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
LITIGATION INVOLVING A WHOLLY-OWNED SUBSIDIARY

This announcement is made by Chiho Environmental Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") in accordance with Rule 13.09(2) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BACKGROUND

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company and potential investors that the Company has recently been notified that the Fifth Intermediate People's Court of Chongqing Municipality（重慶市第五中級人民法院）has issued an enforcement ruling (2026) Yu 05 Zhi Bao 218 dated 9 July 2026, supplemented by an enforcement ruling (2026) Yu 05 Zhi Bao 218-1 dated 10 July 2026, in relation to a dispute concerning an alleged loan in the amount of RMB70 million (the "**Enforcement Rulings**") against Taizhou Chiho-Tiande Metals Company Limited*（台州齊合天地金屬有限公司）("**Chiho-Tiande Metals**"), a wholly-owned subsidiary of the Company.

The Enforcement Rulings were among Mr. Li Yizhao（李藝昭）("**Mr. Li**") as applicant for enforcement, and Mr. Tu Jianhua（涂建華）("**Mr. Tu**"), a former executive Director, and Chiho-Tiande Metals as the parties subject to enforcement.

Based on the statement of claim（民事起訴狀）(the "**Claim**") received by the Group: (i) Mr. Li, as plaintiff, alleges that on 22 August 2019 he lent RMB70,000,000 (the "**Alleged Loan**") to Chiho-Tiande Metals, as defendant, at an annual interest rate of 10%; and (ii) Mr. Tu, as defendant, confirmed in writing on 2 April 2026 that the Alleged Loan was jointly borrowed by him and Chiho-Tiande Metals, the Alleged Loan and the accrued interest remained outstanding, and that he agreed to assume joint and several liability, together with Chiho-Tiande Metals, to Mr. Li for repayment of the full principal amount and accrued interest in respect of the Alleged Loan.

THE RULING

As stated in the Enforcement Rulings, certain bank accounts of Chiho-Tiande Metals shall be frozen for a period of one year, up to an aggregate amount of RMB120 million. During this period, no encumbrances may be created over the frozen assets.

As a result of the Enforcement Rulings, an aggregate amount of approximately RMB51 million maintained in the relevant bank accounts of Chiho-Tiande Metals as at 13 July 2026 has been frozen.

POTENTIAL IMPACT ON THE GROUP

Chiho-Tiande Metals is a company established in the People's Republic of China (the "**PRC**") and is principally engaged in the processing and sales of metal scrap in the PRC.

The Company firmly disputes the Claim and intends to vigorously defend its position. The Group has engaged the PRC legal adviser to assist in the legal proceedings. According to the Group's internal records, an amount of RMB70 million was paid to the Company as repayment of investment principal and fixed returns by China First Private Equity Fund Co., Ltd.（中國第一私募資金有限公司）under the supplemental agreement to the entrusted investment agreement dated 14 June 2018 entered into between the Company and China First Private Equity Fund Co., Ltd. The amount of RMB70 million was remitted via Mr. Li to Chiho-Tiande Metals on 22 August 2019. The repayment arrangement was documented and confirmed in a four-party repayment of loan confirmation letter dated 22 August 2019 entered into among Mr. Li, the Company, Chiho-Tiande Metals and China First Private Equity Fund Co., Ltd., which explicitly states that Mr. Li confirmed that the bank transfer slip marked "loan" is not meant to be a loan from him to Chiho-Tiande Metals and that no lending relationship exists between Mr Li and Chiho-Tiande Metals (the "**Confirmation Letter**").

The Group's PRC legal adviser considers that the Claim is groundless on the following basis:

(i) Mr. Li's reliance solely on a bank transfer slip, without any supporting written loan agreement, receipts, acknowledgements of debt and other evidentiary documents proving the existence of a lending relationship is insufficient to establish a valid contractual lending relationship under the applicable provisions of the Civil Code and the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases on private lending;

(ii) In respect of the Confirmation Letter, the date of execution thereof and the transfer amount recorded therein are entirely consistent with Mr. Li's transfer slip for RMB70 million, which is sufficient to prove that Mr. Li was paying the investment principal and returns on behalf of China First Private Equity Fund Co., Ltd., and that the RMB70 million was in fact repayment of investment principal and returns owed to the Group, rather than a loan made by Mr. Li. As a signatory to the Confirmation letter, Mr. Li is now asserting that this RMB70 million constitutes a loan, which is self-contradictory and renders his statements clearly unreliable;

(iii) Mr. Li's failure to pursue repayment or assert any rights for seven years after the remittance of funds is inconsistent with the conduct expected of a commercial creditor holding such a substantial claim, and this indicates that no genuine loan existed;

(iv) Mr. Tu ceased to be Chiho-Tiande Metals' legal representative and director in April 2016 and has not held any senior position at Chiho-Tiande Metals since then, and Chiho-Tiande Metals has never issued any documents authorising loan confirmation or debt acknowledgment to Mr. Tu. Accordingly, he had no authority to represent Chiho-Tiande Metals or to confirm the Alleged Loan on behalf of Chiho-Tiande Metals. His confirmation in respect of the Alleged Loan should not be legally binding on Chiho-Tiande Metals; and

(v) Mr. Li and Mr. Tu maliciously colluded to fabricate the Alleged Loan, created a fictitious private lending relationship and, on that basis, applied for preservation of property and froze substantial assets of Chiho-Tiande Metals, causing Chiho-Tiande Metals significant financial losses. Their conduct may potentially constitute false litigation.

The Company will take appropriate actions to safeguard the legitimate rights and interests of the Group and the shareholders of the Company as a whole. Further announcement(s) will be made as and when appropriate in accordance with the Listing Rules.

CONTINUED SUSPENSION OF TRADING

Trading in the Company's shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2025, and will remain suspended until further notice pending the fulfilment of the Resumption Guidance. Further announcement(s) will be made by the Company as and when appropriate and in compliance with the requirements under the Listing Rules.

By Order of the Board
Chiho Environmental Group Limited
Yao Xiang
Executive Director

Hong Kong, 31 July 2026

* *For identification purpose only*

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

Executive Directors:	Mr. Chu Yuejiang Mr. Yao Xiang
Independent Non-Executive Directors:	Mr. Ng Man Fung Walter Ms. Wu Jian Mr. Choi Wai Hong Clifford