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CHIHO ENVIRONMENTAL GROUP LIMITED

齊合環保集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 976)

PROFIT WARNING ANNOUNCEMENT

This announcement is made by Chiho Environmental Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in accordance with the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) and Rule 13.09(2)(a) of the Listing Rules.

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 the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and the information currently available to the Board, it is expected that the Group will record a loss attributable to the Shareholders for the year ended 31 December 2019 as compared to a profit for the corresponding period in 2018. Whilst the European segment continues to be the key profit driver and made positive contributions to the Group in 2019, the anticipated losses attributable to the Shareholders is primarily attributed to the headwinds the Chinese operations face, including the negative effects on industrial activities and consumer demand due to the US-China trade war, and the changes in the PRC Government’s policy regarding the import ban of Category 7 scraps into China. As a result, the Asia segment, which mainly comprises the Greater China operations, is expected to record a segment loss of approximately HK\$170 million for the year ended 31 December 2019. Taking into account the profits from the Europe segment, less other operating costs, net finance costs and taxes, the Group is expected to record a net loss of approximately HK\$130 million for the year ended 31 December 2019. While the Group has shifted production from China to its new joint ventures in Malaysia, Thailand, and India to mitigate the impact, the results will not be immediate.

As the Company is still in the process of finalising the audited consolidated annual results of the Group for the year ended 31 December 2019, the information contained in this announcement is only based on the preliminary review and assessment made by the Board based on the unaudited consolidated management accounts of the Group and information currently available, which have neither been audited by the auditors nor reviewed by the audit committee of the Company. The above information may be subject to further adjustments upon further review. Shareholders and potential investors are advised to read carefully the announcement of the annual results of the Group for the year ended 31 December 2019, which is expected to be published as soon as practicable.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 11 March 2020

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

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

Executive Directors:

Qin Yongming (*Chairman*)

Tu Jianhua

Rafael Heinrich Suchan (*Chief Executive Officer*)

Independent Non-Executive Directors:

Loke Yu

Qian Liping

Ko Frankie Andrew