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### POSITIVE PROFIT ALERT

This announcement is made by Chiho Environmental Group 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that based on a preliminary review of the latest available financial information, the Group is expected to record a substantial increase of revenue, gross profit and profit for the six months period ended 30 June 2017 (the “**Current Period**”) as compared to the corresponding period for the six months ended 30 June 2016.

Such substantial increase in revenue, gross profit and profit was mainly attributable to the facts that (i) the financial performance of Scholz Holding GmbH and its subsidiaries (the “**Scholz Group**”), one of the leading global metal recycler newly acquired at the end of last year, were fully accounted; and (ii) synergistic effects were created between the newly acquired business and original businesses during the Current Period.

This announcement is only based on a preliminary review of the unaudited consolidated financial statements of the Group for the Current Period, which have not yet been finalized and are subject to the review of the Company. The Group’s interim results announcement for the Current Period will be published in late August 2017.

**Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

By Order of the Board of  
**Chiho Environmental Group Limited**  
**Qin Yongming**  
*Chairman*

Hong Kong, 17 July, 2017

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

*Executive Directors:*

Tu Jianhua, Qin Yongming,  
Zhu Patrick Xiangdong

*Independent Non-Executive Directors:*

Loke Yu, Zhu Dajian, Qian Liping