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## **CHIHO ENVIRONMENTAL GROUP LIMITED**

**齊合環保集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 976)**

### **ANNOUNCEMENT PURSUANT TO RULES 13.51B(2) AND 13.51(2) OF THE LISTING RULES**

This announcement is made by Chiho Environmental Group Limited (the “**Company**”) pursuant to Rule 13.51B(2) and 13.51(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company was notified that Mr. Tu Jianhua (“**Mr. Tu**”), an executive director of the Company, has received a decision on disciplinary actions (“**Decision**”) against Shanghai Fenghua (Group) Co., Ltd. (“**Fenghua**”), controlling shareholder Loncin Holdings Co., Ltd. (“**Loncin Holdings**”), actual controller Mr. Tu and responsible persons ([2019] No. 124) (《上海證券交易所紀律處分決定書》[2019] 124號), issued by the Shanghai Stock Exchange. According to the Decision, funds of Fenghua in the aggregate amount of RMB480 million were used by its controlling shareholder (i.e. Loncin Holdings), which constituted occupation of funds by a controlling shareholder for non-operational purposes.

As set out in the Decision, the Shanghai Stock Exchange had determined that Mr. Tu (as the actual controller of Fenghua) had used his control over Fenghua to damage the independence of Fenghua, and violated Articles 1.1, 1.4 and 2.2 of the Notice on Certain Issues and Related Party Funds Exchanges and Listed Companies’ External Guarantees and Guidelines for Controlling Shareholders and Actual Controllers of Listed Companies on the Shanghai Stock Exchange.

As described in the Decision, having taken into consideration that Loncin Holdings has returned the occupied non-operational funds and the related interest, and has adopted measures to remedy the relevant violations, the Shanghai Stock Exchange considered imposing lighter disciplinary measures. As such, the Shanghai Stock Exchange has publicly condemned, among others, Mr. Tu in accordance with the relevant provisions of the Stock Listing Rules and the Measures for the Implementation of Disciplinary and Supervision Measures of the Shanghai Stock Exchange. If any party in receipt of the penalty is not satisfied with the public condemnation, they should apply to the Shanghai Stock Exchange for review within 15 business days from the date of receipt of the Decision, but the implementation of the Decision will not be suspended during the period of review.

For further details, please refer to the Decision as published by the Shanghai Stock Exchange:

<http://www.sse.com.cn/disclosure/credibility/supervision/measures/criticism/c/706c77bb-baac-47d9-9a22-7fca745f2941.pdf>

Save as disclosed in this announcement, the Company is not aware of any information on the above matter which needs to be brought to the attention of shareholders of the Company. The Decision does not involve the Company or any of its subsidiaries (the “**Group**”). The board of directors of the Company does not consider that the Decision will have any material adverse impact on the business and/or operations of any member of the Group.

By Order of the Board  
**Chiho Environmental Group Limited**  
**Qin Yongming**  
*Chairman*

Hong Kong, 6 January 2020

*As at the date of this announcement, the Board comprises:*

*Executive Directors:* Qin Yongming (*Chairman and Chief Executive Officer*)  
Tu Jianhua

*Independent Non-executive Directors:* Loke Yu  
Qian Liping  
Zhu Hongchao