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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the “**Board**”) of directors (the “**Directors**”) of Chiho Environmental Group Limited (the “**Company**” or “**Chiho**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”, “**we**” and “**our**”) for the six months ended 30 June 2026 (the “**Period**”), together with the comparative figures for the corresponding period in 2025 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Six months ended 30 June	
		2026	2025
		HK\$M (Unaudited)	HK\$M (Unaudited)
Continuing operations			
Revenue	3	829.3	537.9
Cost of sales	3	(795.7)	(509.0)
Gross profit		33.6	28.9
Other income		6.2	6.7
Other losses, net	4	(63.1)	(23.6)
Distribution and selling expenses	5	(0.2)	(1.5)
Administrative expenses	5	(100.6)	(73.3)
		(124.1)	(62.8)

		Six months ended 30 June	
		2026	2025
	<i>Notes</i>	<i>HK\$M</i>	<i>HK\$M</i>
		(Unaudited)	(Unaudited)
Finance income		0.2	0.6
Finance costs		<u>(61.9)</u>	<u>(54.6)</u>
Finance costs, net		(61.7)	(54.0)
Share of post-tax (loss)/profit of an associate		<u>(1.5)</u>	<u>1.4</u>
Loss before income tax		(187.3)	(115.4)
Income tax expense	6	<u>(0.8)</u>	<u>(0.2)</u>
Loss from continuing operations for the period		<u>(188.1)</u>	<u>(115.6)</u>

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2026	2025
		HK\$M	HK\$M
		(Unaudited)	(Unaudited)
		<i>Notes</i>	
Loss from continuing operations		<u>(188.1)</u>	<u>(115.6)</u>
Discontinued operation			
Loss from discontinued operations	14	<u>—</u>	<u>(1,237.9)</u>
Loss for the period		<u>(188.1)</u>	<u>(1,353.5)</u>
Other comprehensive (loss)/income			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences on foreign operations		(22.3)	147.8
<i>Items that will not be reclassified to profit or loss:</i>			
Change in fair value of equity investments at fair value through other comprehensive income		<u>—</u>	<u>—</u>
Other comprehensive (loss)/income for the period, net of tax		<u>(22.3)</u>	<u>147.8</u>
Total comprehensive loss for the period		<u>(210.4)</u>	<u>(1,205.7)</u>

Six months ended 30 June

2026

2025

HK\$M

HK\$M

(Unaudited)

(Unaudited)

Loss attributable to:

Shareholders of the Company

– Loss from continuing
operations

(187.7)

(120.6)

– Loss from discontinued operations

–

(1,237.9)

(187.7)

(1,358.5)

Non-controlling interests

– (Loss)/Profit from continuing
operations

(0.4)

5.0

– Loss from discontinued operations

–

–

(188.1)

(1,353.5)

**Total comprehensive loss for the period
attributable to:**

Shareholders of the Company

– (Loss)/profit from continuing operations

(209.0)

30.4

– Loss from discontinued operations

–

(1,237.9)

(209.0)

(1,207.5)

Non-controlling interests

– (Loss)/profit from continuing
operations

(1.4)

1.8

– Loss from discontinued operations

–

–

(210.4)

(1,205.7)

		Six months ended 30 June	
		2026	2025
<i>Notes</i>		<i>HK\$M</i>	<i>HK\$M</i>
		(Unaudited)	(Unaudited)
Loss per share for loss from continuing operations attributable to shareholders of the Company for the period <i>(expressed in HK\$ per share)</i>			
Basic loss per share	8	<u>(0.12)</u>	<u>(0.08)</u>
Diluted loss per share	8	<u><u>(0.12)</u></u>	<u><u>(0.08)</u></u>
Loss per share attributable to shareholders of the Company for the period <i>(expressed in HK\$ per share)</i>			
Basic loss per share	8	<u>(0.12)</u>	<u>(0.85)</u>
Diluted loss per share	8	<u><u>(0.12)</u></u>	<u><u>(0.85)</u></u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2026

		At 30 June 2026	At 31 December 2025
	Notes	HK\$M (Unaudited)	HK\$M (Unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment		94.0	98.7
Right-of-use assets		191.6	187.5
Investment properties		48.4	48.8
Investments accounted for using the equity method		2.1	2.7
Other non-current assets	10	1.1	1.1
Deferred income tax assets		0.9	0.9
		<u>338.1</u>	<u>339.7</u>
Current assets			
Inventories		236.7	236.0
Trade, bills and other receivables	10	197.9	129.9
Financial assets at fair value through profit or loss	9	4,058.9	4,125.7
Amounts due from related parties		0.2	0.2
Amounts due from former subsidiaries		13.0	13.2
Tax recoverable		0.3	1.4
Pledged and restricted bank deposits		–	0.9
Cash and cash equivalents		98.2	102.5
		<u>4,605.2</u>	<u>4,609.8</u>
Assets held for sale		<u>–</u>	<u>51.9</u>
		<u>4,605.2</u>	<u>4,661.7</u>
Total assets		<u><u>4,943.3</u></u>	<u><u>5,001.4</u></u>

		At 30 June 2026 <i>HK\$M</i> (Unaudited)	At 31 December 2025 <i>HK\$M</i> (Unaudited)
	<i>Notes</i>		
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		16.1	16.1
Other reserves		6,281.5	6,309.5
Accumulated losses		(3,421.3)	(3,240.7)
		<u>2,876.3</u>	<u>3,084.9</u>
Non-controlling interests		(56.1)	(65.5)
		<u>2,820.2</u>	<u>3,019.4</u>
Non-current liabilities			
Lease liabilities		1.6	2.3
Deferred income tax liabilities		15.3	14.7
		<u>16.9</u>	<u>17.0</u>
Current liabilities			
Trade and other payables	12	513.6	364.1
Contract liabilities		10.9	3.9
Borrowings	11	533.8	525.5
Lease liabilities		1.3	1.3
Amounts due to related parties and non-controlling interests		36.3	45.3
Amounts due to former subsidiaries		1,010.3	1,024.9
		<u>2,106.2</u>	<u>1,965.0</u>
		<u>2,123.1</u>	<u>1,982.0</u>
Total liabilities			
		<u>2,123.1</u>	<u>1,982.0</u>
Total equity and liabilities			
		<u>4,943.3</u>	<u>5,001.4</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION:

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”). The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

During the six months ended 30 June 2026, the Group involuntarily lost control over the operating, investing, and financing activities of the Scholz Group. In accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the results of these operations have been classified as discontinued operations for the current financial year.

To present the financial performance of the Group’s continuing operations (primarily comprising the remaining metal recycling operations in Asia) on a comparable basis, the comparative figures in the consolidated statement of profit or loss, consolidated statement of comprehensive income, and relevant segment information for the six months ended 30 June 2026 have been restated as if these operations had been discontinued at the beginning of the previous reporting period.

1.1 Going concern basis

The Group reported a loss attributable to Shareholders of the Company loss of HK\$187.7 million and a net cash outflow from operating activities of HK\$5.0 million for the period ended 30 June 2026. As at 30 June 2026, the Group had total borrowings of HK\$533.8 million, all of which were classified as current borrowings, while the Group’s cash and cash equivalents amounted to HK\$98.2 million. Included in the current borrowings as of 30 June 2026 was a secured syndicated term loan (the “**Syndicated Term Loan**”) with an outstanding loan principal of HK\$392.1 million, which have been overdue since 30 March 2024.

As set out in Note 13, receivers and managers were appointed by the lender over the shares of certain wholly-owned subsidiaries of the Group which held the interests of Scholz Holding GmbH, Scholz Recycling GmbH and their subsidiaries (the “**Scholz Group**”) in May 2025 as a result of the default of Syndicated Term Loan. Following their appointment, the receivers appointed a majority of the directors to the boards of CRD, CRIH and CTRL. Accordingly, the Company was therefore unable to exercise control over CRD, CRIH and CTRL, and lost its ability to influence the affairs of the Scholz Group through its interests in CRD and CRIH with effect from 14 May 2025, and therefore determined that the Scholz Group should be deconsolidated from the Group from that date. As a result, the Group’s operations have been significantly reduced and are limited to its remaining metal recycling operations in Asia. Furthermore, in July 2026, the receivers completed the disposal of the Scholz Group for proceeds sufficient to settle the Group’s obligations under Syndicated Term Loan in full. The Shares Charged was subsequently released and the receivers remitted net sale proceeds of approximately US\$334 million (equivalent to HK\$2,601 million) in September 2026.

The Board has reviewed and assessed a cash flow forecast (the “**Cash Flow Forecast**”) prepared by management covering a period not less than twelve months from the date of approval of the financial statements. Based on the Cash Flow Forecast, taken into consideration the events happened subsequent to the balance sheet date and the changes to the Group’s operations, notwithstanding the inherent uncertainties the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of the financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the Group’s consolidated financial statements on a going concern basis.

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2025, as described in those annual consolidated financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2026.

Amendments to HKFRSs effective for the financial year ending 31 December 2025 do not have a material impact on the Group.

3 SEGMENT INFORMATION

The Group’s revenue mainly represents the amounts received or receivable for the sales of recycled scraps, net of sales related taxes, during the period. The Group derives revenue mainly from transfer of these goods at a point in time.

The Group’s Chief Operating Decision Maker (“**CODM**”), which has been identified as the Executive Committee that makes strategic decisions, assesses the Group’s performance from geographic perspective and has identified two reportable segments of its business: Asia and Europe. The operating segments are assessed based on the measure of segment profit. This measurement basis excludes the effects of non-operating gains/losses, such as impairments on non-financial assets, fair value gain/loss on trading derivative financial instruments, and gain/loss on disposals of assets held for sale, joint ventures, property, plant and equipment and right-of-use assets. The measure also excludes centralised costs such as the Group’s key managements’ remunerations and other central administrative expenses. Finance income, finance costs, income tax expenses and those unallocated income and expenses are not included in the result for each operating segment that is reviewed by the Group’s CODM. Inter-segment sales are charged at prevailing market price.

Total segment assets exclude deferred income tax assets, tax recoverable, derivative financial instruments and cash and cash equivalents which are managed centrally. Information relating to segment liabilities is not disclosed as such information is not regularly reported to the CODM.

The Group ceased control over the operating, investing, and financing activities of Scholz Group, which operate a metal recycling business in Europe. As a result, the Scholz Group have been deconsolidated from the Group and classified as discontinued operation on 14 May 2025. See Note 13(a) for details. Accordingly, the result of such businesses are classified as discontinued operation for the period ended 30 June 2025.

3 SEGMENT INFORMATION (continued)

The following table presents revenue and segment profit information regarding the Group's reportable segments for the six months ended 30 June 2026 and 2025, respectively:

	For the six months ended		
	30 June 2026	30 June 2025	
	Continuing operations	Continuing operations	Discontinued operations
	Asia <i>HK\$M</i>	Asia <i>HK\$M</i>	Europe <i>HK\$M</i>
Revenue			
External sales	<u>829.3</u>	<u>537.9</u>	<u>5,046.3</u>
Segment loss	<u>(124.1)</u>	<u>(62.8)</u>	<u>(1,221.9)</u>
Finance income	0.2	0.6	0.9
Finance costs	(61.9)	(54.6)	(30.5)
Share of post-tax loss of an associate	(1.5)	1.4	–
Share of post-tax profit of joint venture	<u>–</u>	<u>–</u>	<u>31.0</u>
Loss before income tax	(187.3)	(115.4)	(1,220.5)
Income tax expense	<u>(0.8)</u>	<u>(0.2)</u>	<u>(17.4)</u>
Loss for the period	<u>(188.1)</u>	<u>(115.6)</u>	<u>(1,237.9)</u>
Depreciation and amortisation expenses	(12.4)	(24.1)	(57.8)
Fair value loss on derivative financial instruments (<i>Note</i>)	–	(15.5)	–
Gain on disposals of property, plant and equipment and right-of-use assets	–	–	6.1
Impairment loss in right-of-use assets	–	(4.5)	–
Gain on disposals of assets held for sale	<u>10.8</u>	<u>–</u>	<u>–</u>

Note: The fair value loss on derivative financial instruments for the period ended 30 June 2026 and 2025 represented the fair value loss related to those trading derivative financial instruments that were not subject to hedge accounting.

3 SEGMENT INFORMATION (continued)

Segment assets

Reconciliation of segment assets to total assets as at 30 June 2026 and 31 December 2025 are provided as follows:

	30 June 2026			31 December 2025		
	Asia <i>HK\$M</i>	Europe <i>HK\$M</i>	Total <i>HK\$M</i>	Asia <i>HK\$M</i>	Europe <i>HK\$M</i>	Total <i>HK\$M</i>
Segment assets	<u>1,607.4</u>	<u>3,236.5</u>	<u>4,843.9</u>	<u>1,591.5</u>	<u>3,305.1</u>	<u>4,896.6</u>
Deferred income tax assets			0.9			0.9
Tax recoverable			0.3			1.4
Derivative financial instruments			–			–
Cash and cash equivalents			<u>98.2</u>			<u>102.5</u>
Total assets			<u><u>4,943.3</u></u>			<u><u>5,001.4</u></u>

4 OTHER LOSSES, NET

	Six months ended 30 June	
	2026 <i>HK\$M</i>	2025 <i>HK\$M</i>
Continuing operations		
Loss on fair value change of:		
– trading derivative financial instruments not subject to hedge accounting	–	(15.5)
Foreign exchange loss net	(65.7)	(4.5)
Gain on disposals of asset held for sale	10.8	–
Impairment on non-financial assets:		
– Impairment loss of right-of-use assets	–	(4.5)
Others	<u>(8.2)</u>	<u>0.9</u>
	<u><u>(63.1)</u></u>	<u><u>(23.6)</u></u>

5 LOSS FOR THE PERIOD

Loss for the period has been arrived after charging:

	Six months ended 30 June	
	2026	2025
	<i>HK\$M</i>	<i>HK\$M</i>
Continuing operations		
Changes in inventories of work-in-progress and finished goods	17.4	29.4
Raw materials and consumables used	774.4	469.1
Reversal of provision for inventories, net	–	(4.0)
Employee benefit expenses	27.9	32.2
Depreciation and amortisation expenses	12.4	24.1
Legal and professional expenses	37.5	17.4

6 INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profit for the period. No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits in Hong Kong during both interim periods.

Under the law of the PRC on Enterprise Income Tax (the “EIT”) and the relevant EIT Implementation Regulations, the tax rate of PRC EIT has been provided at the rate of 25% (2025: 25%) on the estimated assessable profit for the period.

Taxation on profits from other jurisdictions has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. Income tax expense is recognised based on management’s estimate of the weighted average annual income tax rate expected for the period.

	Six months ended 30 June	
	2026 HK\$M	2025 HK\$M
Continuing operations		
Current income tax expense:		
PRC EIT	4.1	0.1
Hong Kong Profits Tax	—	—
	4.1	0.1
Deferred income tax expense/(credit)	(3.3)	0.1
Income tax expense	0.8	0.2

7 DIVIDENDS

No dividend was paid or proposed during current and previous interim periods, nor has any dividend been proposed by the Company since the end of the reporting period in respect of the period ended 30 June 2026 and 2025.

8 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss for the period attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2026	2025
	HK\$M	HK\$M
Loss		
Loss for the period attributable to shareholders of the Company		
– from continuing operations	(187.7)	(120.6)
– from discontinued operation	–	(1,237.9)
	<u><u>(187.7)</u></u>	<u><u>(1,358.5)</u></u>
Total loss attributable to shareholders of the Company	<u><u>(187.7)</u></u>	<u><u>(1,358.5)</u></u>
Number of shares		
Weighted average number of ordinary shares in issue (thousands)	<u><u>1,605,152</u></u>	<u><u>1,605,152</u></u>
Basic loss per share for loss (<i>expressed in HK\$</i>)		
– from continuing operations	(0.12)	(0.08)
– from discontinued operations	–	(0.77)
Basic loss per share attributable to shareholders of the Company for the period (expressed in HK\$)	<u><u>(0.12)</u></u>	<u><u>(0.85)</u></u>

(b) Diluted

The Group has no potentially dilutive shares outstanding during the period ended 30 June 2026 and 2025.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are all held for trading and include the following:

	2026 <i>HK\$M</i>	2025 <i>HK\$M</i>
Unlisted equity securities		
Non-current		
As at 1 January	–	0.8
Additions	–	0.1
Deconsolidation of subsidiaries (<i>Note 13(a)</i>)	–	(0.8)
Fair value change	–	(0.1)
As at 30 June	–	–
Current		
As at 1 January	4,125.7	–
Additions (<i>Note 13(a)</i>)	–	4,008.8
Currency exchange differences	(66.8)	116.9
As at 30 June	4,058.9	4,125.7

The financial assets at fair value through profit or loss classified under current assets represented the aggregate amount of the fair value of the investment of the Scholz Group and net asset value of related deconsolidated subsidiaries Chiho Renewable Development Limited (“**CRD**”), Chiho Renewable International Holding Limited (“**CRIH**”) and Chiho-Tiande Resources Limited (“**CTRL**”) as of 30 April 2025 arising from the deconsolidation. The directors considered that the gross selling price of the Scholz Group, i.e. EUR360.3 million (equivalent to HK\$3,175.0 million), and net asset value of related deconsolidated subsidiaries of HK\$833.8 million, their best estimate of the fair value of the investment of the Scholz Group and related deconsolidated subsidiaries respectively.

10 TRADE, BILLS AND OTHER RECEIVABLES

	2026 <i>HK\$M</i>	2025 HK\$M
Trade receivables	15.8	9.7
<i>Less: loss allowance</i>	<u>(3.4)</u>	<u>(3.3)</u>
Trade receivables, net	12.4	6.4
Bills receivables	2.2	5.6
Deposits and prepayments	1.9	3.6
Deposits paid for purchase of raw materials	16.1	5.1
VAT recoverable	31.8	35.2
Other receivables (<i>Note</i>)	<u>134.6</u>	<u>75.1</u>
	199.0	131.0
<i>Less: non-current portion</i>		
Other deposits and receivables	<u>(1.1)</u>	<u>(1.1)</u>
	<u>197.9</u>	<u>129.9</u>

Note: As at 30 June 2026, the balance included a receivable of HK\$43.8 million (2025: HK\$42.1 million) from the Taizhou Bay Committee, a government authority in the PRC.

At 30 June 2026 and 31 December 2025, the aging analysis of the trade receivables based on invoice date was as follows:

	At 30 June 2026 <i>HK\$M</i>	At 31 December 2025 HK\$M
0 – 90 days	8.8	1.8
91 – 180 days	–	–
Over 180 days	<u>7.0</u>	<u>7.9</u>
	<u>15.8</u>	<u>9.7</u>

11 BORROWINGS

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

	2026 <i>HK\$M</i>	2025 <i>HK\$M</i>
Non-current		
Bank borrowings	—	—
Current		
Bank borrowings	141.7	136.3
Other borrowings (<i>Note i</i>)	392.1	389.2
	533.8	525.5
Total borrowings	533.8	525.5

The carrying amount of the borrowing approximate their fair values.

Note i:

Other Borrowing consisted of a Syndicated Term Loan which was initially drawn down during the year ended 31 December 2018 with a loan principal of HK\$1,691.5 million and a repayment period of two years. Upon the maturity of its initial term, the Syndicated Term Loan was extended during each of the years ended 31 December 2020, 2021, 2022 and 2023. Over the past years, the Group made repayments of loan principal, interests and arrangement fees totaling HK\$1,943.3 million under the Syndicated Term Loan and lowered its outstanding balance under the Syndicated Term Loan to HK\$376.0 million as at 31 December 2023. There has been no repayment of the Syndicated Term Loan since 30 March 2024.

During the year ended 31 December 2023, a late repayment of HK\$92.1 million constituted an event of default under the Syndicated Term Loan agreement. Furthermore, the Syndicated Term Loan amounted to HK\$388.3 million as of 31 December 2024 was due on 30 March 2024 and this also constituted another event of default under the Syndicated Term Loan agreement. According to the Syndicated Term Loan agreement, such events of default give the lender a right to demand for immediate repayment of any outstanding Syndicated Term Loan balances.

On 2 April 2024, the Company received a demand letter (the “**Demand Letter**”) from the lender of the Syndicated Term Loan for immediate repayment of the outstanding loan balance and the accrued interest. Management had prolonged continuous discussions with the lender in 2024 to further extend the due date as well as the granting of a waiver letter on the above-mentioned events of default; however no binding agreement had been entered into by the Group and the lender.

On 12 August 2024, the original lender, via an assignment agreement, assigned the Syndicated Term Loan to a new lender (“**New Lender**”) of all its rights under the term loan agreement without modification to any terms of the loan agreement. In and around August 2024, the New Lender had requested to appoint a director, nominated by the New Lender, into the board of directors of the Company; however such request had not been fulfilled.

As set out in details in note 13, in May 2025, the New Lender called for immediate repayment of the Syndicated Term Loan. Receivers and managers were appointed over the shares of certain wholly-owned subsidiaries of the Group which held interest of the Scholz Group. In July 2026, the receivers completed the disposal of the Scholz Group and applied the proceed to settle the Group’s obligations under the Syndicated Term Loan in full. In September 2026, the Receivers informed the Company that the sale proceeds arising from the Transaction had been applied towards settlement of the Outstanding Loan Balance, the applicable default interest and the relevant fees, costs and expenses. All the obligations and liabilities of the Company under the Facility Agreement had been fully satisfied and discharged.

12 TRADE AND OTHER PAYABLES

	2026 <i>HK\$M</i>	2025 <i>HK\$M</i>
Trade payables	110.0	73.8
Other taxes payable	4.1	6.2
Accrued salaries and employee benefits	6.9	21.7
Accrued professional expenses	86.8	49.0
Interest payable		
– Default interest payable for Syndicated Term Loan (<i>Note</i>)	223.7	164.2
– Others	0.2	–
Other payables and accruals	81.9	49.2
	513.6	364.1
<i>Less: non-current portion</i>		
Other payables	–	–
	513.6	364.1

Note:

The balance represented interest payable of the syndicated loan with loan principal of HK\$392.1 million as at 30 June 2026.

The aging analysis of the trade payables based on invoice date was as follows:

	2026 <i>HK\$M</i>	2025 <i>HK\$M</i>
0 – 90 days	95.9	68.8
91 – 180 days	2.3	–
Over 180 days	11.8	5.0
	110.0	73.8

The carrying amounts of the trade and other payables approximate their fair values.

a) De-consolidation of the Scholz Group, CRD, CRIH and CTRL

On 14 May 2025, the Group received a notice from FTI Consulting regarding the appointment of the joint and several receivers and managers over the shares in CRD, CRIH and CTRL, each being a wholly-owned subsidiary of the Company. Following their appointment, the receivers appointed a majority of the directors to the boards of CRD, CRIH and CTRL. Accordingly, the Company was unable to exercise control over CRD, CRIH and CTRL, and lost its ability to influence the affairs of the Scholz Group through its interests in CRD and CRIH with effect from 14 May 2025. The Board therefore determined that the Scholz Group should be deconsolidated from the Group from that date.

Upon de-consolidation, the carrying value of the net assets of the Scholz Group and CRD, CRIH and CTRL as at 14 May 2025, HK\$4,621.9 million and HK\$833.8 million, respectively, in total of HK\$5,455.7 million, was re-classified as a financial asset at fair value through profit or loss.

The Group considered that the gross selling price for disposing of the Scholz Group by the receivers and managers, which took place in July 2026, i.e. EUR360.3 million (equivalent to HK\$3,175.0 million) the best estimate of the fair value as at 14 May 2025 and 31 December 2025, respectively and recorded a loss of HK\$1,439.8 million upon de-consolidation. Management considered that there were no substantial change in the fair value of the financial asset since 14 May 2025, except for a fair value loss of HK\$66.8 million for six months ended 30 June 2026 (2025: gain of HK\$146.3 million) resulting from foreign currency revaluation, as there were no significant changes in the market conditions affecting the Scholz Group.

As the Share Charges relating to CRD, CRIH and CTRL were released on 3 September 2026, the Group has taken back the control over these three group companies. The Group considered that the aggregated carrying value of net assets of CRD, CRIH and CTRL as at 30 April 2025, HK\$833.8 million, was the best estimate of the fair value as at 14 May 2025 and 31 December 2025.

The unaudited financial performance and cash flow information of the Scholz Group, CRD, CRIH and CTRL for the period from 1 January 2025 to 30 April 2025, the closest month-end date prior to the loss in control, provided by the Scholz Group, CRD, CRIH and CTRL and compared against information provided by the Receivers subsequent year end for consistency purposes, were as follows. The results of operations for the period from 1 May 2025 to 13 May 2025 was considered not material by the Group therefore they have not been accounted for.

13 DISCONTINUED OPERATION (continued)
a) De-consolidation of the Scholz Group, CRD, CRIH and CTRL (continued)

	Six months ended 30 June	
	2026	2025
	HK\$M	HK\$M
Revenue	–	5,046.3
Cost of sales	–	(4,705.1)
	–	341.2
Other income	–	15.4
Other gains, net	–	17.0
Distribution and selling expenses	–	(15.2)
Administrative expenses	–	(286.8)
Operating profit	–	71.6
Finance income – net	–	(29.6)
Share of post-tax profit of joint venture	–	31.0
Profit before income tax	–	73.0
Income tax expense	–	(17.4)
Profit after tax from the Scholz Group, CRD, CRIH and CTRL	–	55.6
Loss on de-consolidation of the Scholz Group	–	(1,439.8)
Exchange gain on de-consolidation of the Scholz Group, CRD, CRIH and CTRL	–	146.3
Total (loss)/profit from discontinued operations – Scholz Group, CRD, CRIH and CTRL	–	(1,237.9)
Loss from discontinued operation attributable to:		
– Shareholders of the Company	–	(1,237.9)
– Non-controlling interests	–	–

a) De-consolidation of the Scholz Group, CRD, CRIH and CTRL (continued)

	Six months ended 30 June	
	2026	2025
	<i>HK\$M</i>	<i>HK\$M</i>
Net cash used in operating activities	–	(69.0)
Net cash used in investing activities	–	(31.7)
Net cash generated from financing activities	–	9.2

The carrying amounts of assets and liabilities of the Scholz Group and aggregate of CRD, CRIH and CTRL as at 30 April 2025, the closest month-end date prior to the date of last control, were as follows:

	CRD, CRIH and CTRL		Total
	Scholz Group		
	30 April 2025 <i>HK\$M</i>	30 April 2025 <i>HK\$M</i>	30 April 2025 <i>HK\$M</i>
Property, plant and equipment	1,950.0	–	1,950.0
Right-of-use assets	452.7	–	452.7
Intangible assets	744.0	–	744.0
Investments accounted for using the equity method	825.8	–	825.8
Financial assets at fair value through profit or loss	0.8	–	0.8
Financial assets at fair value through other comprehensive income	99.8	–	99.8
Other non-current assets	3.6	–	3.6
Deferred income tax assets	74.5	–	74.5
Inventories	1,062.5	–	1,062.5
Trade and bills receivables	1,692.0	–	1,692.0
Other receivables	242.4	–	242.4
Amounts due from related parties	132.0	–	132.0
Derivative financial instrument	59.2	–	59.2
Tax recoverable	166.9	–	166.9
Pledged bank deposits and restricted bank deposits	5.6	–	5.6
Cash and cash equivalents	225.5	–	225.5
Amount due from former subsidiaries	–	920.0	920.0
Total assets	7,737.3	920.0	8,657.3

a) De-consolidation of the Scholz Group, CRD, CRIH and CTRL (continued)

	Scholz Group	CRD, CRIH and CTRL	Total
	30 April	30 April	30 April
	2025	2025	2025
	HK\$M	HK\$M	HK\$M
Trade, bills payable and other payables	(1,846.6)	–	(1,846.6)
Borrowings	(373.0)	–	(373.0)
Lease liabilities	(389.5)	–	(389.5)
Derivative financial instruments	(14.4)	–	(14.4)
Amounts due to related parties and non-controlling interests	(69.4)	–	(69.4)
Current income tax liabilities	(43.1)	–	(43.1)
Deferred income tax liabilities	(266.0)	–	(266.0)
Retirement benefit obligations and other payables	(113.4)	–	(113.4)
Amount due to former subsidiaries	–	(86.2)	(86.2)
Total liabilities	(3,115.4)	(86.2)	(3,201.6)
Net assets presented as financial assets at fair value	4,621.9	833.8	5,455.7
Net assets	4,621.9	833.8	5,455.7
Less: fair value	(3,175.0)	(833.8)	(4,008.8)
Non-controlling interests	(7.1)	–	(7.1)
Loss on deconsolidation	1,439.8	–	1,439.8

BUSINESS REVIEW

Chiho Environmental Group Limited (“**the Company**”) is an investment holding company. The Company and its subsidiaries (together “**the Group**”) are mainly engaged in the principal business of resources recycling, involving recycling of mixed metal and shredded aluminium scrap in Asia.

On 14 May 2025, the Group lost control of Scholz Holding GmbH, Scholz Recycling GmbH, and their subsidiaries (the “**Scholz Group**”) which was principally engaged in recycling business in Europe (“**Scholz Deconsolidation**”), resulting in a loss from discontinued operation of HK\$1,237.9 million for the six months ended 30 June 2025. Details of the loss from discontinued operation are set out Note 13.

The Group’s current operation covered primarily the Asian segment, consisting mainland China and Hong Kong. The geopolitical conflicts and the uncertainty of the regional economy led to market fluctuations and changes in demand in the commodity industry, that caused pressures to the metal recycling business. During the Period, the Group recorded a loss from continuing operations from Asia of HK\$188.1 million.

PROSPECT

The global economic climate is growing more difficult, with rising trade barriers, restrictive financial conditions, dipping business and consumer sentiment, and elevated policy uncertainty all pose significant risks to growth.

Despite these market headwinds, the Group remains confident in its long-term outlook. Driven by its environmental mission, the Group is dedicated to advancing efficient metal recycling and resource reuse, positioning itself for durable success through strategic transformation. The Group firmly believes that by refining operations, leveraging technological innovation, and optimizing core business processes, the Group will boost efficiency, strengthen financial performance, capture emerging opportunities in the global green wave, deliver steady shareholder returns and contribute to regional sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

In the first half of 2026, ongoing global protectionism and geopolitical headwinds created trade barriers that adversely affected both the Group's overseas scrap metal procurement and its recycled metal sales.

Total revenue for the Period was HK\$829.3 million, representing an increase of 54.2% from the same period last year primarily due to significant rising copper price. The copper closing prices on London Metal Exchange ranged from roughly US\$12,500 to US\$14,100 per ton in the first half of 2026, up from US\$8,700 to US\$10,100 during the first half of 2025, representing price increase in range of approximately 39.6% to 43.7%.

Gross Profit/Margin

Gross profit for the Period was HK\$33.6 million, representing an increase of 16.3% as compared to HK\$28.9 million for the same period last year. The gross profit margin decreased slightly from 5.4% for the first half of 2025 to 4.1% for the Period.

Operating Expenses

Total operating expenses for the Period were HK\$100.8 million, representing an increase of 34.8% over the same period last year, and as a percentage of revenue, it has dropped to 12.2% (2025: 13.9%). The increase was mainly attributable to increase in legal and professional expenses relating to the Receivers and involuntary disposal of Scholz Group in 2026.

Loss Attributable to Shareholders and Earnings Per Share

Loss attributable to shareholders of the Company for the Period was decreased to HK\$187.7 million (2025: HK\$1,358.5 million) primarily due to loss on discontinued operations of HK\$1,237.9 million incurred in last year. Details of de-consolidation and the loss from discontinued operations are set out in Note 13.

Basic loss attributable to shareholders of the Company per share for the Period was HK\$0.12 (2025: HK\$0.85).

Analysis of Cash Flow from Operations

The Group's cash used in operations for the Period was HK\$5.0 million, a decrease of 67.1% compared to the first half of 2025. The Group has been carefully managing the working capital in response to the uncertainties in the market conditions.

Liquidity and Financial Resources

Shareholders' funds as at 30 June 2026 were HK\$2,876.3 million, a slight decline of 6.8% from 31 December 2025.

As at 30 June 2026, the Group had cash, various bank balances and pledged bank deposits amounting to HK\$98.2 million (31 December 2025: HK\$103.4 million), used mainly for the working capital for business operations.

The current ratio as at 30 June 2026 was 2.19 (31 December 2025: 2.37). The current ratio was declined primarily due to increase in trade and other payables.

Total external borrowings as at 30 June 2026 were HK\$533.8 million, a slight increase of HK\$8.3 million as compared to 31 December 2025.

The gearing ratio of the Group as at 30 June 2026 was 10.9% (31 December 2025: 10.6%) which is calculated based on the total borrowings and lease liabilities divided by the total assets.

Treasury Policies

The Group's treasury policies are designed to mitigate the impact of fluctuations in commodity prices and foreign currency exchange rates arising from the Group's global operations. The Group principally uses future contracts to hedge the commodity risks, and forward foreign exchange contracts to hedge the foreign exchange risks in the ordinary course of business. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Capital Expenditure

For the six months ended 30 June 2026, the Group invested HK\$0.5 million in tangible assets including machinery and equipment, leasehold improvements, office equipment for improving production efficiency (30 June 2025: HK\$33.8 million). These capital expenditures were mainly financed through internal resources.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Delco Hong Kong proceedings

The Company and Chiho-Tiande (HK) Limited ("**CTHK**"), a wholly-owned subsidiary of the Company, are two of the defendants to legal claims by Delco Participation B.V. ("**Delco**") regarding (i) repayment by the Company of an alleged sum of HK\$57.8 million advanced by Delco Asia Company Limited ("**Delco Asia**") (dissolved in 2011); (ii) an alleged breach by the Company of a letter of undertaking by the Company in relation to a convertible bond issued by the Company and subscribed for by Delco; (iii) repayment by CTHK of an alleged sum of US\$1.0 million. Delco further claimed interests, costs and further or other relief. The Company and CTHK defended these claims, and also counterclaimed against Delco and Mr. Fang Ankong (a former director of the Company) ("**Mr. Fang**").

Subsequently, Delco discontinued the claim for HK\$57.8 million (i.e. claim (i) above). On 15 October 2025, the Hong Kong Court of First Instance handed down its judgment, dismissing all other claims by Delco against the Company and CTHK, and also dismissed the Company's counterclaim against Delco, and in respect of the counterclaims against Mr. Fang, partly dismissed and partly reserved to be dealt with in a separate decision. The Hong Kong Court of First Instance also reserved its judgment in respect of costs. On 12 November 2025, insofar as the Company and CTHK are concerned, Delco appealed only against the judgment in respect of the letter of undertaking claim (i.e. claim (ii) above). The appeal is pending to be heard before the Hong Kong Court of Appeal.

Delco Netherlands proceedings

The Company's Dutch subsidiary, Delco Europe B.V. ("**Delco BV**"), was involved in civil proceedings before the Rechtbank Gelderland, the Netherlands, against its former managing director and statutory director, Mr. David Haagsma. Following an internal investigation that identified unauthorised transfers from Delco BV's bank account to Mr. Haagsma's personal account and various administrative irregularities, Delco BV summarily dismissed Mr. Haagsma on 28 April 2025 and initiated legal proceedings to recover the misappropriated funds. Mr. Haagsma challenged the validity of his dismissal and sought reinstatement or compensation, while Delco BV brought a counterclaim for repayment of approximately EUR800,000 in wrongfully withdrawn funds, together with further damages of approximately EUR44,600 relating to unpaid tax liabilities.

On 21 April 2026, the court ruled in Delco BV's favour in full: it dismissed all of Mr Haagsma's claims, upheld the validity of the summary dismissal, and ordered Mr. Haagsma to pay Delco BV EUR800,000 plus statutory interest, a further EUR44,624 in respect of tax-related damages, and the Group's legal costs, with the judgment declared provisionally enforceable.

Labour dispute with Mr. Qin Yongming

Mr Qin Yongming ("**Mr. Qin**") was removed as an executive Director and chairman of the Board on 1 June 2026, and on or around 5 June 2026, the Company terminated the service agreement with Mr. Qin. On or around 24 July 2026, Mr. Qin filed a claim against the Company in the Labour Tribunal of Hong Kong as plaintiff, alleging that his summary dismissal was unjustified and seeking approximately HK\$3.1 million.

A first mention hearing was held on 14 August 2026, at which the Presiding Officer gave directions for the Company to file its supplemental defence and any witness statements by 18 September 2026, for Mr. Qin as plaintiff to file his reply by 23 October 2026, and listed a second mention hearing for 4 November 2026. Subsequently, the Company's application for an extension of time was granted, and the deadlines were extended to 25 September 2026 for the Company to file its supplemental defence and witness statements, and to 30 October 2026 for Mr. Qin to file his reply. The Board considers the allegations made by Mr. Qin to be unfounded and unsubstantiated, and the Company is working with its legal counsel to defend the claim.

Chiho-Tiande Lands Tribunal dispute

On 10 June 2025, Hong Kong Science and Technology Parks Corporation (“**HKSTP**”), as landlord, filed a Notice of Application in the Lands Tribunal of Hong Kong against Chiho-Tiande (HK) Limited (“**Chiho-Tiande**”), a wholly-owned subsidiary of the Group, alleging, among other things, breaches of a lease dated 15 January 1997 (as varied and supplemented by subsequent deeds of variation, the “**Lease**”) in respect of certain premises at Yuen Long, Hong Kong (the “**Premises**”). HKSTP’s claim is based on the allegation that, since about 23 January 2024, Chiho-Tiande ceased operations at the Premises and failed to use the Premises for the specified permitted purpose for a continuous period exceeding three months, in breach of the user covenant under the Lease, and that Chiho-Tiande failed to remedy this breach within the six-month notice period served by HKSTP expiring on 23 February 2025. On this basis, HKSTP exercised its contractual right of re-entry to terminate the Lease with effect from 11 June 2025. HKSTP claims, among other things, an order for possession of the Premises, an additional premium calculated at a specified daily rate for the period of the alleged breach, mesne profits, management and maintenance charges and government rates from 11 June 2025 until vacant possession is delivered, interest and costs.

The Company has sought legal advice in relation to the Proceedings. As at the date of this announcement, the Proceedings remain ongoing, and the parties are in discussions to settle.

Disclosure Pursuant to Rules 13.19 and 13.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)

Default Loan Repayment – US\$50,000,000

Reference is made to the announcements (the “**Loan Announcements**”) of the Company dated 5 July 2018, 3 April 2024, 20 May 2025, 5 June 2025, 6 May 2026, 7 July 2026, 31 July 2026, 12 August 2026, 14 August 2026, 19 August 2026, 7 September 2026.

A facility agreement was entered into between the Company and certain independent third party institutions in relation to a term loan of up to US\$300,000,000. Unless the context requires otherwise, capitalized terms used herein shall have the same meaning as those defined in the Loan Announcements.

The Loan was initially drawn down during the year ended 31 December 2018 with a loan principal of US\$220,000,000 (equivalent to HK\$1,691.5 million) and a repayment period of two years. Upon the maturity of its initial term, the repayment date of the Loan has been extended during each of the years ended 31 December 2020, 2021, 2022 and 2023 with the final repayment date of 30 March 2024 as last extended. Over the past years, the Group has repaid the majority of the Loan and the outstanding principal of the Loan amounted to US\$50,000,000 (equivalent to HK\$376.0 million) (the “**Outstanding Loan Balance**”) as at the final repayment date of 30 March 2024 (the “**Default**”). The Default constitutes an event of default under the Facility Agreement. As a result, the facility agent to the Facility Agreement is entitled to declare the Outstanding Loan Balance immediately due and repayable.

On 2 April 2024, the Company received a demand letter from the facility agent for immediate repayment of the Outstanding Loan Balance and the applicable default interest under the Facility Agreement.

Subsequently, the Company was notified by the facility agent that an assignment agreement was made on 12 August 2024 between the facility agent, which is one of the existing lenders, as assignor and a third party institution as assignee. Pursuant to which, such third party institution becomes a party to the facility agreement as a lender and the facility agent is released from all obligations under the facility agreement. The facility agent also resigned as the facility agent and the security agent in relation to such facility.

As disclosed in the announcement of the Company dated 20 May 2025, the liabilities and obligations of the Company under the Facility Agreement are secured by, among others, charges (the “**Share Charges**”) over the shares of certain wholly-owned subsidiaries of the Company, namely: (i) Chiho Renewable Development Limited (“**CRD**”), a limited company incorporated in Hong Kong; (ii) Chiho Renewable International Holding Limited (“**CRIH**”), a limited company incorporated in Hong Kong; and (iii) Chiho-Tiande Resources Limited (“**CTRL**”), a limited company incorporated in the British Virgin Islands.

On 14 May 2025, the Group received notices from FTI Consulting regarding the appointment of the joint and several receivers (the “**Receivers**”) and managers in respect of the shares in CRD, CRIH and CTRL, each a wholly-owned subsidiary of the Company.

The Company was informed that, on 5 May 2026, the Receivers have entered into a sale and purchase agreement with Derichebourg S.A. (the “**Purchaser**”), disposing 100% of the share capital of Scholz Holding GmbH and Scholz Recycling GmbH, which were held by CRIH and CRD, to the Purchaser (the “**Transaction**”). On the morning of 3 August 2026, the Company was informed by its legal adviser that the Receivers’ legal adviser had sent them a letter by fax after working hours on 31 July 2026 notifying that completion of the Transaction took place on that day, and that the total gross selling price of the Transaction was EUR360,300,000.

On or around 7 September 2026, the Receivers informed the Company that the sale proceeds arising from the Transaction had been applied towards settlement of the Outstanding Loan Balance, the applicable default interest and the relevant fees, costs and expenses. All the obligations and liabilities of the Company under the Facility Agreement had been fully satisfied and discharged. The Company received approximately US\$334 million, representing the net sale proceeds from the Transaction. The Share Charges were released on 3 September 2026. As at the date of this announcement, the Company is in the process of verifying the fees, costs and expenses incurred by the Receivers, assessing whether any additional fees, costs and expenses had been incurred, and completing the relevant registration procedures in connection with the release of such Share Charges.

Separately, the Company commenced proceedings in the High Court of the Hong Kong Special Administrative Region as plaintiff against, among others, the Receivers and certain companies in the Group under the control of the Receivers, seeking, among other things, a declaration that the appointment of the Receivers and manager over the entire issued share capital of CRIH, CRD and CTRL was invalid and void (the “**Proceedings**”). The Proceedings were initiated by a writ of summons on 5 June 2025, in respect of which the Company filed a Notice of Discontinuance with the High Court on 4 September 2026.

On or around 7 July 2026, the Company filed a new writ of summons in respect of the Proceedings. Following completion of the Transaction, the Company and the Receivers engaged in discussions with a view to resolving the dispute and, on 19 August 2026, the Company filed a Notice of Discontinuance with the High Court to discontinue the Proceedings.

Alleged Loan

Reference is made to the announcement of the Company dated 31 July 2026 and 15 September 2026.

The Company was notified that the Fifth Intermediate People's Court of Chongqing Municipality (重慶市第五中級人民法院) (the “**Court**”) 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.

On 10 September 2026, Mr. Li applied to the Court to withdraw his lawsuit against Mr. Tu and Chiho-Tiande Metals in respect of the Claim. On 15 September 2026, the Company received a civil ruling dated 14 September 2026 (“**Civil Ruling**”) issued by the Court. Under the Civil Ruling, on 14 September 2026, the Court approved the application of withdrawal by the plaintiff, Mr Li, of the Claim against Mr. Tu and Chiho-Tiande Metals.

Luxincheng Legal Proceeding In Respect Of Forged Documents

On 8 October 2024 and 23 December 2024, 綠鑫鉞清潔能源有限公司 (Luxincheng Clean Energy Co., Ltd.*) (“**Luxincheng**”), an indirect subsidiary held as to 60% by the Company, effected two changes to its registration with the PRC market regulator, altering its directors, legal representative, business scope and articles of association. The changes included, among others:

- (i) replacing the governing body (權力機構) of Luxincheng from the board of directors to the shareholders’ meeting;
- (ii) changing the approval requirement for key corporate matters, including amendments to the articles of association, share capital increases or reductions, mergers, divisions, dissolution and changes in corporate form, from unanimous approval by the directors to unanimous approval by all shareholders;
- (iii) increasing the approval threshold for all other shareholder matters from shareholders holding more than 50% of the voting rights to shareholders holding at least two-thirds of the voting rights; and
- (iv) removing the requirement for approval by at least two-thirds of the directors for material contracts valued at RMB1 million or above, as well as guarantee and mortgage documents.

These changes were effected without the knowledge and consent of its direct majority shareholder and a wholly-owned subsidiary of the Group, Jinlian International Group Limited (“**Jinlian International**”) (“金煉國際集團有限公司”).

According to the expert opinion issued by the judicial authentication agency commissioned by the Company's PRC legal advisers, the Jinlian International company chop and the signature of Mr. Tu Jianhua, a former executive Director, on the shareholders' resolutions effecting the relevant changes were likely to be forged.

Following the Company's discovery of the suspected forged resolutions, Jinlian International proposed and convened an extraordinary general meeting on 26 February 2025 to amend the articles and replace Luxincheng's directors and legal representative, but the relevant resolutions were not passed as they failed to obtain the unanimous shareholder consent required under the amended articles of association.

On 22 April 2025, Jinlian International brought a civil action with the Chongqing Liangjiang New Area People's Court seeking to annul the resolution of the shareholders' meetings held on 26 February 2025 prepared by Luxincheng's chairman, Ms. Xu Hui, and a declaration that the alternative version of the resolution prepared by Jinlian International be upheld as valid. The case was subsequently transferred, on jurisdictional grounds, to the Yantai Economic and Technological Development Zone People's Court in or around May 2026. As at the date of this announcement, that court had referred the matter for further designation of the competent court and the case had not yet been heard.

EVENTS DURING AND AFTER THE REPORTING PERIOD

Potential Restructuring of the Controlling Shareholders

Reference is 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, 23 August 2024, 17 November 2024, 27 January 2025, 21 February 2025, 22 August 2025 and 30 June 2026 in relation to the potential restructuring (the “**Restructuring**”) of the Ex-Controlling Shareholders (as defined below) under the supervision of the Fifth Intermediate People's Court of Chongqing City (collectively, the “**Announcements**”).

Disclosed in the Announcements, Loncin Group Co., Limited, Loncin Holdings Co., Limited and USUM Investment Group Limited (the “**Ex-Controlling Shareholders**” or “**Loncin Group**”), which were previous intermediate controlling shareholders of the Company, and ten other companies related to the Loncin Group (together with the “**Loncin Restructuring Companies**”) are in the course of implementing the Restructuring plan and the joint administrators of Loncin Restructuring Companies in relation to the Restructuring will continue to monitor the implementation of the Restructuring plan. Mr. Tu Jianhua, a then Director and a then shareholder of Loncin Group Co., Limited and Loncin Holdings Co., Limited, notified the Company that he has commenced lawsuits in the PRC and Hong Kong on 26 December 2024 and 21 January 2025, respectively, against, among the others, the Administrators. The company was notified by the Administrator of the latest status of these lawsuits and has received the relevant court documents. Mr. Tu applied to withdraw the appeal on 12 January 2026, and the Beijing Third Intermediate People’s Court granted such withdrawal by issuing a final ruling. On 27 January 2026, Mr. Tu and his Respondents filed a joint application with the Hong Kong court for the discontinuance of the Originating Summons, and a court order was obtained on 25 February 2026.

On 20 January 2026, the High Court ruled that the bankruptcy restructuring in the PRC of the Loncin Group Co., Ltd. and 12 other related companies and the appointment of the Administrators pursuant to the order of the Fifth Intermediate People’s Court of Chongqing Municipality (重慶市第五中級人民法院) dated 7 February 2022 be recognised, and the Administrators have and may exercise in Hong Kong, among other things, the power to take into possession and control the 100% shareholding in USUM Investment Group Hong Kong Limited, the immediate controlling shareholder of the Company.

Based on publicly available information, 100% equity interest in Loncin Group Co., Ltd. was transferred to New Jurong (Chongqing) Information Technology Services Co., Ltd. ((新玖隆(重慶)信息技術服務有限公司) (“**New Jurong**”) at nil consideration pursuant to the Restructuring plan, and New Jurong has been indirectly interested in 978,383,181 Shares, representing approximately 60.95% of the issued share capital of the Company, since 14 March 2025.

On 17 July 2026, 240,772,843 Shares, representing 15% of the issued share capital of the Company, has been indirectly transferred to National Trust Company Limited (國民信託有限公司) in its capacity as a trustee.

On 20 August 2026, the Chongqing Intermediate Court issued the civil ruling ((2022) 渝05破76號之四十三) (the “**Civil Ruling**”) to bring the substantive consolidation restructuring proceedings of the Loncin Restructuring Companies to an end.

According to the Civil Ruling, the Administrators reported to the Chongqing Intermediate Court that, as at 31 July 2026, all conditions for execution of the Restructuring plan have been satisfied, including distributions to creditors, implementation of the debt settlement arrangements, establishment and implementation of the trust plan, transfer of relevant assets pursuant to the trust plan, and completion of the Restructuring entities’ corporate registration changes. On that basis, the Administrators requested confirmation from the Chongqing Intermediate Court that the Restructuring plan had been fully implemented and that the bankruptcy restructuring proceedings to be brought to an end.

In the Civil Ruling, the Chongqing Intermediate Court approved the request of the Administrators and ordered that the Restructuring proceedings in respect of the Loncin Restructuring Companies be brought to an end. The Chongqing Intermediate Court further ordered that, as certain creditors’ rights remain deposited or held in custody, the Administrators shall continue to perform their supervisory duties in that respect. The Civil Ruling took effect on 20 August 2026.

Considering that the Company is not one of the Loncin Restructuring Companies and is independent from the Controlling Shareholders in respect of business, personnel, assets and finance, the Board is of the view that the conclusion of the Restructuring proceedings has no material adverse impact on the operation and the financial status of the Company.

RISK MANAGEMENT

The Group in its ordinary course of business is exposed to market risks such as commodity price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group’s risk management strategy is to mitigate the adverse effects of these risks on its financial performance.

The Group continues to minimize the commodity price risk by closely monitoring the commodity market prices and by hedging whenever the significant commodity price risk is identified.

As part of its foreign currency hedging strategy, the Board closely monitors the Group's foreign currency borrowings in view of the volatile exchange rates of Euro, Renminbi and other relevant currencies to US Dollar and considers various measures to minimise foreign currency risk.

Regarding credit risk, the Group continues to follow the best practices of cash collection for sales of most recycled products in order to minimise the carrying amounts of the financial assets in the Group's financial statements. In addition, the Group continues monitoring closely its trade debtors to minimise potential impairment losses.

Regarding liquidity risk, the Group continues to maintain a balance between the continuity of funding and flexibility through the use of bank borrowings.

As set out in the section headed "Other Significant Events" in the Management Discussion and Analysis of this announcement below, the Company has engaged the Current Consultant to conduct the Forensic Investigation and Internal Control Review. The key findings of the Forensic Investigation and Internal Control Review are set out in the announcement of the Company dated 30 September 2026.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group had a workforce of 29 (31 December 2025: 156) employees. In addition, as at 30 June 2026, we engaged approximately 20 (31 December 2025: 299) workers and office staff through local contractors. We have not experienced any strikes, work suspension or significant labour disputes which have affected our operations in the past. We have not experienced any significant difficulties in recruiting and retaining qualified staff. We continue to maintain good relationships with our employees and we provide a variety of internal and external training programmes to our employees.

The Group's total staff costs for the year were approximately HK\$27.9 million (2025: HK\$32.2 million). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of employees of the Group is determined by the senior management of the Group by reference to market standards, individual performance, experience and their respective contribution to the Group so as to retain competent employees.

The emoluments of the Directors are recommended by the remuneration committee of the Company with reference to factors including the duties and responsibilities, backgrounds, qualifications and experience of the Directors, having regard to the Company's operating results, individual performance and comparable market statistics, subject to the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to the Directors' duties, abilities, reputation and performance.

OTHER SIGNIFICANT EVENTS

Suspension of Trading in the Shares

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. 1 April 2025 and will remain suspended pending the fulfilment of the Resumption Guidance (as defined below) as specified by the Stock Exchange.

Resumption Guidance

On 27 June 2025, the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the Shares (the "**Resumption Guidance**"), requiring the Company to:

- (i) conduct an appropriate independent forensic investigation into the Irregularities (as defined in the announcement of the Company dated 13 January 2025) of the Company and other possible irregularities relating to the Subject Group Companies, assess the impact on the Company's business operations and financial position, announce the findings of the investigation and take appropriate remedial actions;
- (ii) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (iii) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Company's management and operations;

- (iv) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules;
- (v) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (vi) inform the market of all material information for shareholders and other investors to appraise the Company's position.

For details of the Resumption Guidance, please refer to the announcement of the Company dated 30 June 2025.

As disclosed in the announcement of the Company dated 21 May 2026, the Company has received the additional resumption guidance from the Stock Exchange requiring the Company to re-comply with corporate governance requirements under Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25, 3.27A and 13.92(2) of the Listing Rules on 19 May 2026. The Company has since re-complied with the relevant rules following the appointment of three independent non-executive Directors with effect from 21 May 2026.

Establishment of the Special Investigation Committee

In line with the requirements set out in the Resumption Guidance, the special investigation committee, comprising the independent non-executive Directors then in office ("**Special Investigation Committee**"), was established on 15 August 2025 to oversee an independent forensic investigation into the Irregularities and an independent review of the Group's internal control system, and appointed PAL Advisory Limited ("**Former Consultant**") as the independent forensic investigator and independent internal control consultant to conduct further investigation on the Irregularities (the "**Forensic Investigation**") and conduct a review of the internal controls and procedures of the Group (the "**Internal Control Review**"). The Former Consultant prepared draft forensic investigation and internal control review reports which were submitted to the Stock Exchange on 16 March 2026 (the "**Draft Reports**"), and the Stock Exchange raised queries on the findings contained in the Draft Reports (the "**Queries**"). The Former Consultant issued to the Company the final forensic investigation report dated 14 May 2026 and the final internal control report dated 15 May 2026 (collectively the "**Former Consultant's Reports**").

Following the reconstitution of the Special Investigation Committee to comprise the current independent non-executive Directors (namely Mr. Ng Man Fung Walter, Ms. Wu Jian and Mr. Choi Wai Hong Clifford) on 21 May 2026, the Special Investigation Committee reviewed the Former Consultant's Reports and noted certain limitations to the independent investigation carried out by the Former Consultant, including the non-cooperation by certain suspected perpetrators during the investigation. In light of these limitations and with a view to obtaining further evidence and findings to address the Queries more comprehensively, the Special Investigation Committee considered it necessary to appoint a separate investigator and internal control consultant with an established network in the PRC.

On 16 July 2026, the Company announced that Ernst & Young Advisory Services Limited ("**Current Consultant**") was engaged in place of Former Consultant to conduct the Forensic Investigation and Internal Control Review with effect from 16 July 2026. The Current Consultant prepared a draft forensic investigation report and a draft internal control review report which were submitted to the Stock Exchange on 7 September 2026. The Current Consultant submitted a further draft of the forensic investigation report ("**Forensic Investigation Report**") and internal control review report ("**Internal Control Report**") to the Special Investigation Committee on 29 September 2026.

The Current Consultant conducted the Forensic Investigation and Internal Control Review independently:

- (i) in respect of the electronic data and other materials obtained by the Current Consultant from the Former Consultant through the Company's legal advisers as part of the Forensic Investigation, the Current Consultant independently processed and reviewed such information using its own comprehensive search parameters and methodologies, without relying on the Former Consultant's work or conclusions. During the course of its engagement, the Current Consultant also requested, through the Company's legal advisers, access to certain underlying materials prepared by the Former Consultant, including interview memoranda, supplier and customer confirmation letters, and computer forensic search term reports. However, such requests were unsuccessful, as these materials were regarded by the Former Consultant as part of its internal working papers and were therefore not made available to the Current Consultant. Apart from these working papers, the Current Consultant substantially obtained from the Company the source data and documents previously provided to the Former Consultant, and carried out independent investigation; and

- (ii) in respect of the Internal Control Review, the Current Consultant independently conducted its review and assessment of the Group's internal control system and did not rely upon, adopt or incorporate any work, findings or conclusions of the Former Consultant.

The scope of the Forensic Investigation and the Internal Control Review, the key findings of the Forensic Investigation and the Internal Control Review and their key limitations, and the views and recommendations of the Special Investigation Committee and the Board are disclosed in the announcements of the Company dated 30 September 2026.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company or any of its subsidiaries during the Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this announcement, the Company has maintained sufficient public float under the Listing Rules throughout the Period and as at the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the Internal Control Consultant is in the process of updating and finalising the Internal Control Report, the Company considers that it is more appropriate to confirm its compliance with the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules for the relevant period after the completion of the Internal Control Review and the finalisation of the Internal Control Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries made by the Company of all such Directors, that they had complied with the required standard set out in the Model Code during the Period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period.

REVIEW OF UNAUDITED INTERIM RESULTS

The Audit Committee has reviewed the Company's unaudited interim results for the six months ended 30 June 2026.

PUBLICATION OF UNAUDITED INTERIM RESULTS AND ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (www.hkexnews.hk) and the Company (www.chihogroup.com). The auditors are still in the process of finalising the interim report of the Company for the six months ended 30 June 2026. Further announcement(s) will be made by the Company in respect of the interim report for the relevant period as and when appropriate.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates, bankers, lawyers and auditors for their support throughout the year.

By order of the Board
Chiho Environmental Group Limited
Fu Tao
Chairman

Hong Kong, 30 September 2026

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

Executive Directors:

Mr. Fu Tao (*Chairman*)
Ms. Zhang Aoxue
Mr. Yao Xiang
Mr. Yang Wei
Ms. Zhou Shuli

Independent Non-Executive Directors:

Mr. Ng Man Fung Walter
Ms. Wu Jian
Mr. Choi Wai Hong Clifford

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.