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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 in the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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\* (高郵康博環境資源有限公司) (“**Gaoyou Compro**”) and Jiangsu Yonghui Resources Utilization Company Limited\* (江蘇永輝資源利用有限公司) (“**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; (6) the inside information announcement dated 3 March 2022 in relation to the provision for impairment of assets; and (7) the inside information announcement dated 22 March 2024 in relation to the proposed provision for impairment of assets (collectively, the “**Announcements**”).

On 21 March 2025, the Company convened the fifty-fourth meeting of the ninth session of the board of directors of the Company (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:

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

In order to objectively and fairly reflect the financial position and operating results of the Company for the year 2024, in accordance with the relevant provisions of the China Accounting Standards for Business Enterprises and the Company’s accounting policies, the Company conducted an impairment test on the relevant assets within the scope of the consolidated financial statements for the year ended 31 December 2024 (the “**Reporting Period**”). Based on the results of the impairment test, the Company proposes to make a provision for asset impairment of RMB244,091,200 for the year 2024, of which RMB150,050,900 is for goodwill impairment loss and RMB94,040,300 is for credit impairment loss. Details are as follows:

### **1. Goodwill impairment losses**

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 fair values of identifiable net assets on a consolidated basis of Gaoyou Compro and Jiangsu Yonghui recognised by the Company at the date of purchase were RMB148,185,300 and RMB79,694,300, respectively.

The Acquisitions constituted business mergers not under the same control, and goodwill of RMB505,120,400 shall be recognised at the date of merger based on difference between the cost of the mergers and the fair values of the identifiable net asset, of which RMB234,724,700 shall be recognised for Gaoyou Compro and RMB270,395,700 shall be recognised for Jiangsu Yonghui. It was assessed that impairment of goodwill of RMB99,658,900 was recognised in 2021, impairment of goodwill of RMB85,648,300 was recognised in 2022 and impairment of goodwill of RMB169,762,300 was recognised in 2023.

The Company has engaged Beijing China Enterprise Appraisals Co., Ltd. to carry out an impairment assessment of the goodwill arising from the acquisition of Gaoyou Compro and Jiangsu Yonghui, taking 31 December 2024 as the valuation benchmark date.

In view of the fact that the overall supply in the hazardous waste disposal market, including that of Jiangsu Province, still exceeds the demand and the profitability of the industry is still in decline and at a low level; coupled with the fact that the two projects of Gaoyou Compro and Jiangsu Yonghui are affected by the macro-economy and the cessation of production as a result of the replacement of the hazardous waste operation licences, the consolidated unit price of disposal for the period from 2021 to 2024 was reduced to varying degrees as compared with that prior to the acquisition. According to the valuation report on goodwill impairment assessment issued by Beijing China Enterprise Appraisals Co., Ltd., after taking into account factors such as the current situation of the industry, the orders on hand of the project companies and the future disposal load rate of the projects, the discount rate and other factors, the assessment concluded that the total amount of goodwill impairment of the aforesaid projects amounted to approximately RMB150,050,900, of which the goodwill impairment for Gaoyou Compro amounted to RMB64,428,400 and the goodwill impairment for Jiangsu Yonghui amounted to RMB85,622,500. The Company will make adjustments to the value of goodwill and provide for asset impairment in the annual statements for the year 2024 based on the results of the assessment.

During the impairment test in respect of goodwill for the above two projects, various factors including industry the Company had taken into full consideration factors such as the industry environment, actual operating conditions and future business plans had been taken into account, and the provision for impairment of goodwill is adequate and prudent.

## **2. Credit impairment losses**

The Company carries out accounting treatment of impairment for financial assets and contract assets measured at amortised cost on the basis of expected credit losses and recognises a provision for bad debts. For notes and accounts receivable arising from daily operations, such as sales of products and provision of labour services, the impairment loss is measured on the basis of expected credit losses over the entire period of existence, regardless of whether there is a significant financing component.

The Company assesses expected credit losses on an individual basis for financial assets that are significant in amount and have a significantly lower credit risk, as well as for financial assets for which a significant increase in credit risk has occurred or for which a credit impairment has been recognised since initial recognition. When information on expected credit losses cannot be assessed at a reasonable cost for an individual financial asset, receivables are grouped into portfolios on the basis of credit risk characteristics, and expected credit losses are calculated on the basis of such portfolios.

During the Reporting Period, the Company conducted impairment tests for bills receivable, trade receivables, other receivables and long-term receivables on the basis of expected credit losses in accordance with the above methods of provision and proposes to provide a credit impairment loss of RMB94,040,300.

## II. IMPACT OF THE PROVISION FOR IMPAIRMENT OF ASSETS ON THE COMPANY

The asset impairment of RMB244,091,200 of the Company was directly credited into profit or loss of the Company for the year 2024, and the impact on the Company's profit or loss for the year 2024 is 28.04% of the absolute value of the audited net profit for the latest accounting year.

## III. DECISION-MAKING PROCEDURES FOR THE PROVISION FOR IMPAIRMENT

The fifty-fourth meeting of the ninth session of the Board was held via a combination of physical presence and video conferences on 21 March 2025, nine Directors should attend the meeting and eight Directors have attended. Independent non-executive Director Ms. Liu Fei was unable to attend the meeting due to other engagements and had entrusted independent non-executive Director Mr. Xue Tao to attend and vote on her behalf. The procedures for the convening of this board meeting were in compliance with the relevant requirements of the Company Law of the People's Republic of China ("PRC") and the Articles of Association of the Company, and the Board considered and approved the "Resolution in relation to the 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 impairment of assets.

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

Tianjin, the PRC  
21 March 2025

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