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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)**

## **FULFILMENT OF THE EXERCISE CONDITIONS FOR THE FIRST EXERCISE PERIOD 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; (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; (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; and (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. Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the Circular.

### **I. EXPLANATION OF FULFILMENT OF THE EXERCISE CONDITIONS FOR THE FIRST EXERCISE PERIOD OF THE A SHARE OPTION INCENTIVE SCHEME**

#### **(I) Expiration of the Vesting Period**

According to the A Share Option Incentive Scheme, the Vesting Period represents the interval between the Date of Grant and the first day when the rights are exercisable, and the Vesting Period is 24 months. The date of the first grant of Share Options under the A Share Option Incentive Scheme is 21 January 2021, and the Vesting Period for this Exercise will expire on 20 January 2023.

## **(II) Fulfilment of the Exercise Conditions for the First Exercise Period**

<b>No.</b>	<b>Exercise Conditions for the First Exercise Period</b>	<b>Fulfilment of the Exercise Conditions for the First Exercise Period</b>
<b>1</b>	<b>The Company does not fall into any of the following circumstances:</b> <ol style="list-style-type: none"><li>1. a certified public accountant issues an auditor's report which contains negative opinion or in which no opinion can be expressed for the financial accounting report of the Company in the recent fiscal year;</li><li>2. a certified public accountant issues an auditor's report which contains negative opinion or in which no opinion can be expressed for the internal control on financial report of the Company in the recent fiscal year;</li><li>3. the Company makes any profit distribution which is in violation of the laws and regulations, the Articles of Association or any undertaking publicly made within the recent 36 months after being listed;</li><li>4. other circumstances in which the Company is not allowed to implement equity incentives according to laws and regulations;</li><li>5. other circumstances as specified by the CSRC.</li></ol>	As the Company has not fallen into any of the aforesaid circumstances, the Exercise Conditions have been fulfilled.

No.	Exercise Conditions for the First Exercise Period	Fulfilment of the Exercise Conditions for the First Exercise Period
2	<b>The Participant does not fall into any of the following circumstances:</b>	
1.	being considered as an ineligible candidate by the stock exchange within the last 12 months;	As none of the Participants has fallen into any of the aforesaid circumstances, the Exercise Conditions have been fulfilled.
2.	being considered as an ineligible candidate by the CSRC and its local offices within the last 12 months;	
3.	being administratively penalised or banned from entering the market by the CSRC and its local offices within the last 12 months for serious violations of laws and regulations;	
4.	the circumstances in which he/she is not allowed to serve as a Director or senior executive according to the Company Law;	
5.	the circumstances in which he/she is not allowed to participate in the share option incentive schemes of listed companies as required by laws and regulations;	
6.	other circumstances specified by the CSRC.	

No.	Exercise Conditions for the First Exercise Period	Fulfilment of the Exercise Conditions for the First Exercise Period
3	<b>Performance assessment requirements for the Company:</b>	
	<b>Performance assessment criteria for the First Exercise Period:</b>	
	<ol style="list-style-type: none"> <li>1. Based on the results in 2019, the operating revenue growth rate in 2021 shall not be lower than 35%, and shall not be lower than the industry average level in 2021;</li> <li>2. The average weighted rate of return on common Shareholder's equity in 2021 shall not be lower than 7.50%, and shall not be lower than the industry average level in 2021;</li> <li>3. The proportion of main business revenue shall not be lower than 93.00% in 2021.</li> </ol>	<ol style="list-style-type: none"> <li>1. Based on the results in 2019, the operating revenue growth rate of the Company in 2021 was 59.06%, higher than the industry average level of 47.38% in 2021;</li> <li>2. The average weighted rate of return on common Shareholder's equity in 2021 was 10.11%, higher than the industry average level of 8.72% in 2021;</li> <li>3. The proportion of main business revenue reached 94.42% in 2021.</li> </ol>
	<b>Notes:</b>	
	<p>1. The financial indicators in the above table shall be subject to the audited and announced financial reports of the Company for the respective years; 2. In case of significant changes in business structure or extreme values or excessive deviation in performance of the peer samples, the Board will remove or replace the samples in the assessment; 3. During the Validity Period of the Scheme, if the Company conducts public offering or non-public offering in the current year and in the future, which will affect the net assets, the newly increased net assets shall not be included in the net assets of the current year and the corresponding future year in the performance assessment; 4. In the calculation of return on common Shareholders' equity, the cost caused by equity incentive is added back.</p>	<p>In view of the above, the Exercise Conditions for the First Exercise Period of the A Share Option Incentive Scheme have been fulfilled.</p>

No.	Exercise Conditions for the First Exercise Period	Fulfilment of the Exercise Conditions for the First Exercise Period
4	<b>The Participant meets the personal performance assessment requirements:</b>	

The Participant's actual number of Options for Exercise is linked to the performance evaluation results of the Participant in the previous year. The limit of the actual number of Options for Exercise in the current year = the Percentage of Exercise by individual Participant  $\times$  the Schedule Exercise limit of the individual Participant in the current year, as detailed below:

Assessment result (S)	S $\geq$ 90	90>S $\geq$ 80	80>S $\geq$ 60	S<60
Personal year-end performance	Excellent (A)	Good (B)	Pass (C)	Fail (D)
Percentage of Exercise by individual Participant	1.0	1.0	0.9	0

According to the Company's 2021 personal performance assessment results, among the Participants granted with Share Options, save for 15 Participants who have terminated their labour relations with the Company, had their positions adjusted or are not working in the Company system due to normal designations, and therefore no longer meet the incentive conditions, out of the remaining 140 Participants, one person retired and his/her personal performance assessment results are no longer included in the Exercise Conditions, 138 persons are assessed as excellent, and one person is assessed as good, which meets the personal performance assessment requirements. Therefore, the aforesaid 140 Participants are entitled to 100% Exercise for the First Exercise Period.

In view of the above, the Exercise Conditions of the 140 Participants for the First Exercise Period have been fulfilled. According to the exercise arrangement of the A Share Option Incentive Scheme, the number of exercisable Share Options for the First Exercise Period accounts for 1/3 of the number of Share Options granted, i.e., the 140 Participants may exercise a total of 3,334,792 Share Options for the First Exercise Period. The First Exercise Period ends on 20 January 2024.

## II. PARTICULARS OF THIS EXERCISE

- (I) Date of Grant: 21 January 2021
- (II) Exercise Price: RMB6.72 per A Share
- (III) Source of underlying shares: A Shares issued by the Company to the Participants
- (IV) Number of Participants: 140 persons in total
- (V) Number of the Exercise: 3,334,792 Share Options
- (VI) Method of the Exercise: independent Exercise
- (VII) Exercise Period: From the completion of the independent Exercise approval procedures by China Securities Depository and Clearing Company Limited Shanghai Branch until 20 January 2024.
- (VIII) Exercise arrangement: The Board will determine the Exercise Date in accordance with the period of Exercise window stipulated in the policy and apply for the independent Exercise for the Participants in accordance with the relevant regulations, and the Participants may choose to exercise their Options independently within the Exercise Period (excluding the statutory prohibition period). According to the relevant regulations, the Exercise Date must be the Trading Day within the Exercise Period, in which the exercise of Share Options is not allowed during the following periods:
  - (1) the period from the date of 30 days prior to the announcements of the periodic reports of the Company to 2 Trading Days after such announcement, provided that if the announcement date of the periodic report is delayed due to special reasons, it shall be calculated from 30 days prior to the pre-determined announcement date;
  - (2) the period from the date of 10 days prior to the announcement of the results forecast and preliminary results of the Company to 2 Trading Days after such announcement;
  - (3) the period from the date of the major transaction or major event decision process to 2 Trading Days after the announcement of the event;
  - (4) the period from the date of occurrence of other material events that may affect the stock price to 2 Trading Days after the announcement.

The aforementioned “major transaction”, “major event” and “material events that may affect the stock price” are transaction or other major event that should be disclosed by the Company in accordance with the Listing Rules of the Shanghai Stock Exchange.

(IX) List of the Participants and particulars of the Exercise:

No.	Name	Position	Number of Share Options Exercisable for the First Exercise Period	Percentage to the total number of Share Options granted	Percentage to the total share capital as at the date of this announcement
1	Li Yang	General Manager	83,333	33.33%	0.0053%
2	Zhang Jian	Deputy General Manager	83,333	33.33%	0.0053%
3	Li Jinhe	Deputy General Manager	83,333	33.33%	0.0053%
4	Niu Bo	Secretary to the Board	60,000	33.33%	0.0038%
		Other Participants (136 persons)	3,024,793	33.33%	0.1926%
		Total	3,334,792	33.33%	0.2123%

*Note:* The number of Options for Exercise for the First Exercise Period listed in the table above is subject to the actual number confirmed by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

### III. 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 Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, based on the fair value of Shares on the Date of Grant, the services obtained in the current period are included in the relevant costs or expenses, and the capital reserve shall be increased accordingly. The Participants will exercise their rights in an independent manner. The Company determine the fair value of Share Options on the Date of Grant using the Binomial Model. According to the accounting treatment method for the Share Options, there is no need to re-evaluate the fair value of the Share Options after the Date of Grant, i.e., the choice of exercise mode will not affect the pricing of the Share Options.

After granting the Share Options on the Date of Grant, the Company has amortised the relevant fees for the exercise of Share Options accordingly under the accounting standards during the corresponding Vesting Period, with the specific amounts subject to the annual auditing report issued by the accountant firm. This Exercise of Share Options will not have any material impact on the financial position or operating results of the Company.

## OPINION OF THE INDEPENDENT DIRECTORS

The Independent Directors are of the opinions that, the first Exercise Condition to grant Share Options under the A Share Options Incentive Scheme was fulfilled according to the 2020 Share Option Incentive Scheme (draft) and the Evaluation Methods in respect of the Implementation of the 2020 Share Option Incentive Scheme passed by the 2020 second extraordinary general meeting, the 2020 second A shareholders' class meeting of the Company and the 2020 second H shareholders' class meeting. The related Directors were abstained from voting in accordance with the requirements when the above Resolutions were considered by the Board, and necessary procedures have been performed. It will not prejudice the interests of the Company and all Shareholders, especially minority Shareholders. Therefore, the Independent Directors unanimously passed the Resolution regarding the Exercise Conditions for the First Exercise Period of the 2020 Share Option Incentive Scheme.

## OPINION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee reviewed the Exercise Conditions of the A Share Option Incentive Scheme and the adjusted list of Participants, and considered the Exercise Conditions of the First Exercise Period of the Share options granted under the A Share Option Incentive Scheme have been fulfilled, the Exercise Conditions were in compliance with the relevant provisions of Administrative Measures on Incentive Scheme of Listed Companies (“**Administrative Measures**”) and the A Share Option Incentive Scheme, etc., and there were no circumstances under which the Company and the Participants cannot exercise their rights. Necessary procedures have been performed and will not prejudice the interests of the Company and all Shareholders, especially minority Shareholders. 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. The persons included in the adjusted list of Participants of the Scheme were in compliance with the conditions of Participants stipulated in relevant laws, regulations and normative documents, and were in line with the scope of Participants determined in the Scheme, and the qualification as Participants of the Scheme is legal and valid. In view of the above, the Supervisory Committee agreed the 140 eligible Participants to exercise their Options and the total exercisable number is 3,334,792 Share Options.



## 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, 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, as at the date of issuance of the legal opinion, the Exercise Conditions for this Exercise have been fulfilled, the Exercise Conditions and the adjusted list of Participants have obtained the necessary approval and authorization and the corresponding procedures have been performed; the Exercise Conditions and the adjusted list of Participants were in compliance with the relevant requirements under the Administrative Measures, the Trial Measures for Implementation of with the relevant requirements 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 other laws, regulations, regulatory documents and the provisions under the A Share Option Incentive Scheme. The Exercise will not have any material impact on the financial position and operating results of the Company and will not obviously prejudice the interests of the Company and all Shareholders, which is beneficial to the sustainable development of the Company.

By order of the Board

**Ji Guanglin**

*Chairman*

Tianjin, the PRC  
22 February 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 Mr. Tian Liang.*