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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)

SECOND SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

References are made to the annual report of Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) published on 25 April 2022 (the “**2021 Annual Report**”) and the Supplemental Announcement to the Annual Report For the Year Ended 31 December 2021 of the Company dated 25 August 2022 (the “**First Supplemental Announcement**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the 2021 Annual Report and the First Supplemental Announcement.

Reference is made to the section headed “Financial Statements prepared in accordance with the PRC Accounting Standards for Business Enterprises – 4. Notes to the Consolidated Financial Statements” of the 2021 Annual Report, where the number of options lapsed during the year is stated in Note 34(a) to be 976 thousand shares for the Year. With respect to the difference between the said figure and the number of options lapsed during the Year as set out in the First Supplemental Announcement (i.e. 0 share), the Company would like to provide the following additional information:–

The Company held the Thirty-eighth Meeting of the Eighth Session of the Board of Directors (the “**Board**”) on 27 November 2020, and considered and approved the “Proposal on the 2020 Share Option Incentive Scheme (Draft) and the Summary Thereof”; and held the Forty-third Meeting of the Eighth Session of the Board on 21 January 2021, and considered and approved the “Proposal on Matters Relating to the First Grant of the 2020 Share Option Incentive Scheme”, determined the date of grant for the Share Options Granted for the First Time as 21 January 2021 and the number of Participants as 155.

According to the relevant provisions of the Company's "2020 Share Option Incentive Scheme (Draft)", the vesting period shall be the interval between the date of grant and the first exercise date (i.e. 21 January 2023), and the vesting period for the share options granted to the Participants under this Scheme is 24 months, and the exercise of options is not allowed during the vesting period. In order to meet the exercise conditions of exercising the options on the first exercise date, Participants must pass the Company's performance appraisal. The Company intends to hold a Board meeting before the first exercise date (i.e. 21 January 2023) to conduct the performance appraisal against all Participants (including sorting out whether the Participants have left the Company, etc.) to determine whether the Participants are ultimately eligible for exercise and to uniformly declare the share options of those ineligible Participants as lapsed. At present, the Share Option Incentive Scheme has not yet entered into the exercise period and still falls within the vesting period, therefore the Company has not reviewed and sorted out the status of share options. The Company has not yet declared the share options of certain Participants as lapsed even though they have left the Company or lost their interest in the Scheme during the vesting period. The Company will only complete the aforementioned confirmation process of sorting out the conditions of Participants and performance evaluation before the first exercise date (i.e. 21 January 2023).

However, in terms of accounting treatment, in accordance with the relevant provisions of "Accounting Standards for Enterprises No. 11 – Share-based Payments", the number of share options expected to be exercisable will be revised at each balance sheet date of the vesting period based on the latest available further information such as changes in the number of Participants who are eligible for exercise and the attainability of performance targets, and therefore the share options of those Participants who have left the Company or lost their interests will be deemed lapse on that balance sheet date (but not on the date of the Board meeting of the Company held before the first exercise date). At the same time, services acquired in the period are charged to the relevant costs or expenses and capital reserve at fair value of the share options at the date of grant.

Based on the above analysis, in terms of the Company's actual operation, the Company will uniformly declare some of the share options as lapsed at the date of the Board meeting before the first exercise date; while as regards the accounting treatment, if Participants left the Company or lost their interests, their share options are deemed lapse immediately at each balance sheet date during the vesting period. The Company's actual operation and accounting treatment are slightly different. Meanwhile, as confirmed by the Company's auditors, the financial expense concerned (even after taking into account the actual number of personnel who left the Company) would be insignificant, which is negligible and with no material impact.

The above supplemental information does not affect other information contained in the 2021 Annual Report and the First Supplemental Announcement. Save as disclosed above, all other information contained in the 2021 Annual Report and the First Supplemental Announcement remains unchanged.

By Order of the Board
Ji Guanglin
Chairman

Tianjin, the PRC
9 September 2022

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 Mr. Tian Liang.