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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of continuing connected transaction (the “**Announcement**”) of Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”) dated 25 June 2026. Unless the context otherwise requires, the terms used herein shall have the same meanings as those defined in the Announcement.

This announcement is made to provide supplemental information on the basis for determining the contract amount under the Agreements, the pricing policies, and the internal control measures for the continuing connected transactions.

BASIS FOR DETERMINING THE CONTRACT AMOUNT AND PRICING POLICIES

As disclosed in the Announcement, the current transactions comprise four individual contracts, all of which are priced by way of direct procurement. Pursuant to the Implementation Rules for Procurement Methods of Tianjin Investment Group (2025 Revision)* (《天津城投集團採購方式實施細則(2025年修訂)》) and the Company's Procurement Management System for Non-Statutory Tender Projects* (《非法定招標項目採購管理制度》), where an enterprise within the parent group is legally qualified and capable of providing the relevant works, goods or services for a non-statutory tender procurement project, direct procurement may be adopted after the procuring entity has completed its internal decision-making procedures. As Expressway Construction possesses the requisite qualifications and experience in the construction of municipal infrastructure and pipeline network works, Water Recycling Company, having completed its internal decision-making procedures, adopted direct procurement to engage Expressway Construction to provide the EPC general contracting services for the Project.

To ensure the fairness of the pricing, Water Recycling Company commissioned Tianjin Municipal Investment Construction and Engineering Management Consulting Co., Ltd.* (天津城投建設工程管理諮詢有限公司) (“**TMIC Consulting**”), which possesses the relevant qualifications, to prepare the tender control price for the Project. TMIC Consulting prepared the tender control price in accordance with the National Standard of the PRC GB50500-2013 Code of Valuation with Bill of Quantities of Construction Works* (中國國家標準GB50500-2013《建設工程工程量清單計價規範》), the Budget Base Prices for Water Supply and Gas Pipeline Works in Tianjin Municipality (2020)* (2020年《天津市給水及燃氣管道工程預算基價》), the Budget Base Prices for Municipal Works in Tianjin Municipality* (《天津市市政工程預算基價》), the Budget Base Prices for Installation Works in Tianjin Municipality* (《天津市安裝工程預算基價》), and the Budget Base Prices for Antique Architecture and Landscape Works in Tianjin Municipality* (《天津市仿古建築及園林工程預算基價》), as well as the Notice of the Tianjin Housing and Urban-Rural Construction Commission on Issuing the Pricing Methods for Construction Works in Tianjin Municipality and Budget Base Prices for Various Specialised Works in Tianjin Municipality (Jin Zhu Jian Jian Shi Han [2020] No. 30)* (《市住房城鄉建設委關於發佈2020〈天津市建設工程計價辦法〉和天津市各專業工程預算基價的通知》(津住建建市函[2020]30號)), the Notice of the Tianjin Housing and Urban-Rural Construction Commission on Adjusting the Pricing Basis for Construction Works in the Municipality (Jin Zhu Jian Jian Shi Han [2019] No. 42)* (《天津市住房城鄉建設委關於調整我市建設工程計價依據的通知》(津住建建市函〔2019〕42號)), the Tianjin Construction Cost Information* (《天津工程造價信息》) published by the Tianjin Construction Cost Information Service Centre* (天津市建設工程造價信息服務中心), market enquiry results, and the engineering design drawings.

In terms of pricing, TMIC Consulting determined the required costs for labour, machinery, materials, management fees, profit and risks (including but not limited to transportation and miscellaneous costs, quality inspection fees, installation fees, defect remediation fees, insurance premiums and materials arrival testing fees) based on the Tianjin Construction Cost Information published by the Tianjin Construction Cost Information Service Centre and market enquiry results. With respect to the prices of major materials, TMIC Consulting conducted enquiries on the prices of major materials for the reclaimed water supporting works, covering 10 PE pipe manufacturers, 11 valve manufacturers, 2 ductile iron pipe manufacturers, 5 pipe fittings manufacturers and 9 instrumentation manufacturers, obtaining a total of 37 material quotations. The enquiry report used the average price or median value of each type of material as the benchmark price for major materials in the tender control price. The quantities of works were determined based on verification of the construction drawings.

After the completion of the preparation of the tender control price, it was reviewed by the relevant personnel of the procurement department of Water Recycling Company, examined by the department head, approved by the supervising leader, and submitted to the Construction Management Professional Procurement Committee for consideration and approval. Water Recycling Company conducted a comparative analysis of the tender control prices for reclaimed water supporting works over the past three years, and determined that the tender control price for this Project is not higher than the market quotations for similar engineering contracting services in the market. On this basis, the contracting parties, using the tender control price as a reference, comprehensively benchmarked against fair market quotations for similar engineering contracting services in the same period in the open market, checked item by item the complete bill of quantities set out in the construction design drawings, and used the complete and detailed construction budget prepared based on the construction drawings and the construction organisation plan as the pricing base. After conducting multiple rounds of arms-length negotiations and taking into full consideration all objective factors affecting the construction costs, including construction techniques, labour and material costs, construction period, ancillary materials and site management, the contract price was ultimately prudently determined. The engineering costs under the Agreements were respectively determined on the same set of standards.

The Directors (including the independent non-executive Directors) are of the view that the above pricing methods and procedures can ensure that the Agreements are entered into on normal commercial terms, with prices and terms no less favourable than those offered by independent third parties, and would not prejudice the interests of the Company and its minority Shareholders.

INTERNAL CONTROL MEASURES

To ensure that the terms of the Agreements are fair and reasonable and that the Company complies with the pricing terms set out in the Agreements, the Company has adopted the following internal control procedures:

- (1) the Company has arranged for the Office of the Board to monitor the continuing connected transactions. The Office of the Board will closely monitor the transaction amounts under the continuing connected transactions, regularly consolidate the connected transaction data of each subsidiary, and conduct comparative analyses against the annual caps to ensure that the transaction amounts do not exceed the relevant annual caps. If the forecasted transaction amount is likely to exceed the annual cap, the Office of the Board shall immediately report to the Board, and the Board will initiate the procedures for revising the annual cap in accordance with the Listing Rules, and ensure that the actual transaction amount does not exceed the approved annual cap until the necessary approvals are obtained and the required disclosure is completed;
- (2) the Office of the Board will review and examine the relevant information and materials to ensure compliance with the requirements of the Listing Rules. The Company has established the Management System for Connected Transactions* (《關連交易管理制度》), which sets out clearly the approval authorities and procedures for connected transaction agreements. Any contract involving connected transactions, regardless of the amount, shall be submitted to the Office of the Board before signing to determine whether external disclosure procedures are required;
- (3) the independent non-executive Directors have reviewed and will continue to review the above transactions to ensure that the terms of the above transactions are fair and reasonable, that the above transactions are conducted in the ordinary and usual course of business of the Group on normal commercial terms and are in the interests of the Company and the Shareholders as a whole; and
- (4) the Company's auditors will review the pricing policies and caps of the above transactions on an annual basis.

By Order of the Board
Tang Fusheng
Chairman

Tianjin, the PRC
13 July 2026

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

* For identification purposes only