(*Incorporated in the Cayman Islands with limited liability*)

CHIHO ENVIRONMENTAL GROUP LIMITED

(Stock Code: 00976)

Chiho Environmental Group Limited Announced 2017 Annual Results
Business Taking off on Transformation Efforts

Financial Highlight

	2017 HKD$ Million	2016 HKD$ Million	Changes
Revenue	18,491.0	3,211.4	+480%
Gross profit	2,329.0	218.6	+970%
Profit attributable to shareholders of the Company	426.8	(439.9)	A turnaround from loss to profit

[March 29th, 2018 – Hong Kong] Chiho Environmental Group Limited (the "Company" ; Stock Code: 976; together with its subsidiaries, the "Group") is pleased to announce the audited consolidated financial results for the year ended 31 December 2017 (the "Reporting Period" or the "period").

The Group Achieved a Strong Profit Turnaround in 2017

The Group completed the acquisition of the entire share capital of Scholz Holding GmbH ("Scholz Holding" and together with its subsidiaries, "Scholz Group"), a world leading mixed metal recycling giant at the end of 2016, and presented consolidated financial statements from 2017 onwards. The outstanding turnaround efforts by the management, coincided with the gradual recovery of the commodity market, contributed to the Group's strong performance in 2017.

The Group recorded a revenue of HK$18,491.0 million in 2017, representing a significant increase of HK$15,279.6 million or approximately 4.8 times higher compared to HK$3,211.4 million in 2016.

The Group achieved a strong profit turnaround. The Group recorded a gross profit of HK$2,329.0 million in 2017, representing an increase of HK$2,110.4 million or approximately 9.7 times higher compared to the HK$218.6 million recorded in 2016. The gross profit margin also increased from 6.8% in 2016 to 12.6% in 2017, mainly due to higher margin in Europe and America regions. The Group recorded a profit attributable to shareholders of the Company of HK$426.8 million, increased substantially by HK$866.7 million, representing a turnaround from a loss of HK$439.9 million in 2016. The equity attributable to shareholders of the Company was HK$5,073.1 million, representing an increase of HK$955.9 million or approximately 23.2% compared to HK$4,117.2 million in 2016.

The Greater China Region Achieved an Impressive Result

Unlike Europe and America where the major products are ferrous products, the Greater China region, led by Taizhou, mainly focuses on non-ferrous metal. Like the ferrous metal price development, non-ferrous metal pricing, especially that of copper, has been rising in 2017. This, together with operational efficiency improvement and stringent cost control, resulted in significant turnaround of profitability from a loss of HK$243.5 million in 2016 to a profit of HK$295.9 million in 2017.

Strongly supported by the Hong Kong Environmental Protection Department, the Group has invested more than HK$120 million in 2017 in its processing plant located in Yuen Long to install two automatic processing lines so as to comprehensively enhance the processing of WEEE (Waste Electrical and Electronic Equipment) and scrap cables. These facilities will become operational in 2018.

Europe and America Performed Excellently

The performance of our operations in Europe and America in 2017 was good and encouraging. The Group's optimisation measures on the financial situation of the Scholz Group including deleveraging, balance sheet restructuring and improving liquidity were effective and helped boost its processing volume. This coincided with the commodity price recovery since the end of 2016, contributing to the substantial improvement in its profit and earnings when compared to last year.

In 2017, our European and American operations recorded a revenue of HK$13,677.4 million, or approximately 74.0% of the total revenue of the Group in 2017. Both their processing tonnage and average selling price of their metal scrap products increased as a result of the gradual recovery of commodity pricing, the strong demand from electric arc furnaces, blast furnace and steelmakers in various regions for steel scrap from Europe and USA, and the increased purchase of steel scrap in USA by metal traders.

The Group Will Strengthen the synergy and Establish a Domestic Collection Network for Metal Recycling

With increasing awareness of the importance of environmental protection and sustainability, the Chinese government is becoming more stringent in combating illegal and non-complying operations, as well as in scrap importation. More regulated framework will definitely be established.

This development will provide more opportunities to large-scale and environmentally complying companies like the Group. The Group will expand our trading activities through leveraging the strong and large suppliers' network globally. The Group will also look at this import restriction to be an opportunity for the Group to leverage the off-shore processing capability in Hong Kong, Europe and America to supply cleaner and processed materials into China, as well as to plan domestic collection and processing business in China, backed by the Group's expertise and track record in Europe and America.

Going forward, while the Group will continue to drive organic growth, equal attention will be put on looking for other merger and acquisition opportunities, not only in metal recycling but also in other related environmentally friendly operations, to enable the Group to realise its mission as a resource recycling leader.