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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)

PROFIT WARNING

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

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2024 (the “**First Half 2024**”) and the information currently available to the Board, it is expected that the Group will record a net profit of no less than approximately HK\$38 million, as compared to the net profit of HK\$50.2 million recorded for the six months ended 30 June 2023.

The Group's financial results in the First Half 2024 were mainly affected by the slowdown in global economic growth, with geopolitical tensions and differences in market volatility across regions causing uneven growth across key economies. In Europe, despite a downward trend in inflation and a gradual rebound in economic activity, the ongoing Russian-Ukrainian conflict and weak economic sentiment posed headwinds to the region's economic recovery. The metals trading industry in the region was also affected by the contraction of demand in downstream markets, with ferrous and non-ferrous metals trading volumes on a downward trend. These factors, to some extent, exacerbated the pressure of the business growth of metal recycling and trading-related companies.

Notwithstanding the above, the Group has been more prudent in project developing and investing in, and has strengthened its financial controls, particularly for profit and liquidity. At the same time, the Group continued to implement the policy of “stabilizing the base of operating” in its European entities, striving to balance the pressure of social costs and the pressure of corporate production and operation, and achieve cost down and efficiency enhancement. Benefiting from the Group's consistent implementation of its established development strategies and business plans, and its efforts to ensure the efficient operation of its mature business segments, as well as its proactive efforts to enhance the leanness of its production operations, the Group achieved positive growth in revenue in the first six months of 2024, reversing the downturn since the second half of last year. Notably, the Asia region recorded significant growth in revenue, gross profit and gross margin.

As the Company is in the course of finalizing the unaudited interim results of the Group for the First Half 2024, the information contained in this announcement is only a preliminary assessment made by the Board based on the unaudited consolidated management accounts of the Group for the First Half 2024 and the information currently available, and such information or data has not been confirmed or reviewed by the auditor or the audit committee of the Company. The actual results of the Group for the First Half 2024 may be different from the disclosures in this announcement. Further details on the financial results will be disclosed in due course pursuant to the requirements of the Listing Rules when the Group publishes its interim results for the First Half 2024.

Shareholders 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, 15 August 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