and bank loans.

Unit: RMB0'000

Name of the project	Chibi Lushui Industrial Park Sewage Treatment Plant and Supporting Pipeline Network Concession TOT Project
Project company	Chibi Capital Environmental Protection Water Co., Ltd.* (赤壁創環水務有限公司)
Total original planned investment amount	30,100.00
Amount originally proposed to be invested with proceeds	5,300.00
Accumulative amount invested as at 31 July 2025	0.00

As at 31 July 2025, the unused balance of the proceeds for the Chibi Lushui Project was RMB53,000,000.

(II) Specific Reasons for the Termination

In accordance with the terms of the Concession Agreement signed between the Company and the Chibi City Housing and Urban-Rural Development Bureau and the Succession Agreement to the Concession Agreement subsequently signed with Chibi Capital Environmental Protection Water Co., Ltd.* (赤壁創環水務有限公司), the Company shall pay RMB125.5 million within three working days from the handover and formal operation of the Phase I project. The Company originally intended to fund this payment by using RMB53 million of the proceedings, as well as its own capital and bank loans.

Following the Company's recent communication and consultation with the Chibi City Housing and Urban-Rural Development Bureau, it has been confirmed that the matters necessary for the implementation of the Chibi Lushui Project that must be approved or filed by the administrative department would, within a reasonable time frame for reasons beyond our Company's control:

1. Not be able to obtain approvals or filings;
2. Not be able to obtain approvals or filings from the relevant administrative departments; and
3. Not be able to meet the conditions for project handover and operation transfer.

Therefore, taking into consideration the actual situation of the Company and in order to enhance the efficiency of the use of the proceedings, protect the interests of all Shareholders, and better meet the needs of the Company's future development, the Company intends to terminate the implementation of the Chibi Lushui Project.

(III) Planned use of raised funds after project termination

After the Company terminated the implementation of the Chibi Lushui Project, the remaining unused proceedings from the Chibi Lushui Project (subject to the actual balance in the proceedings account at that time) shall continue to be deposited in the special account for the proceedings and managed in accordance with the laws and regulations related to the proceedings.

Going forward, the Company will actively plan and evaluate suitable investment projects, conduct scientific and prudent feasibility analyses on proposed investment projects, and ensure that the projects have good market prospects and are necessary and feasible to implement. The Company will use the proceedings after fulfilling the review and information disclosure obligations in accordance with relevant laws and regulations, to ensure the efficient use of the proceedings.

The Company will strictly comply with the relevant requirements on the use of the proceedings, enhance internal management on the use of the proceedings, and ensure the legal and effective use of the proceedings.

(IV) The impact of early termination of some investment projects on the Company

The intended termination of the implementation of the Chibi Lushui Project by the Company is a reasonable decision which was made after prudent consideration based on the Company's actual operating conditions. The termination of the project can help improve the efficiency of the use of the Company's proceedings, better protect the interests of the Company and all shareholders, is conducive to the long-term development of the Company, and is aligned with the interests of all shareholders.

III. OPINIONS OF THE AUDIT AND RISK CONTROL COMMITTEE, THE SPONSOR ON CHANGE IN THE USE OF PART OF THE PROCEEDS

(1) Opinions of the Audit and Risk Control Committee

After consideration, the Audit and Risk Control Committee believes that the proposed termination of certain investment projects is a prudent decision made by the Company after re-evaluating the implementation status of the investment projects and the Company's operational conditions. This decision complies with the relevant regulations of the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange regarding the management of raised funds by listed companies, aligns with the interests of the Company and all its shareholders, and will not have a material adverse impact on the Company's normal operations. The relevant matters have undergone the necessary review procedures and comply with the requirements of the CSRC Announcement [2025] No. 10 "Regulations on the Supervision of Raised Funds by Listed Companies," the Shanghai Stock Exchange's "Self-Regulatory Guidelines for Listed Companies No. 1 – Standardized Operations," and other relevant laws, regulations, and normative documents. Therefore, the Audit and Risk Control Committee agrees to the Company's termination of some investment projects.

(2) Opinions of the Sponsor

After verification, the sponsor is of the view that the termination of some investment projects has been considered and approved by the Board of Directors and the Audit and Risk Control Committee of the Company, and is in compliance with the relevant provisions of the "Regulatory Rules for Raised Funds of Listed Companies", "Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 – Standardized Operations" and other relevant laws and regulation, as well as the Company's "Management System of Raised Proceeds". It does not violate the relevant regulations of the CSRC and the Shanghai Stock Exchange regarding the use of the proceedings by listed companies. It is in the interests of the Company and all shareholders, and does not involve any disguised change in the use of the proceedings, nor will the interests of shareholders, especially minority shareholders be prejudiced. The sponsor has no disagreement with the termination of some investment projects of the Company, which shall be subject to the approval of the general meeting of the Company before implementation.

The termination of some investment projects is subject to the approval of the Shareholders of the Company by way of ordinary resolution at general meeting. An extraordinary general meeting will be convened for the purpose of, among other things, seeking the Shareholders' approval for the proposed termination of some investment projects. Votes at the general meeting will be taken by poll.

A notice of the general meeting and a circular containing, among other things, details of the proposed termination of some investment projects, will be despatched to the Shareholders as soon as practicable.

By order of the Board
Tang Fusheng
Chairman

Tianjin, the PRC
22 August 2025

As at the date of this announcement, the Board comprises three executive Directors: Mr. Tang Fusheng, Ms. Nie Yanhong and Mr. Fu Xinghai (employee Director); 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.