

Turning Trash into Treasure

— An Interview with

Kian Guan Goh

Vice President and
Chief Investment Officer

Chiho Environmental Group Limited



化廢為寶

— 專訪 齊合環保集團有限公司

副總裁兼首席投資官 **吳健源** 先生

For KG Goh, growing a business is not just about making money, but also a way to help save our planet. As Vice President and Chief Investment Officer at Chinese recycling company Chiho Environmental Group, every kilogram of metal recycled means it hasn't had to be dug up out of the ground.

"Mining means you need to dig up stuff, process it from minerals to turn into metals, and you need to destroy vegetation and consume large amount of energy during the process," he says. "Human activities will create pollution but it is needed in order to support economic development. It is important to learn how to manage these activities."

At some point in economic development, he notes, when society has enough primary material. "You can reduce your reliance on the exploitation of primary resources and increase the usage of secondary sources, which is recycling."

Chiho sold an aggregate of more than 5.1 million tonnes of recycled products in 2017, mostly from the recycling, processing and sales of copper, steel, aluminium, iron and other metal scrap.

Although a Chinese company, the Mainland accounts for only about 20% of revenues. Founded in 1995, the name "Chiho" reflected its original business of recycling scrap to China from Holland, operating from a base in Yuen Long in Hong Kong's New Territories and a factory in Taizhou, China.

Mr Goh is no stranger to the metals industries. "In my previous career, before joining Chiho, I was an investment banker, covering for a long time primary resources, basically commodities such as metals and mining, oil and gas."

But for Mr Goh, the business of scrap metal is rather different from mining. "I thought that this is a very interesting industry. And Chiho's role in this industry is to maximise the flow of recyclable materials in the most economical way. I think it's also for the well-being of humankind by developing sustainable economy. We believe in the 3R principles – 'Reduce, Reuse, Recycle.'"

First listed on the Hong Kong stock exchange in 2010, Chiho Environmental Group changed its name in 2017 from Chiho-Tiande Group. The change reflects its more international presence. In 2016, the company bought the then-ailing German recycler, Scholz (which also owned Liberty Iron and Metal in the United States), a company 10 times the size of Chiho in terms of revenues.

對吳健源來說，發展業務不僅涉及賺錢，也是協助拯救地球的方法。作為中國回收公司齊合環保集團的副總裁兼首席投資官，每回收一公斤金屬，代表不用開山劈石挖掘。

他表示：「採礦的話，你需要挖掘礦石，然後加工成金屬，過程中你要破壞林木，耗費大量資源。人類活動會帶來污染，但為了發展經濟，這是無可避免的。因此，學習管理這些活動才是關鍵。」

當經濟發展到達某個階段，社會有足夠原材料時，他指出：「你可以減少依賴開採主要資源而增加使用二手資源，那就是回收。」

2017年，齊合共出售超過510萬噸回收產品，大部分來自回收、加工及銷售銅、鋼、鋁、鐵和其他金屬廢料。

雖然是中國公司，但內地收入僅佔20%。「齊合（Chiho）」於1995年成立，名稱反映公司起初將荷蘭廢物回收到中國的業務，營業地點位於香港新界元朗和中國台州一間工廠。

吳先生對金屬行業並不陌生。「加入齊合前，我是投資銀行家，長期負責研究主要資源，即金屬和採礦、石油和天然氣等商品。」

但對吳先生而言，廢金屬行業與採礦業大相逕庭。「我覺得這行業很有趣。齊合在業內的角色是以最合乎經濟的方式優化物料的回收工序。我覺得發展可持續經濟是為人類謀福祉。我們堅守3R原則，即『減廢、再用、循環再造』。」



“Scholz had been a supplier to Chiho in the past, so the company was not unfamiliar,” says Mr Goh. “We operate in different markets so there is less conflict when it comes to integration.” Mr Goh says the company was able to avoid retrenchments of workers at Scholz. “The business has grown since the acquisition and we have grown headcounts.”

The business lines were also complementary, Mr Goh adds. “We are growing the non-ferrous business faster because Scholz was previously more a ferrous player,” he says. Scholz’s network in Europe and North America were well established. “We did not have to spend much on fixed infrastructure but maximise existing infrastructure to grow into wider products and services.”

After taking over Scholz, Chiho’s first step was to form a management board. “We have collective decision making,” he says. “We discuss matters and we make decisions together. And instead of deploying a lot of Chinese into Scholz, we only appointed two Chinese directors out of five board members, and the company is largely run by mostly German professional managers.”

Mr Goh says the workplace and community – Scholz is based in Essingen, a town of 6,000 people in the state of Baden-Wurtemberg, about 75 kilometres from Stuttgart – appreciated Chiho’s low-key acquisition.

齊合環保集團於2010年首次在香港聯交所上市，於2017年由齊合天地集團更改為現時的名稱。新名稱更能反映該公司的國際影響力。2016年，齊合收購了當時奄奄一息的德國回收商Scholz（其擁有美國公司Liberty Iron and Metal），按收入計，該公司的規模為齊合的十倍。

吳先生表示：「Scholz過往一直是齊合的供應商，對我們來說並不陌生。我們在不同市場經營，所以在合併時利益衝突較少。」吳先生稱，公司得以避免Scholz裁員：「收購後，Scholz業務持續增長，我們還增加了該公司的員工數目。」

吳先生補充，該業務生產線與齊合相輔相成。他指出：「我們在有色金屬業務的增長較快，因為Scholz之前主要從事黑色金屬。」Scholz在歐洲和北美的網絡完善。「我們不必在基礎設施上花費太多，而是盡可能善用已有基礎設施，以應付更多產品和服務。」

接管Scholz後，齊合第一步是成立管理委員會。他表示：「我們集體作決策；討論後共同作出決定。我們沒有調派太多中國員工到Scholz，只是從五人組成的董事會中委任了兩名中國董事，該公司主要由佔大多數的德國專業經理營運。」



"I think one mistake that a lot of Chinese companies make when they make international acquisitions is that they underestimate the cultural aspect," says Mr Goh. "We are very sensitive about this so there's also one reason why we didn't put in a lot of people. We give them autonomy but we also give them rules and guidelines, so they know how to work and you need to trust them. Of course, we also establishes internal controls"

Despite its now global reach, Chiho has not forgotten its Hong Kong roots. In 2018, the company upgraded its Yuen Long facility so it can to process several types of waste electrical and electronic equipment. The plant, built on a six-acre plot in the Yuen Long Industrial Estate, can also recover copper, an important industrial metal.

"Hong Kong is a gateway, of course, to the greater Chinese market and is also very well positioned in terms of logistics," says Mr Goh. "Hong Kong can play an important role in the future growth. We have plans for Hong Kong to grow its business."

In China, the company operates large processing facilities in Taizhou -- a city of about 6 million people in Zhejiang province, about 300 km south of Shanghai -- and in Yantai, a city of about the same size in Shandong province in Eastern China.

However, the global recycling industry is holding its breath after a June 2018 declaration by China's State Council that it would seek to ban the importation of all solid waste by the end of 2020. The goal, according to state-run media, is to improve the country's overall environmental quality and reduce pollutant emissions."

China began a crackdown on imported waste materials with a ban on plastics at the end of 2017. "The way I see it, the main problem started with plastics," says Mr Goh. "There was a lot of illegal dumping of plastics into China and plastics is not biodegradable, so it will stay in the soil and water for a long time. Metals on the other hand can be readily melted and remake into new metal products, but plastics waste is difficult to sort and recycled."

Mr Goh says he "appreciates and understands" the Chinese ban on the importation of plastics. "We fully support the idea that import of unsorted plastic waste should be stopped."

However, Mr Goh is less sure of the rationale behind any ban on metal or paper. "If they want to stop the import of paper it means



Scholz以埃辛根為基地，該地是巴登-符騰堡州一個居住 6,000 人的城鎮，與司徒加特相距約 75 公里。吳先生表示，Scholz 的當地員工和社區欣賞齊合的收購行動低調。

吳先生指：「很多中國公司在進行國際收購時犯的錯誤是，低估了當地文化。我們對此十分敏感，而我們未有調派太多人到德國，還有一個原因。我們給予他們自主權，但同時訂下規則和指引，讓他們知道如何運作，而您也要信任他們。當然，我們亦有制訂內部監控。」

雖然齊合現在已成為環球企業，但未有忘記香港這個發源地。2018 年，公司提升元朗廠房，從而處理多種廢棄電子電機設備。這間廠房建於元朗工業邨一塊六英畝的土地上，可回收銅這種重要的工業金屬。

吳先生說：「香港是進入大中華市場的門戶，在物流上佔盡地利。香港在公司的未來發展方面擔當重要角色。我們計劃發展香港業務。」

在中國，公司於台州（浙江省一個居住約 600 萬人的城市，與上海相距約 300 公里）和煙台（位於中國東部山東省，與台州面積相若）營運大型加工設施。

然而，中國國務院於 2018 年 6 月宣佈將於 2020 年底前禁止進口所有固體廢物後，全球回收業陷入低潮。官方媒體表示，政策旨在改善國家的整體環境質素和減低污染排放。」

中國於 2017 年底禁止進口廢塑膠，展開了打擊進口廢棄物料的序幕。吳先生說：「依我看來，塑膠是問題的癥結。中國有很多非法傾倒塑膠的情況，而塑膠不能經生物降解，因此會長時間留在土壤和海水中。金屬可熔化並重製成新的金屬產品，但塑膠則很難分類和回收。」

that you have to increase your sourcing domestically of paper," he says. "You either have more recycled paper sourced domestically, or you have to cut more trees.

"It's best you import sorted foreign paper scrap. But paper recycling itself also creates certain level of pollution," Mr Goh notes. "You create pollution by cutting primary trees which also reduce the Earth ability to absorb the pollution human activities create, you also create certain level of pollution by recycling or processing recycled paper, but it is smaller comparatively. You need to choose lesser of two evils unless you can live without paper."



In the case of metals, Mr Goh notes that the importation of copper concentrates, which is the primary method, but most polluting method of obtaining copper metal. "China imports so much copper concentrate from Peru, Chile, Democratic Republic of the Congo and smelt it," he says.

Copper concentrate is mineral form and contains only around 20% copper metal content. "The other circa 80 percent will end up as slags after smelting and that slag contains heavy metals, even arsenic, that goes into the soil in China where the smelters operate." Recycled copper, he adds, is already in metal form.

Chiho is adopting a wait-and-see attitude to future Chinese regulatory moves. In the meantime, Mr Goh, as CIO, intends to expand the company further internationally, including along the maritime route of

吳先生表示「欣賞和明白」中國政府禁止進口塑膠。「我們完全支持停止進口未分類塑膠廢料的做法。」

不過，吳先生對禁止金屬或紙張進口的理由就有所保留。他認為：「如果當局想停止進口紙張，就必須增加國內的紙張供應。你要增加國內可採購的再造紙，或砍更多樹。」

吳先生提醒：「最好的辦法是進口已分類的外國廢紙。但紙張回收本身亦產生某程度的污染。砍伐原生樹木製造污染，同時會削弱地球吸收人類活動所製造污染的能力，回收或加工再造紙時亦會帶來某程度的污染，但相對較少。除非大家可以不使用紙張，否則必須兩害取其輕。」

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Beijing's Belt and Road Initiative. "We are setting up facilities along the way, transferring some of our processing capabilities from China to Southeast Asia and South Asia."

Mr Goh adds that he is looking at opportunities to consolidate the business through further acquisitions. "Being an environmental company, right now a big chunk of our business is in metal recycling. Our waste oil recycling business started operations late 2017. We're also looking at how to grow our regulated businesses – such as hazardous waste and waste management." **M**

金屬方面，吳先生指出進口銅精礦是獲取銅的主要方法，但也是最污染的方法。他稱：「中國從秘魯、智利、剛果民主共和國進口大量銅精礦，然後再熔煉。」

銅精礦是礦石形態，銅金屬含量只有約20%。「其餘約80%將於熔煉後成為熔渣，而熔渣中含有重金屬，更可能含有砒霜，這些重金屬會滲入國內冶煉廠運作所在地的土壤。」他補充，再造銅本身已經是金屬形態。

齊合對中國未來監管政策變化持觀望態度。與此同時，吳先生作為首席投資官有意進一步拓展公司的國際業務，包括於北京政府「一帶一路」沿線。「我們正在興建設施，將部分加工能力從中國轉移到東南亞和南亞。」

吳先生補充，他正尋覓機會，透過進一步收購整合業務。「作為一家環保公司，我們目前大部分業務為金屬回收。我們的廢油回收業務於2017年底開始營運。我們也在研究如何發展受監管業務，如有害廢物和廢物管理。」 **M**



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