

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

This announcement is made by Chiho Environmental Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) 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(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023 (the “**First Half 2023**”) and the information currently available to the Board, it is expected that the Group will record a decline in net profit of the Group for the 1H 2023 as compared to that for the six months ended 30 June 2022 (the “**First Half 2022**”) mainly due to, among other things, the following factors:

- i) The downstream market demand of manufacturers and traders in Europe has dramatically tightened in the First Half 2023. The production capacity of the metal industry, a downstream market to the Group that is highly sensitive to the supply and demand pattern of metals and economic fluctuations, slowed down and concurrently commodity prices were moving downward. The Group was suffering from the downward pressure from the demand side so its sales volume and revenue of recycled metals declined year-on-year.
- ii) Energy prices continued to rise in Germany during the First Half 2023. The increase in energy costs resulted in a decrease in the gross profit of the Group.
- iii) Demand for metals in Europe was relatively weak in the First Half 2023 due to rising interest rates and slowdown in infrastructure construction in Europe. As a result, both sales volume and revenue of the Group declined.

Notwithstanding the above, it is expected that the Group will record a net profit in a range of approximately HK\$45 million to HK\$55 million for the First Half 2023 as compared to that of approximately HK\$185 million for the First Half 2022.

As the Company is in the course of finalising the unaudited interim results of the Group for the first Half 2023, the information contained in this announcement is only a preliminary assessment made by the Board based on the unaudited consolidated management accounts of the Group for the First Half 2023 and the information currently available, and such information or data has not been confirmed or reviewed by the auditor or the audit committee of the Company. The actual results of the Group for the First Half 2023 may be different from the disclosures in this announcement. Further details on the financial results will be disclosed in due course pursuant to the requirements of the Listing Rules when the Group publishes its interim results for the Half First 2023.

Shareholders and potential investors 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, 2 August 2023

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

Executive Directors:

Mr. Tu Jianhua
Mr. Qin Yongming (*Chairman*)
Mr. Miao Yu
Mr. Yao Jietian
Mr. Wang Li
Mr. Zhang Wei (*Chief Executive Officer*)

Independent Non-Executive Directors:

Prof. Li Zhiguo
Prof. Yan Guowan
Mr. Szeto Yuk Ting