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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)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE

Reference is made to the announcement (the “**Announcement**”) of the Company dated 26 September 2020 in relation to the formation of joint venture between Scholz and Hongqiao. Unless otherwise stated, terms used herein shall have the same meanings as defined in the Announcement. The Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the entering into of the Cooperation Agreement.

Pursuant to the terms and conditions of the Cooperation Agreement, Hongqiao and Scholz will contribute an equity capital contribution of RMB75 million and RMB25 million to the Joint Venture Company respectively. Upon its incorporation, the Joint Venture Company will be owned as to 75% by Hongqiao and as to 25% by Scholz. Equity capital contribution excess of the registered capital (RMB50 million) of the Joint Venture Company will be credited into its capital reserve.

Scholz and Hongqiao have mutually agreed that when Scholz as operating partner assists the Joint Venture Company to achieve certain operational targets over the years through its provision and sharing of technical knowhow, management skills, research and development support, Hongqiao will transfer a number of its shares in the Joint Venture Company to Scholz at no cost. Should all targets be reached, Hongqiao will transfer its shares in the Joint Venture Company up to 24% to Scholz and this will increase the shareholdings of Scholz in the Joint Venture Company to 49%.

By order of the Board
Chiho Environmental Group Limited
Rafael Heinrich Suchan
Chief Executive Officer

Hong Kong, 4 November 2020

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

Executive Directors:

Mr. Qin Yongming (*Chairman*)

Mr. Tu Jianhua

Mr. Rafael Heinrich Suchan (*Chief Executive Officer*)

Mr. Martin Simon (*Chief Financial Officer*)

Independent Non-Executive Directors: Dr. Loke Yu

Ms. Qian Liping

Mr. Ko Frankie Andrew