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CHIHO-TIANDE GROUP LIMITED

齊合天地集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 976)

ANNOUNCEMENT IN RELATION TO THE LEGAL PROCEEDINGS IN THE PEOPLE'S REPUBLIC OF CHINA INVOLVING CHIHO-TIANDE (SHANGHAI) METALS RECYCLING CO., LTD*

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

On 14 December 2012, 上海齊合天地再生資源有限公司 (Chiho-Tiande (Shanghai) Metals Recycling Co., Ltd*) filed a writ of counterclaim with the People's Court in Baoshan District, Shanghai, the PRC against 上海民營科技實業發展公司 (Shanghai Science and Technology Co., Ltd.*) in respect of a counterclaim for the direct economic loss suffered by it as a result of the misrepresentations made by SST under the Agreements and the failure of SST to disclose material information to it.

This announcement is made by Chiho-Tiande Group Limited (the "**Company**") pursuant to Rule 13.09 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to announce that on 14 December 2012, 上海齊合天地再生資源有限公司 (Chiho-Tiande (Shanghai) Metals Recycling Co., Ltd*) (the "**Shanghai JV**"), an indirect 51%-owned subsidiary of the Company, filed a writ of counterclaim with the People's Court in Baoshan District, Shanghai, the People's Republic of China ("**PRC**") against 上海民營科技實業發展公司 (Shanghai Science and Technology Co., Ltd.*) ("**SST**") in relation to certain disputes arising from the housing and land leasing contracts and a supplemental agreement (together the "**Agreements**") entered into between SST as lessor and the Shanghai JV as lessee on 8 October 2010 for the lease of two parcels of land and buildings thereon currently used by the Shanghai JV (the "**Site**").

The Site forms part of 躍龍新材料產業園 (Yuelong New Materials Industrial Park*), which is situated at Luojing Town, Baoshan District, Shanghai, the PRC and is used by the Shanghai JV for the construction of a processing plant for scrap metal recycling (the “**Project**”). The Company submitted an application to the Shanghai Environmental Protection Bureau for the approval of the Project shortly after the commencement of the construction of the processing plant, but the requisite approval has not yet been granted as at the date of this announcement.

On 30 November 2012, the Shanghai JV received a writ of summons filed by SST with the People’s Court in Baoshan District, Shanghai, the PRC against it in respect of a claim for outstanding rents of approximately RMB16.38 million and management fees of RMB200,000 under the Agreements (the “**Claim**”). The Shanghai JV has obtained legal advice from its PRC legal counsel with regard to the Claim. The Shanghai JV has been advised that it has a good defence to the Claim. In addition, the Shanghai JV has reasons to believe that SST has made certain misrepresentations under the Agreements and failed to disclose material information to it with regard to the restrictions of the use of the Site, thereby causing loss and damage to it.

Therefore, on 14 December 2012, the Shanghai JV filed a writ of counterclaim with the People’s Court in Baoshan District, Shanghai, the PRC against SST in respect of a counterclaim for the direct economic loss of approximately RMB108 million suffered by it as a result of the misrepresentations made by SST under the Agreements and the failure of SST to disclose material information to it.

The Company is assessing whether the above legal proceedings would have any material adverse effect on the financial results of the Company and its subsidiaries for the year ending 31 December 2012, which are expected to be published on or before the end of March 2013. The Company will keep its shareholders and the investors informed of the development of the above legal proceedings as and when appropriate.

By Order of the Board
Chiho-Tiande Group Limited
Fang Ankong
Chairman

Hong Kong, 14 December 2012

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

<i>Executive Directors:</i>	Fang Ankong, Stephanus Maria van Ooijen, Gu Liyong
<i>Non-executive Director:</i>	Michael Charles Lion
<i>Independent non-executive Directors:</i>	Loke Yu, Li Xikui, Zhang Jingdong

* *For identification purposes only*