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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)

ADJUSTMENTS TO THE EXERCISE PRICE OF THE A SHARE OPTION INCENTIVE SCHEME

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 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 dated 23 December 2020; (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 overseas regulatory announcement of the Company dated 29 January 2021 in relation to the completion of the registration of the first grant of Share Options under the A Share Option Incentive Scheme; (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; and (viii) the overseas regulatory announcement of the Company dated 25 May 2023 in relation to the adoption of the independent exercise model for the First Exercise Period of the A Share Option Incentive Scheme. Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the Circular.

INTRODUCTION

The profit distribution plan of the Company for 2022 was approved by the Shareholders at the 2022 annual general meeting of the Company held on 1 June 2023. The profit distribution plan of the Company for 2022 was to distribute a cash dividend of RMB0.144 (tax inclusive) per Share based on the total share capital of 1,570,418,085 Shares of the Company, distributing a total cash dividend of RMB226,140,204.24.

The implementation of the profit distribution plan of the Company for 2022 will be completed on 3 July 2023.

On 29 June 2023, the Board considered and approved the Resolution in relation to the Adjustments to the Exercise Price of the Share Options under the Share Option Incentive Scheme of the Company for 2020. According to the relevant provisions regarding the method and procedure of adjustments to the Exercise Price of the A Share Option Incentive Scheme, the Company is required to adjust the Exercise Price of the Share Options.

ADJUSTMENTS TO THE EXERCISE PRICE

Pursuant to the relevant provisions under the A Share Option Incentive Scheme, in the event of capitalisation of capital reserves, bonus issue, share subdivision, share consolidation, rights issue or dividend distribution of the Company during the period from the date of announcement of the Scheme to the completion of Exercise of Share Options by the Participants, the Exercise Price shall be adjusted accordingly.

Pursuant to the relevant provisions under the A Share Option Incentive Scheme, the Company shall adjust the Exercise Price in accordance with the following formula:

$$P=P_0-V$$

Where: P_0 represents the Exercise Price before adjustment; V represents the dividend per Share; and P represents the Exercise Price after adjustment.

According to the formula, the Exercise Price after adjustment shall be:

$$P = 6.72 - 0.144 = \text{RMB}6.576 \text{ per Share.}$$

Based on the above, the Exercise Price after adjustment according to the aforesaid adjustment method shall be RMB6.58 per Share.

IMPACT OF THE ADJUSTMENTS ON THE COMPANY

The adjustments to the Exercise Price of the A Share Option Incentive Scheme aims to implement the profit distribution plan of the Company for 2022, the adjustments to the Exercise Price will neither affect the implementation of the A Share Option Incentive Scheme of the Company, nor have any substantial impact on the financial position and operating results of the Company.

OPINION OF THE INDEPENDENT DIRECTORS

The Independent Directors are of the opinions that the adjustments are in compliance with the relevant requirements under the Administrative Measures on Share Incentives of Listed Companies (the “**Administrative Measures**”) and the relevant provisions under the A Share Option Incentive Scheme. The adjustments have been authorized by the general meeting, and necessary procedures have been performed, without prejudice to the interests of the Company and all Shareholders, especially minority Shareholders. Therefore, the Independent Directors unanimously agreed with the Resolution in relation to the Adjustments to the Exercise Price of the Share Options under the Share Option Incentive Scheme of the Company for 2020.

OPINION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is of the opinion that, the adjustments are in compliance with the relevant requirements under the Administrative Measures and the relevant provisions under the A Share Option Incentive Scheme, and no circumstances under which the interests of the Shareholders were prejudiced. The related Directors abstained from voting in accordance with the requirements when the relevant matters were considered by the Board, the Independent Directors also expressed their specific opinions, and the consideration and voting procedures have complied the relevant requirements. Therefore, the adjustments were approved.

LEGAL OPINION FROM THE COMPANY'S PRC LEGAL ADVISER

The PRC legal adviser of the Company, Grandall Law Firm, Tianjin Office, is of the opinion that, as of the date of the legal opinion, according to the authorization granted to the Board at the 2020 second extraordinary general meeting, the 2020 second H shareholders' class meeting and the 2020 second A shareholders' class meeting of the Company, necessary approvals and authorizations at the current stage have been obtained for the adjustments and corresponding procedures have been performed. Both the reasons for the adjustments and the adjustments to the Exercise Price are in compliance with the relevant requirements under the Administrative Measures, the Notice on Several Issues on Regulating the Stock Incentive Program of the State-owned and Controlled Listed Companies (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》) and other laws, regulations, regulatory documents and the provisions under the A Share Option Incentive Scheme. The adjustments will not have any substantial impact on the financial position and operating results of the Company, without any significant prejudice to the interests of the Company and all Shareholders, and are beneficial to the sustainable development of the Company.

By Order of the Board
Ji Guanglin
Chairman

Tianjin, the PRC
29 June 2023

As at the date of this announcement, the Board comprises three executive Directors: Mr. Ji Guanglin, Mr. Li Yang and Ms. Jing Wanying; three non-executive Directors: Ms. Peng Yilin, Mr. An Pindong and Mr. Liu Tao; and three independent non-executive Directors: Mr. Xue Tao, Mr. Wang Shanggan and Ms. Liu Fei.