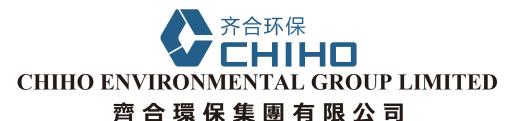
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(Incorporated in the Cayman Islands with limited liability) (Stock Code: 976)

## VOLUNTARY ANNOUNCEMENT UPDATES ON THE RESTRUCTURING OF THE CONTROLLING SHAREHOLDERS

This announcement is made by Chiho Environmental Group Limited (the "**Company**") on a voluntary basis.

References are made to the announcements of the Company dated 30 December 2021, 7 February 2022, 21 March 2022, 22 April 2022, 22 July 2022, 31 October 2022, 18 November 2022, 23 November 2022, 23 December 2022, 19 January 2023, 17 February 2023, 6 March 2023, 22 November 2023, 22 May 2024, 29 July 2024, 20 August 2024 and 23 August 2024, in relation to, inter alia, the potential restructuring of the Controlling Shareholders. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company published on 29 July 2024 at 12:24 p.m. (the "**29 Jul Announcement**").

## THE ADMINISTRATOR'S NOTICE

The board of directors (the "**Board**") of the Company wishes to update shareholders of the Company and potential investors that on 4 November 2024, members of the Board received an electronic mail from a sender claiming to be the Administrator attaching a notice (the "**Administrator's Notice**") notifying members of the Board that, among others,

a restructuring investment agreement has been entered into between the Loncin Restructuring Companies and an investor, pursuant to which the investor (the "Investor") agreed to acquire from the Loncin Restructuring Companies certain assets, including 477 million ordinary shares of the Company (the "Subject Shares") (representing approximately 29.72% of the issued share capital of the Company as at the date of this announcement) (the "Share Transfer");

- (ii) the Administrator will change the composition of the Board; and
- (iii) the Administrator planned to complete the abovementioned proposed changes in the shareholdings and Board composition of the Company by the end of this year.

As disclosed in the 29 Jul Announcement, Mr. Tu Jianhua has raised grave concerns on the legality and validity of the acts of the Administrator, which has significantly deviated from the Restructuring Plan, as sanctioned by the court. Mr. Tu Jianhua has filed a lawsuit with the Fifth Intermediate People's Court of Chongqing City challenging the validity of the restructuring investment agreement which was entered into by the Administrator on behalf of the Loncin Restructuring Companies through assuming the right of the shareholders of the Loncin Restructuring Companies ("**PRC lawsuit**").

## LEGAL ACTIONS INITIATED BY A MINORITY SHAREHOLDER OF THE INDIRECT CONTROLLING SHAREHOLDER

The Board was notified that a minority shareholder (the "**Minority Shareholder**") of USUM Investment Group Limited ("**USUM PRC**"), which in turn is one of the Loncin Restructuring Companies and the sole shareholder of USUM Investment Group Hong Kong Limited ("**USUM HK**") has initiated the following legal actions in the PRC and Hong Kong concerning the Restructuring (the "**MI legal actions**"):

- (1) on 11 November 2024, the Minority Shareholder lodged a formal application to the Fifth People's Procuratorate of Chongqing City (重慶市檢察院第五分院) (the "**Procuratorate**") against, among others, the Bankruptcy Court of the Fifth Intermediate People's Court of Chongqing City, Mr. Tu Jianhua and the Administrator, requesting the Procuratorate to monitor the implementation of the Restructuring Plan and to transfer the case to the public security for criminal investigation as the Minority Shareholder claims that the restructuring has not been carried out in accordance with the Restructuring Plan as sanctioned by the Court and as a result, the rights of the Minority Shareholder was severely deprived; and
- (2) on 15 November 2024, the Minority Shareholder filed a writ of summons (HCA 2276 of 2024) with the High Court of the Hong Kong Special Administrative Region with an indorsement of claim against the Investor and the Administrator (collectively, the "Defendants"). The Minority Shareholder sues and claims on behalf of itself and all other shareholders in USUM PRC and USUM HK against the Defendants for, among others, (i) a declaration that the Share Transfer was executed without proper authority and/or in breach of fiduciary duty and/or procured by deceit and/or fraudulent misrepresentation, and is accordingly void and of no effect; and (ii) an injunction restraining the Investor from disposing of, transferring, charging or otherwise dealing with the Subject Shares and exercising any voting rights attaching to the Subject Shares.

For the avoidance of doubt, the Company is not a party to the PRC lawsuit or the MI legal actions.

Given the PRC lawsuit and MI legal actions, it is therefore uncertain as to whether the proposed changes in the shareholding of the Company and/or Board composition would be proceeded. Hence, since the Administrator's Notice did not provide any details for the proposed change in Board composition or identify any potential Board member candidate, it is also uncertain whether the purported change of Board composition, if proceeds, would materially and adversely affect the operation and business of the Company. As at the date of this announcement, the operation and management of the Company are stable and normal.

The Company will continue to closely monitor the subsequent development and effect of the Restructuring and the status of the PRC lawsuit and MI legal actions. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or other applicable codes, laws and regulations.

## Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 17 November 2024

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

*Executive Directors:* 

Mr. Tu Jianhua Mr. Qin Yongming *(Chairman)* Mr. Miao Yu Mr. Yao Jietian Mr. Wang Li Mr. Liu Yongxin

Independent Non-Executive Directors:

Prof. Li Zhiguo Mr. Szeto Yuk Ting Ms. Leung Pui Yee