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China Conch Environment Protection Holdings Limited
中國海螺環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 587)

PROFIT WARNING

This announcement is made by China Conch Environment Protection Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") hereby informs the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2025 (the "**2025 Financial Year**") and information currently available to the Board, the Group is expected to record loss attributable to equity shareholders of the Company for the 2025 Financial Year of approximately RMB190 million to RMB270 million and the net profit attributable to equity shareholders of the Company for the twelve months ended 31 December 2024 was approximately RMB6.28 million.

The expected decline mentioned above is primarily attributable to: (i) in 2025, the Group intensified its market expansion efforts, and the total volume of solid and hazardous waste disposal remained stable. However, the overall market continued to be fiercely competitive, and disposal prices remained at low levels; (ii) an increase in depreciation and amortisation resulting from the transfer of new projects to fixed assets; (iii) an extension of the repayment cycles for certain customers, leading to an increase in the provision for credit impairment losses; (iv) a continuous decline in the utilisation rate of cement kilns, resulting in underutilisation of production capacity at some projects in Henan, Shandong, Northeast China and other regions. The Group has engaged an appraiser to conduct impairment tests on certain projects. Based on the preliminary calculations by the appraiser, it is expected that the relevant asset impairment provisions required to be recognised for the 2025 Financial Year will be approximately RMB70 million to RMB100 million.

The aforementioned asset impairment provision is subject to, among others, the final determination of the valuation amount by the appraiser, review by the Audit Committee of the Company and audit by the Company's auditor. Therefore, the amount of impairment provision actually recognised may be subject to further adjustments.

The Company has taken will take certain measures to improve its operating performance, including: (i) adhering to the operational strategy of "expanding volume and increasing price", co-ordinating regional market resources, continuously strengthening communication and cooperation within the industry, consolidating the fundamental market base, and increasing the intake volume of bulk solid waste; (ii) strengthening production management synergy with cement plants, optimising production organisation, enhancing benchmarking management, improving production efficiency, and driving continuous reduction in operating costs; (iii) proactively seizing the policy opportunity of fly ash landfill approaching zero, making adequate market preparations and project layouts; accelerating the deployment of alternative fuel sources, and expanding the core market in Jiangsu, Zhejiang and Shanghai; and (iv) taking "synergistic disposal, resource utilisation, and low-carbon recycling" as the development direction, actively seeking high-quality project vehicles. Capitalising on favourable policies such as the Action Plan for Comprehensive Treatment of Solid Waste, strengthening forward-looking research in areas such as bulk solid waste, construction waste, and waste plastics, to enhance the core competitiveness of the Company.

As of the date of this announcement, the Company is in the process of finalizing its consolidated financial information for the 2025 Financial Year. The information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the information currently available including the unaudited consolidated management accounts of the Group for the 2025 Financial Year. Such consolidated management accounts have not yet been audited by the Company's auditors and shall be subject to finalization and necessary adjustments (if any). Shareholders and potential investors of the Company are advised to carefully read the announcement on the Group's annual results for the 2025 Financial Year, which is expected to be published by the end of March 2026.

Shareholders and potential investors should exercise caution when dealing with the securities of the Company.

For and on behalf of the Board
China Conch Environment Protection Holdings Limited
LIAO Dan
Company Secretary

Anhui Province, the People's Republic of China
27 February 2026

As at the date of this announcement, the Board comprises Mr. WANG Chunjian (General Manager), Ms. LIAO Dan and Mr. FAN Zhan as executive Directors; Mr. LI Qunfeng (Chairman), Mr. LYU Wenbin and Mr. MA Wei as non-executive Directors; and Mr. DING Wenjiang, Ms. WANG Jiafen and Ms. LI Chen as independent non-executive Directors.