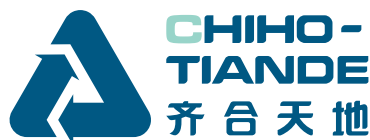


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CHIHO-TIANDE GROUP LIMITED

齊合天地集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 976)

LETTERS OF INTENT IN RELATION TO THE PROPOSED ESTABLISHMENT OF A RENEWABLE OIL INVESTMENT COMPANY AND

THE PROPOSED ACQUISITION OF 80% EQUITY INTERESTS IN YANTAI LIHENG ENVIRONMENTAL PROTECTION TECHNOLOGY CO., LTD.*

This announcement is made by the Company in accordance with Part XIVA of the SFO concerning disclosure of inside information and Rule 13.09(2)(a) of the Listing Rules.

The Board is pleased to announce that on 1 December 2014, the Company, through its wholly-owned subsidiary CTIL, entered into the Letters of Intent in relation to the proposed establishment of the InvestCo and the proposed acquisition by the InvestCo of 80% equity interests in Yantai Liheng.

Yantai Liheng is a limited liability company incorporated under the laws of the PRC in April 2014 and is principally engaged in the sale of hazardous waste, lubricating oil, gas oil, base oil, residual oil, fuel oil and the related additives. Immediately before the signing of the Letters of Intent, Yantai Liheng was owned by Mr. Li and Yantai Liyang as to 55% and 45%, respectively.

Subject to the completion of the due diligence review to the satisfaction of CTIL, CTIL will procure its wholly-owned subsidiary in the PRC to enter into the Investment Agreement with Mr. Li (or a company controlled by him) to establish the InvestCo, which will be owned by CTIL's wholly-owned subsidiary in the PRC and Mr. Li (or a company controlled by him) as to 60% and 40%, respectively. Upon the establishment of the InvestCo and subject to the registered capital of Yantai Liheng having been fully paid-up, the InvestCo will enter into the Acquisition Agreement to acquire an aggregate of 80% equity interests in Yantai Liheng. It is expected that Yantai Liheng will be valued at RMB80 million (equivalent to approximately HK\$101.08 million). On this basis, the Consideration will be equal to RMB64 million (equivalent to approximately HK\$80.86 million), of which RMB44 million (equivalent to approximately HK\$55.59 million) shall be payable to Mr. Li and RMB20 million (equivalent to approximately HK\$25.27 million) shall be payable to Yantai Liyang. The parties will determine the final amount of the Consideration based on the results of the due diligence review and the terms of the Acquisition Agreement.

As none of the applicable percentage ratios in respect of the Proposed Transactions is 5% or above, the Proposed Transactions do not constitute notifiable transactions under Chapter 14 of the Listing Rules.

The Proposed Transactions are conditional upon, among other things, (a) completion of the due diligence review on Yantai Liheng to the satisfaction of CTIL; and (b) the entering into of the Investment Agreement and the Acquisition Agreement within 180 days from the date of signing of the Letters of Intent. Therefore, the Proposed Transactions may or may not materialise. Shareholders and potential investors of the Company shall exercise cautions when dealing in the shares of the Company. The Company will comply with the applicable requirements under the Listing Rules as and when the Proposed Transactions materialise.

INTRODUCTION

This announcement is made by the Company in accordance with Part XIVA of the SFO concerning disclosure of inside information and Rule 13.09(2)(a) of the Listing Rules.

The Board is pleased to announce that on 1 December 2014, the Company, through its wholly-owned subsidiary CTIL, entered into the Letters of Intent in relation to the proposed establishment of the InvestCo and the proposed acquisition by the InvestCo of 80% equity interests in Yantai Liheng.

THE PROPOSED INVESTMENT AND THE PROPOSED ACQUISITION

The principal terms of the Letters of Intent are as follows:

- (a) CTIL will conduct a due diligence review on Yantai Liheng. Subject to the completion of such due diligence review to the satisfaction of CTIL, CTIL will procure its wholly-owned subsidiary in the PRC to enter into the Investment Agreement with Mr. Li (or a company controlled by him) for the establishment of the InvestCo.
- (b) The InvestCo will be principally engaged in the investment in waste lubricating oil processing and the related businesses. It is intended that the InvestCo will be owned by CTIL's wholly-owned subsidiary in the PRC and Mr. Li (or a company controlled by him) as to 60% and 40%, respectively. The registered capital of the InvestCo is proposed to be RMB80 million (equivalent to approximately HK\$101.08 million), which will be paid in cash by the shareholders of the InvestCo in proportion to their respective equity interests in the InvestCo in full within 30 business days after the signing of the Investment Agreement.
- (c) Subject to the establishment of the InvestCo and the registered capital of Yantai Liheng having been fully paid-up, the InvestCo will enter into the Acquisition Agreement with Mr. Li and Yantai Liyang for the acquisition of 55% equity interests held by Mr. Li and 25% equity interests held by Yantai Liyang, respectively, in Yantai Liheng. It is expected that Yantai Liyang will be valued at RMB80 million (equivalent to approximately HK\$101.08 million). On this basis, the Consideration will be

equal to RMB64 million (equivalent to approximately HK\$80.86 million), of which RMB44 million (equivalent to approximately HK\$55.59 million) shall be payable to Mr. Li and RMB20 million (equivalent to approximately HK\$25.27 million) shall be payable to Yantai Liyang. The parties will determine the final amount of the Consideration based on the results of the due diligence review and the terms of the Acquisition Agreement.

- (d) The parties agreed to an exclusivity period of 180 days from the date of signing of the Letters of Intent for the parties to enter into the Investment Agreement and the Acquisition Agreement.

INFORMATION ON YANTAI LIHENG

Yantai Liheng is a limited liability company established under the laws of the PRC in April 2014 and is principally engaged in the sale of hazardous waste, lubricating oil, gas oil, base oil, residual oil, fuel oil and the related additives.

Immediately before the signing of the Letters of Intent, Yantai Liheng was owned by Mr. Li and Yantai Liyang as to 55% and 45%, respectively. The registered capital of Yantai Liheng was RMB55.15 million (equivalent to approximately HK\$69.68 million) as at the date of the Letters of Intent.

Upon completion of the Proposed Acquisition, Yantai Liheng will become an indirect non wholly-owned subsidiary of the Company, and will be owned by the InvestCo and Yantai Liyang as to 80% and 20%, respectively.

INFORMATION OF MR. LI AND YANTAI LIYANG

Yantai Liyang is a limited liability company incorporated under the laws of the PRC and is principally engaged in the renewable resources business.

To be best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Li, Yantai Liyang and its ultimate beneficial owners are independent of the Company and its connected persons.

REASONS FOR, AND BENEFITS OF, THE PROPOSED TRANSACTIONS

The revised Environmental Protection Law of the PRC will come into force in 2015, which imposes more stringent obligations on enterprises regarding pollution prevention and control. This legislation change will encourage enterprises to take environmental protection measures and hence support the development of the recycling industry. The Company therefore believes that this will provide ample opportunities for the Company to develop its recycling business. Yantai Liheng is one of the key enterprises in Yantai Renewable Resources Development Zone (煙台再生資源開發區). Based on the information provided by Yantai Liheng, Yantai Liheng has installed an automatic production line capable of processing 120,000 tonnes of waste lubricating oil per annum, and as at the date of the Letters of Intent, Yantai Liheng had an approved annual production capacity of 50,000 tonnes. The Directors believe that if the Proposed Transactions materialise, they will enable the Group to expand into the business relating to waste lubricating oil processing, thereby increase the revenue base of the Group.

The terms of the Letters of Intent were arrived at after an arm's length negotiation between the Group on the one part, and Mr. Li and Yantai Liyang on the other part. The Consideration will be determined with reference to the amount of the registered capital of Yantai Liheng and the technology, know-how and expertise owned by Yantai Liheng in relation to the processing of waste lubricating oil and will be satisfied by the internal resources of the Group. The Directors consider that the Letters of Intent are on normal commercial terms, the terms of which are fair and reasonable and that the entering into of the Letters of Intent is in the interest of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As none of the applicable percentage ratios in respect of the Proposed Transactions is 5% or above, the Proposed Transactions do not constitute notifiable transactions under Chapter 14 of the Listing Rules.

The Proposed Transactions are conditional upon, among other things, (a) completion of the due diligence review on Yantai Liheng to the satisfaction of CTIL; and (b) the entering into of the Investment Agreement and the Acquisition Agreement within 180 days from the date of signing of the Letters of Intent. Therefore, the Proposed Transactions may or may not materialise. Shareholders and potential investors of the Company shall exercise cautions when dealing in the shares of the Company. The Company will comply with the applicable requirements under the Listing Rules as and when the Proposed Transactions materialise.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Acquisition Agreement”	an equity purchase agreement to be entered into by Mr. Li and Yantai Liyang as vendors and the InvestCo as purchaser in relation to the Proposed Acquisition
“Acquisition LOI”	the letter of intent dated 1 December 2014 entered into between Yantai Liheng, CTIL, Mr. Li and Yantai Liyang in relation to the Proposed Acquisition
“Board”	the board of Directors
“Company”	Chiho-Tiande Group Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 976)
“connected person”	has the meaning ascribed to it under the Listing Rules

“Consideration”	the aggregate consideration payable by the InvestCo for the Proposed Acquisition
“CTIL”	Chiho-Tiande Investments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“InvestCo”	a company to be established by a wholly-owned subsidiary of CTIL in the PRC and Mr. Li (or a company controlled by him) as an investment vehicle for the Proposed Acquisition on the terms of the Investment LOI and the Investment Agreement
“Investment Agreement”	an investment agreement to be entered into by a wholly-owned subsidiary of CTIL in the PRC and Mr. Li (or a company controlled by him) in relation to the Proposed Investment
“Investment LOI”	the letter of intent dated 1 December 2014 entered into between CTIL and Mr. Li in relation to the Proposed Investment
“Letters of Intent”	collectively, the Acquisition LOI and the Investment LOI
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Li”	Mr. Li Yuhu
“percentage ratios”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong and the Macau Special Administrative Region
“Proposed Acquisition”	the proposed acquisition by the InvestCo of an aggregate of 80% equity interests in Yantai Liheng from Mr. Li and Yantai Liyang on the terms of the Acquisition LOI and the Acquisition Agreement

“Proposed Investment”	the proposed establishment by a wholly-owned subsidiary of CTIL in the PRC and Mr. Li (or a company controlled by him) of the InvestCo as an investment vehicle for the Proposed Acquisition on the terms of the Investment LOI and the Investment Agreement
“Proposed Transactions”	collectively, the Proposed Acquisition and the Proposed Investment
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Yantai Liheng”	煙台立衡環保科技有限公司 (Yantai Liheng Environmental Protection Technology Co., Ltd.*), a limited liability company incorporated under the laws of the PRC
“Yantai Liyang”	煙台力揚工貿有限公司 (Yantai Liyang Industrial Co., Ltd.*), a limited liability company incorporated under the laws of the PRC
“%”	per cent

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

Hong Kong, 1 December 2014

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1 = HK\$1.2635 for illustration purposes only.

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

Executive Directors: Fang Ankong, Stephanus Maria van Ooijen, Gu Liyong

Non-executive Director: Michael Charles Lion

Independent non-executive Directors: Loke Yu, Li Xikui, Zhang Jingdong

* For identification purposes only