

(Translation Version)

China Financial Market Special Edition---CEG at a Glance



CEG focuses on value chain integration and global layout

As a global leader in the metal recycling and environmental protection industry, Chiho Environmental Group Limited ("CEG" or the "Group" ; Stock Code: 976.HK) possesses extensive experience and advanced technologies in recycling of mixed scrap metals, end-of life vehicles and e-waste. The Group currently has presence in over 30 countries and regions spanning Europe, Greater China and North America, operating more than 300 yards including metals processing facilities equipped with one-stop system for collecting, gathering, sorting and processing.

The acquisition of Scholz Group has promoted value chain integration

The Group completed the acquisition of Scholz Holding GmbH ("Scholz Holding" and together with its subsidiaries, "Scholz Group") at the end of 2016. Scholz Group is one of the largest mixed metal recyclers in the world with advanced end-of-life vehicle processing capability and other cutting-edge technologies. After the acquisition, CEG has established a sustainable business model through vertical integration, becoming one of few enterprises spanning the entire value chain.

Turnaround in the first half of 2017

The Group recorded a substantial increase in revenue, gross profit and profit in the first half of 2017, which was mainly attributable to the financial performance of Scholz Group being fully accounted in this period, the impressive results of the main operation base in the Greater China region and the gradual recovery of commodity pricing. The Group' s revenue was approximately HK\$8,802 million, representing an increase of approximately 4.8 times compared to the same period of 2016. The Group' s gross profit was approximately HK\$1,045 million, representing an increase of approximately 14.8 times when compared to the same period of 2016. The gross profit ratio improved from 4.3% for the six months ended 30 June 2016 to 11.9% in the same period of 2017. Also, the improvement of the operating performance in the first half of 2017 resul