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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)

## **INSIDE INFORMATION ANNOUNCEMENT IN RELATION TO THE PROPOSED PROVISION FOR IMPAIRMENT OF ASSETS**

This announcement is made by Tianjin Capital Environmental Protection Group Company Limited (the “**Company**”) pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 and Rule 13.10B of the Listing Rules.

References are made to (1) the announcement of the Company dated 24 December 2020 in relation to the Company’s proposed acquisition of 100% equity interests in Gaoyou Compro Environmental Resources Company Limited\* (“**Gaoyou Compro**”) and Jiangsu Yonghui Resources Utilization Company Limited\* (“**Jiangsu Yonghui**”); (2) the announcement dated 18 January 2021 in relation to the Company’s application for waiver under Rules 14.60A and 14.62 of the Listing Rules; (3) the announcement dated 21 January 2021 in relation to the grant of waiver under Rules 14.60A and 14.62 of the Listing Rules by the Stock Exchange; (4) the further announcement dated 5 March 2021 in relation to the profit forecast of the discloseable transactions; (5) the further announcement dated 26 April 2021; and (6) the announcement dated 3 March 2022 in relation to the provision for impairment of assets (collectively, the “**Announcements**”).

On 22 March 2024, the Company convened the twenty-ninth meeting of the ninth session of the board of directors (the “**Board**”), at which the “Resolution in relation to the Proposed Provision for Impairment of Assets” was considered and passed, the details of which are as follows:

### **1. PROVISION FOR IMPAIRMENT OF ASSETS**

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets of the People’s Republic of China (the “**PRC**”), the Company conducted an impairment test on goodwill within the scope of the consolidated financial statements as of 31 December 2023, and made provision for impairment of assets for assets with indications of impairment.

As stated in the Announcements, in order to enhance the market competitiveness of the Company's hazardous waste business and improve the regional layout of hazardous waste business, the Company acquired 100% equity interests in Gaoyou Compro and 100% equity interests in Jiangsu Yonghui at a total consideration of RMB733,000,000 (the "Acquisitions"), of which the acquisition price for Gaoyou Compro was RMB382,910,000 and the acquisition price for Jiangsu Yonghui was RMB350,090,000. The Company signed an equity transfer agreement with the transferors of Gaoyou Compro and Jiangsu Yonghui respectively on 8 January 2021 and completed the change in industrial and commercial registration for Gaoyou Compro and Jiangsu Yonghui on 26 January 2021.

According to the asset valuation reports Su Zhong Zi Ping Bao Zi (2022) No. 9012 and Su Zhong Zi Ping Bao Zi (2022) No. 9013 issued by Jiangsu China Enterprise Appraisals Zhongtian Asset Co., Ltd., the Company recognized the fair value of identifiable net assets on a consolidated basis of Gaoyou Compro and Jiangsu Yonghui in the amount of RMB148,185,300 and RMB79,694,300 respectively at the date of purchase.

The Acquisitions constituted business combinations not under common control, and goodwill of RMB505,120,400 shall be recognized on the basis of the difference between the cost of the acquisitions and the fair value of the identifiable net assets at the date of the acquisitions, of which RMB234,724,700 was recognized for Gaoyou Compro and RMB270,395,700 was recognized for Jiangsu Yonghui. It was assessed that impairment of goodwill of RMB99,658,900 was recognised in 2021 and impairment of goodwill of RMB85,648,300 was recognised in 2022.

**2. REASONS FOR THE PROVISION FOR IMPAIRMENT OF GOODWILL IN THE CURRENT PERIOD AND THE SPECIFIC EXPLANATION FOR THE PROVISION FOR IMPAIRMENT OF ASSETS**

The Company has engaged Beijing China Enterprise Appraisals Co., Ltd. to conduct an impairment assessment on the goodwill arising from the acquisition of Gaoyou Compro and Jiangsu Yonghui as at 31 December 2023 as the valuation reference date.

In view of the continuous increase in the number of hazardous waste disposal enterprises throughout the country including Jiangsu Province, the overall supply and demand relationship in the market has changed and the profitability of the hazardous waste industry has declined; coupled with the fact that the two projects of Gaoyou Compro and Jiangsu Yonghui were affected by special factors such as the shutdown of production due to energy conservation and emission reduction restrictions and the shutdown of production due to the replacement of the hazardous waste operating licence, the consolidated disposal unit price for the year 2021-2023 has declined by varying degrees as compared with that prior to the acquisition. After taking into account the current situation of the industry, the orders on hand of the project companies, the future disposal loading rate of the projects, the discount rate and other factors, it was assessed and determined in the assessment report on goodwill impairment test issued by Beijing China Enterprise Appraisals Co., Ltd. that the total amount of goodwill impairment of the aforesaid projects amounted to approximately RMB169,762,300, of which the goodwill impairment for Gaoyou Compro amounted to RMB85,243,600, and the goodwill impairment for Jiangsu Yonghui amounted to RMB84,518,700. Subsequently, the Company will make adjustments to the value of goodwill and provide for asset impairment in the annual statements for the year 2023 based on such valuation results.

During the impairment test conducted by the Company in respect of goodwill of the above two projects, various factors including industry environment, actual operating conditions and future business plans had been taken into account sufficiently, an adequate and prudent provision for impairment of goodwill had been made.

### **3. IMPACT OF THE PROVISION FOR THE IMPAIRMENT OF ASSETS ON THE COMPANY**

The goodwill impairment of RMB169,762,300 of the Company was directly credited into profit or loss of the Company for 2023, resulting in a decrease of RMB169,762,300 in the net profit attributable to the listed company in the consolidated statements of the Company for 2023.

### **4. DECISION-MAKING PROCEDURES FOR THE PROVISION FOR THE IMPAIRMENT**

The Twenty-ninth Meeting of the Ninth Session of the Board of the Company was held via a combination of physical presence and video conferences on 22 March 2024, nine Directors should attend the meeting and nine Directors have attended. The procedures for the convening of this Board meeting were in compliance with the relevant requirements of the Company Law of the PRC and the Articles of Association of the Company, and the Board considered and approved the Resolution on Proposed Provision for Impairment of Assets at the meeting.

The Board is of the view that the provision for the impairment of assets of the Company was made in accordance with China Accounting Standards for Business Enterprises based on the actual conditions of the assets of the Company. The provision for the impairment of assets is based on the accounting principle of prudence, the reasons for the impairment are adequate, which could objectively, truly and fairly reflect the financial situation and assets value of the Company, and therefore agreed to the provision for the impairment of assets.

By order of the Board  
**Tang Fusheng**  
*Chairman*

Tianjin, the PRC  
22 March 2024

*As at the date of this announcement, the Board comprises three executive Directors: Mr. Tang Fusheng, Mr. Pan Guangwen and Ms. Nie Yanhong; 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.*

\* *For identification purpose only*