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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)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

This announcement is made pursuant to the Inside Information Provisions under part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

The board of directors of Chiho Environmental Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) (the “**Board**”) is pleased to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the following unaudited consolidated operating results of the Group for the three months ended 31 March 2021:

	Three months ended 31 March		
	2021	2020	Increment
	<i>HK\$M</i>	<i>HK\$M</i>	
	Unaudited	Unaudited	
Revenue	5,104.6	3,357.2	52%
Gross profit	461.1	230.5	>100%
EBITDA	305.4	139.2	>100%
Profit/(Loss) after tax	57.0	(33.5)	>200%

While much of the world remains impacted by the novel coronavirus (“**COVID-19**”) pandemic, the global community continues to adapt to the new normal as more countries are starting to ease pandemic-related restrictions. These developments prompted a resumption in industrial activities and further stabilisation in global supply chains that in turn led to a strong rebound in demand for ferrous and non-ferrous metals in the Group’s operating regions. The positive impact of this on the Group was also supported by the resumption of imports of recycled non-ferrous metals into China from late last year and strong rebound on the ferrous markets side of the business.

At the same time, the optimisation and restructuring initiatives executed during the second half of 2020 enabled the Group become leaner and more efficient, while many of its growth initiatives are starting to bear fruit.

The Board believes that this represents an important achievement milestone as it pertains to the Group’s new strategy and one that Shareholders and potential investors should be informed of. The Board will continue to assess the Group’s financial and operational performance and closely monitor its exposure to the respective operating risks and uncertainties. In the meantime, the Group will continue to explore new business opportunities by capitalising on core strengths and undertaking necessary management initiatives. We will continue to keep our Shareholders and potential investors informed with further business updates as and when appropriate.

The above-mentioned figures are unaudited and are based on preliminary internal information of the Group, which may differ from the figures to be disclosed in the audited or unaudited consolidated financial statements to be published by the Group on an annual or half-yearly basis due to various uncertainties during the process of collecting such information. As such, the relevant figures are strictly for information only and not for any other purposes. Investors are advised not to place any reliance on the information disclosed herein and shall exercise due caution when dealing in the securities of the Company. Any investor who is in doubt is advised to seek advice from professional advisers.

By Order of the Board

Chiho Environmental Group Limited

Rafael Heinrich Suchan

Chief Executive Officer and Executive Director

Hong Kong, 13 May 2021

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

Executive Directors:

Mr. Tu Jianhua

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

Mr. Martin Simon (*Chief Financial Officer*)

Mr. Miao Yu

Independent Non-Executive Directors: Dr. Loke Yu

Mr. Ko Frankie Andrew

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