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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)**

**INSIDE INFORMATION  
UPDATES ON THE RESTRUCTURING OF  
THE CONTROLLING SHAREHOLDERS  
AND  
ANNOUNCEMENT PURSUANT TO RULE 3.7 OF  
THE TAKEOVERS CODE**

This announcement is made pursuant to the Inside Information Provisions under part XIVA of the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Rule 3.7 of The Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”).

Reference is made to the announcements of Chiho Environmental Group Limited (the “Company”, together with its subsidiaries, the “Group”) dated 30 December 2021 and 7 February 2022 (the “Announcements”) in relation to the potential restructuring of the Controlling Shareholders (as defined below), and the announcement of the Company dated 1 March 2022 in relation to the positive profit alert of the Group for the year ended 31 December 2021 (the “Positive Profit Alert”) and the business updates (the “Positive Profit Alert Announcement”).

As disclosed in the Announcements:

- Loncin Group Co., Limited, Loncin Holdings Co., Limited and USUM Investment Group Limited (the “**Controlling Shareholders**”), which are intermediate controlling shareholders of the Company, and ten other companies related to the Controlling Shareholders (together with the Controlling Shareholders, the “**Loncin Restructuring Companies**”) are undergoing a restructuring (the “**Restructuring**”) under the supervision of the Fifth Intermediate People’s Court of Chongqing City (重慶市第五中級人民法院)(the “**Chongqing Intermediate Court**”).
- On 30 December 2021, the Company was informed that, with the authorisation from the Loncin Restructuring Companies, their temporary restructuring administrator has signed an restructuring investment agreement with an investors consortium (the “**Consortium**”) which is led by Shandong Jiuyang Group Limited\* (山東九羊集團有限公司).
- On 7 February 2022, the Company received a notice from USUM Investment Group Limited that it had received a ruling from Chongqing Intermediate Court on 30 January 2022 approving the acceptance of the restructuring application of USUM Investment Group Limited.

The Company was recently informed by USUM Investment Group Limited that as a matter of procedure, implementation of the Restructuring is conditional upon and remains subject to approval by the creditors of the Loncin Restructuring Companies at a creditors’ meeting and sanction by the Chongqing Intermediate Court. Neither the creditors’ approval nor the court’s sanction has been obtained as at the date of this announcement. In the event that the aforementioned approval and sanction are obtained and the Restructuring is implemented, the ultimate beneficial owner of the Controlling Shareholders may be changed, and a mandatory general offer under the Takeovers Code may be triggered.

## **POSITIVE PROFIT ALERT**

For the purposes of the Takeovers Code, the offer period (the “**Offer Period**”) commenced from the date of the first Announcement, being 30 December 2021.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to clarify that the Positive Profit Alert Announcement, which was issued during the Offer Period, is regarded as a profit forecast under Rule 10 of the Takeovers Code and would need to be reported on by the Company’s financial advisers and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code, and their reports must be included in the next document sent to the shareholders of the Company (the “**Shareholders**”) under Rule 10.4 of the Takeovers Code.

Since the Positive Profit Alert Announcement is required to be made pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which requires the Company to issue a profit alert announcement as soon as practicable and given the time constraints, the Company encountered genuine and practical difficulties time-wise in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

**The Company would like to draw the attention of the Shareholders and potential investors that the Positive Profit Alert Announcement does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on such forecasts in assessing the merits and demerits of the possible offer described in this announcement and when dealing in the securities of the Company.**

Normally, the reports from the Company’s financial advisers and auditors or accountants on the Positive Profit Alert are required to be included in the next document to be sent to the Shareholders. As the annual results announcement of the Company for the year ended 31 December 2021 is expected to be published prior to the despatch of the next document to be sent to the Shareholders, the requirement of “reporting on” under Rule 10 of the Takeovers Code for the Positive Profit Alert is expected to be superseded by the publication of the annual results of the Company.

## **SECURITIES OF THE COMPANY**

As at the date of this announcement, the relevant securities of the Company comprise 1,605,152,291 ordinary shares. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

## **MONTHLY UPDATE**

In accordance with Rule 3.7 of the Takeovers Code, monthly announcement(s) will be made by the Company until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

## **DEALING DISCLOSURE**

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, Shareholders having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and members of the Consortium are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

## **RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES**

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

**Warnings: There is no assurance that the Restructuring will be implemented, or that it will lead to a general offer under Rule 26.1 of Takeovers Code. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).**

By Order of the Board  
**Chiho Environmental Group Limited**  
**Li Linhui**  
*Chairman*

Hong Kong, 21 March 2022

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

*Executive Directors:*

Mr. Tu Jianhua  
Mr. Li Linhui (*Chairman*)  
Mr. Miao Yu  
Mr. Yao Jietian

*Independent Non-Executive Directors:*

Prof. Li Zhiguo  
Prof. Yan Guowan  
Mr. Szeto Yuk Ting

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

\* *For identification purpose only*