



Joint Venture with Heng Hup Metal Sdn. Bhd.

[February 1st, 2019 - Hong Kong] Chiho Environmental Group (“**CEG**”) is pleased to announce that it intends to form a joint venture (the “**JV**”), namely Heng Hup Chiho Recycling (Malaysia) Sdn. Bhd., with a member of the Heng Hup Group, a leading scrap ferrous metal trader in Malaysia, being Heng Hup Metal Sdn. Bhd. (“**HHM**”). It is intended that the primary focus of the JV is on motor scrap and other mixed metals scrap dismantling business.

The origin of the Heng Hup Group can be traced back to 1996. The Heng Hup Group is ranked the first in terms of trading volume with domestic steel mills in 2017, with a market share of approximately 20.8%. The Heng Hup Group has an extensive network of supply within Malaysia. Scrapyards of Heng Hup Group are strategically located in the areas where the availability of scrap ferrous metals can be assured and nearby the steel mills.

CEG, being one of the largest listed metal recycling companies globally, has extensive operations across Greater China, Europe and North America. CEG anticipates that there will be a continuous growth in demand of scrap ferrous metals in Malaysia, hence the JV with HHM will not only bring mutual benefit to each other but also further strengthen CEG’s presence in Southeast Asia with a greater access to the Malaysian market by partnering up with a local market leader.

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