

November 16, 2021



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

**CHIHO ENVIRONMENTAL GROUP LIMITED**

(Stock Code: 976.HK)

## **Interview with Hong Kong Economic Times**

### **Global consensus to reduce carbon emission Optimistic about global demand on metal recycling**

On November 16, Chiho ECO Protection Limited (“Chiho ECO”), a wholly owned subsidiary of Chiho Environmental Group (“Chiho Group”) in Hong Kong, was awarded the “Outstanding Contribution to Resource Recycling” by the “Hong Kong Economic Times” for its excellent contribution and performance in environmental, social and governance (“ESG”) matters.

Mr. Rafael Suchan (“Mr. Rafael”), the Chief Executive Officer (“CEO”) of Chiho Group, shared his views on the importance of recycling in carbon emission reduction, and introduced the latest development of Chiho Group in the Asian market during his interviews with Hong Kong Economic Times. Mr. Rafael said to the reporter: “I am very optimistic about the global metal recycling market and full of confidence in the future prospects of the Chiho Group.”



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Original article :

[【ESG 聚焦】減排低碳成全球共識 看好全球再造金屬需求 - 香港經濟日報 - 報章 - 特約 - D211116 \(hket.com\)](#)

Carbon emission reduction for environmental protection has become a global consensus. Mr. Rafael, as the CEO of Chiho Group which is a Hong Kong-listed company and is China's largest and one of the largest publicly listed global scrap metal recycling companies, stated that using recycled metals as industrial raw materials will help reduce carbon emissions from metal mining. He further stated that all companies in the world will have to formulate new measures to cope with the new environmental protection and emission reduction policies implemented in various countries. Such measures may include reducing carbon emissions generated from material procurement and production process, which in turns increases the demand for recycled metals and presents a huge immediate and long-term opportunity for Chiho Group.

China, with the highest carbon emissions in the world, has been proactively taking part in global carbon reduction in recent years. Environmental protection industry comes under spotlight after President Xi Jinping announced the carbon neutrality targets this year. Mr. Rafael pointed out that the production of 1 ton of raw steel emits 1 to 2 tons of carbon dioxide. Carbon emissions can be reduced by 65% to 90% if we replace primary raw materials with recycled metals for industrial production. Therefore, it is anticipated that China's demand for recycled metals will rise, which presents a huge business opportunity for Chiho Group. He further added that production of primary raw materials has been regarded as the main source of carbon emissions in recent years. Many European companies have already used recycled materials to replace primary raw materials for the sake of carbon reduction.

Mr. Rafael emphasized that carbon reduction is a global consensus now, and the COVID-19 that raged in the past two years has caused many people to rethink their past lifestyles. People started to care about how raw materials used in daily life are produced. He believes that the Chinese and European governments are determined to reduce carbon emissions and is full of confidence that both China and Europe will be able to achieve the emission reduction targets.

Scholz Group, a wholly owned subsidiary group of Chiho Group, has been actively expanding its footprint in China since 2020. Scholz Group has cooperated with Hongqiao Group, the biggest aluminium producer in China, to jointly develop a world-class metal recycling industry park in China, with an estimated investment of up to RMB 1.5 billion. In May 2021, the ground-breaking and foundation laydown work has been completed. In November 2021, Chiho Group further announced that it will invest RMB 243 million in Taizhou, Zhejiang province with its subsidiary Scholz Group, to build a new intelligent facility for recycling of end-of-life vehicles and electric vehicles batteries. It is the second largest project of Scholz group after entering the China market. Chiho Group is

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committed to enhance the circular economy model for recycling of end-of-life vehicles, and to foster China's green circular economy.

Chiho Group was incorporated in 2008 and became a listed company on the main board of the Hong Kong Stock Exchange in 2010. It subsequently acquired German metal recycler Scholz Holding GmbH and American metal recycler Liberty Iron & Metal, LLC, spreading its footprint across Asia, Europe, and North America. Its sales and operation network covers Mainland China, Hong Kong, India, Thailand, Malaysia, Germany, Poland, Austria, Czech Republic, Romania, Slovenia, the United States and Mexico.

### **Originated from Hong Kong, aiming to foster the development of the local recycling industry**

Chiho ECO Protection Limited (“Chiho ECO”), a wholly owned subsidiary of Chiho Group, is a well-known large-scale scrap metal recycler in Hong Kong. It mainly recycles scrap iron, scrap copper and scrap aluminium. Scrap metals processed by Chiho ECO are shipped to Mainland China to turn into recycled iron, recycled copper and recycled aluminium for domestic sales to industrial buyers.

Lei Yongxiong (Samson), the General Manager of Chiho ECO, said that Chiho ECO, together with its fellow subsidiaries under the Chiho Group, operates 240 recycling yards or processing facilities around the world, recycling about 4.8 million tons of scrap metal each year. It collects, processes, purifies and refines non-ferrous and ferrous scrap metals, end-of-life vehicles, electronic waste, and scrap lubricants, and turns them into recycled iron, recycled aluminium and recycled copper, which will then be sold to factories or other industrial buyers as industrial materials for further production. Currently, Chiho ECO imports scrap metals from Europe, processes them up to the China’s import standards locally, and then ships the processed scrap metals to Chiho Group’s facilities in China for further processing. At present, the prices of copper and aluminium are at high level due to tight supply. Therefore, the demand of recycled copper and aluminium is on the rise.

Chiho ECO is a registered member of the "Green in the District" project which is operated by the Environmental Protection Department for recycling of non-regulated electrical appliances, including rice cookers, hot water boilers and other small household appliances. With our automated processing lines, we dismantle, crush and sort those end-of-life small household appliances into different types of scrap metals which will then be sold to downstream local recyclers for further processing. Since 1999, Chiho ECO has been providing the collection, dismantling and recycling services for non-regulated electrical appliances under the "Green in the District" project which is oversight by the Environmental Protection Department. So far, we have collected and processed over 1,000 tons of end-of-life electrical appliances under the "Green in the District" project, making contributions to the local recycling and helping to reduce the burden on local landfills.

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## Leading the Group to explore new business opportunities with his rich experience in operation and management

Mr. Rafael was appointed as the Chief Executive Officer of Chiho Group in March 2020. Before joining Chiho Group, he held a regional high-level position in the famous German chemical enterprise LANXESS. He pointed out that, in recent years, large European enterprises have been under continuous pressure to implement stricter standards for the use of primary raw materials, in particular metal, to comply with the government's environmental protection and emission reduction policies. For instance, large enterprises used to use primary metals to make inorganic pigments in the past, but they have gradually changed to use recycled metal as the raw materials as carbon reduction becomes a global trend. It is foreseen that the demand for recycled metals as a substitute of primary metals will grow significantly.

He also mentioned that global digital transformation will lead to a rapid increase in the number of electronic products which need to be recycled. However, only 20% of the world's electronic products are recycled now. Each electronic product contains a lot of valuable metals. This presents a huge opportunity for Chiho Group and the global recycling industry. Mr. Rafael is full of confidence in the future development of Chiho Group.

Article source: "Hong Kong Economic Times"

Reporter/Editor: Benny Kwok (郭耀斌)

In the case of any inconsistency, the Chinese text of the news article shall prevail over the English text.



Chiho Group was awarded the Outstanding Contribution to Resource Recycling

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