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**USUM INVESTMENT GROUP
HONG KONG LIMITED**

*(Incorporated in Hong Kong with
limited liability)*

CHIHO-TIANDE GROUP LIMITED

*(Incorporated in the Cayman Islands with
limited liability)
(Stock Code: 976)*

JOINT ANNOUNCEMENT

(1) EXERCISE OF THE OPTION AND COMPLETION OF ACQUISITION OF AN APPROXIMATELY 24.54% INTEREST IN CHIHO-TIANDE GROUP LIMITED BY USUM INVESTMENT GROUP HONG KONG LIMITED;

(2) UNCONDITIONAL MANDATORY GENERAL CASH OFFERS BY CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL OF THE ISSUED SHARES, ALL OUTSTANDING CONVERTIBLE BONDS AND IN EXCHANGE FOR CASH TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF CHIHO-TIANDE GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND ITS CONCERT PARTIES);

(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE OF CHIHO-TIANDE GROUP LIMITED;

AND

(4) RESUMPTION OF TRADING

Financial Adviser to USUM Investment Group Hong Kong Limited



Independent Financial Adviser to the Independent Board Committee



Reference is made to the Announcement dated 23 October 2015 in relation to, among other things, certain financing arrangements involving the Offeror, HWH and Mr. Fang, and the Holding Announcement. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings given to them in the Announcement.

EXERCISE OF THE OPTION AND COMPLETION OF ACQUISITION OF AN APPROXIMATELY 24.54% INTEREST IN THE COMPANY BY THE OFFEROR

On 17 December 2015 (after trading hours), the Offeror exercised the Option pursuant to the Deed dated 23 October 2015, requiring HWH to transfer to it all but not part of the Option Shares at the price of HK\$3.50 per Share, totaling HK\$1,364,255,396. The Option Shares represent approximately 24.54% of the issued share capital of the Company as at the date of this announcement. In accordance with the terms of the Deed, Completion took place on 22 December 2015.

UNCONDITIONAL MANDATORY GENERAL CASH OFFERS

Immediately prior to the transfer of the Option Shares, the Offeror and its Concert Parties (other than HWH) collectively held a total of 509,608,000 Shares, representing approximately 32.08% of the issued share capital of the Company. Upon Completion and as at the date of this announcement, the Offeror and its Concert Parties collectively held a total of 899,395,256 Shares, representing approximately 56.62% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Code, the Offeror will be required to make an unconditional mandatory general cash offer to purchase a total of 689,119,450 Shares, representing all the issued Shares which are not already owned or agreed to be acquired by the Offeror and its Concert Parties (assuming no further Shares are issued or repurchased by the Company up to close of the Offers, whether pursuant to the exercise of the Share Options or the conversion rights attaching to the Convertible Bonds or otherwise). The Offeror will also be required to make the Option Offer and the Convertible Bond Offer pursuant to Rule 13 of the Code.

The Offers will be made by China Galaxy on behalf of the Offeror, on the following basis:

The Share Offer

For each Share HK\$3.50 in cash

The Offer Price of HK\$3.50 per Share is the same as the price per Share paid by the Offeror for the Option Shares and represents the highest price paid by the Offeror and its Concert Parties for Shares within six months prior to the date of the Holding Announcement.

The Share Offer will be extended to all Shareholders other than the Offeror and its Concert Parties in accordance with the Code. The Shares to be acquired under the Share Offer shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date of this announcement or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of this announcement.

As at the date of this announcement, Mr. Zhang beneficially owns 230,197,990 Shares, representing approximately 14.49% of the issued share capital of the Company. Mr. Zhang has irrevocably undertaken that he will not, whether directly or indirectly, at any time during the period from 29 December 2015 until the close of the Offers dispose of, transfer or otherwise deal in, any of his Shares and in particular, accept the Share Offer.

Pursuant to the Delco Undertaking as disclosed in the Company's circular dated 11 April 2015, Delco agreed, subject to the Company's fulfillment of specific payment conditions, to waive:

- (i) its right of redemption on the extended maturity date of the Convertible Bonds, being 1 March 2017;
- (ii) its right to receive interest on the Convertible Bonds from 1 March 2015;
- (iii) its right to convert the Convertible Bonds; and
- (iv) its right to dispose of the Convertible Bonds, subject to the right of the Company to require Delco to sell, at 100% of the face value of the Convertible Bonds, to the Company or such parties as the Company shall introduce, the Convertible Bonds at any time after 31 July 2015.

Accordingly, the outstanding Convertible Bonds in the principal amount of HK\$312,600,000 held by Delco will not be eligible for conversion into Shares for participation in the Share Offer. The Convertible Bond Offer will, however, be extended to the Convertible Bonds held by Delco for acceptance.

The Convertible Bond Offer

For every HK\$100,000 face value of the Convertible Bonds HK\$58,333.33 in cash

The Convertible Bonds will be acquired fully paid and free from all liens, charges, options, equities, encumbrances or other third party rights of any nature and together with all rights now or hereafter attaching or accruing to them, including the right to all dividends and other distributions (if any) declared, made or paid after the date of this announcement.

The Convertible Bond Offer will apply to all outstanding Convertible Bonds in issue on the date on which the Convertible Bond Offer is made and will not apply to any Convertible Bonds which are or have been converted into Shares prior to the close of the Offers.

The offer price for the Convertible Bonds is HK\$58,333.33 for every HK\$100,000 face value of the Convertible Bonds, determined in accordance with Practice Note 6 to the Code as the “see-through” consideration for the Convertible Bonds, being the number of Shares into which the Convertible Bonds is convertible (being approximately 63,366,667 Shares) multiplied by the Share Offer Price (of HK\$3.50 per Share), valuing the total Convertible Bond Offer at approximately HK\$221,783,335.

The Option Offer

China Galaxy, on behalf of the Offeror, will make an appropriate offer to the Optionholders in accordance with Rule 13 of the Code to cancel all outstanding Share Options in exchange for cash.

Under the Option Offer, since the exercise price of the outstanding Share Options is above the Offer Price, the outstanding Share Options are out of the money and the offer price for the cancellation of each Share Option is set at a nominal value of HK\$0.01.

In respect of Share Options with an exercise price of HK\$4.186:

For cancellation of each such Share Option HK\$0.01 in cash

Further information on the Option Offer will be set out in a letter to the Optionholders which will be despatched, as far as practicable, contemporaneously with the despatch of the Composite Document.

Financing of the Offers

Assuming the Offers are accepted in full on the basis that (i) none of the Share Options or the conversion rights attaching to the Convertible Bonds are exercised prior to the close of the Offers; and (ii) there is no change in the issued share capital of the Company up to the close of the Offers, a total of 458,921,460 issued Shares (representing the Shares not already held or to be acquired by the Offeror and its Concert Parties and excluding the 230,197,990 Shares held by Mr. Zhang who has irrevocably undertaken not to accept the Share Offer) will be subject to the Share Offer and the maximum cash consideration payable by the Offeror under the Offers would be approximately HK\$1,828,030,325.

Assuming that (i) all of the Share Options and the conversion rights attaching to the Convertible Bonds are exercised in full prior to the close of the Offers and there will be no outstanding Share Options or Convertible Bonds remaining for acceptance under the Option Offer and the Convertible Bond Offer; and (ii) there is no other change in the issued share capital of the Company up to the close of the Offers, a total of 524,476,127 Shares (representing the Shares not already held or to be acquired by the Offeror and its Concert Parties, including the 65,554,667 new Shares to be issued pursuant to the exercise in full of the Share Options and the conversion rights attaching to the Convertible Bonds, but excluding the 230,197,990 Shares held by Mr. Zhang who has irrevocably undertaken not to accept the Share Offer), the maximum cash consideration payable by the Offeror under the Share Offer would amount to approximately HK\$1,835,666,445. The Convertible Bonds in the principal amount of HK\$312,600,000 held by Delco have been assumed to be fully converted for the purpose of ascertaining the maximum cash consideration for the Share Offer in the case of full conversion of the outstanding Share Options and Convertible Bonds into new Shares.

The funds required by the Offeror to satisfy the consideration payable under the Offers will be financed from its own internal resources and the CCBI Facility. China Galaxy has been appointed as the financial adviser to the Offeror in respect of the Offers and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers.

The Share Offer, the Option Offer and the Convertible Bond Offer are unconditional in all respects.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends for the Company to maintain the listing status of the Shares on the Main Board of the Stock Exchange after the close of the Offers.

The Stock Exchange has stated that, if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the close of the Offers, there will be not less than 25% of the Company's entire issued ordinary share capital held by the public, the Offeror undertakes to the Stock Exchange to take appropriate steps within a reasonable period following the close of the Offers to ensure that at least 25% of the Shares will be held by the public.

It should be noted that if the Company remains a listed company on the Stock Exchange, the Stock Exchange will closely monitor all future acquisitions or disposals of assets by the Company. Any acquisitions or disposals of assets by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue an announcement and/or a circular to the Shareholders irrespective of the size of any proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of the Company. The Stock Exchange also has the power pursuant to the Listing Rules to aggregate a series of acquisitions of assets by the Company and any such acquisitions may result in the Company being treated as if it were a new listing applicant subject to the requirements of new listing applications as set out in the Listing Rules.

GENERAL

Composite Document

It is the intention of the Offeror and the Board that the offer document and the offeree board circular be combined in a composite offer document. It is expected that the Composite Document containing, amongst other things, (i) further details of the Offers; (ii) the recommendation from the Independent Board Committee in respect of the Offers; (iii) the letter from the Independent Financial Adviser in respect of the Offers; and (iv) the Forms of Acceptance, will be despatched to Shareholders, Optionholders and Convertible Bondholders within 21 days of the date of this announcement.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee has been established for the purpose of making a recommendation to the Shareholders, the Optionholders and the Convertible Bondholders as to whether the Offers are fair and reasonable and as to acceptance.

The Independent Board Committee comprises all the independent non-executive Directors, namely, Dr. Loke Yu, Ms. Zhang Jingdong and Mr. Zhu Dajian. No member of the Independent Board Committee has any direct or indirect interest in the Offers.

Somerley Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and as to their acceptance. The appointment of Somerley Capital has been approved by the Independent Board Committee. The advice of the Independent Financial Adviser will be contained in the Composite Document.

WARNING: SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. IF SHAREHOLDERS AND POTENTIAL INVESTORS ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

RESUMPTION OF TRADING

Pending the release of this announcement, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 18 December 2015 at the request of the Company. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 1:00 p.m. on 4 January 2016.

Reference is made to the Announcement dated 23 October 2015 in relation to, among other things, certain financing arrangements involving the Offeror, HWH and Mr. Fang and the Holding Announcement. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings given to them in the Announcement.

PART A: THE DEED

Date: 23 October 2015

Parties: (i) HWH; and
(ii) the Offeror.

Pursuant to the terms of the Deed, HWH irrevocably granted the Offeror the Option to require HWH to transfer to the Offeror (or its nominees) all but not part of the Option Shares at the Option Price during the Option Period.

In accordance with the provisions of the Deed, the Offeror exercised the Option on 17 December 2015 (which is during the Option Period) by serving notice to HWH and Completion took place on 22 December 2015.

The total consideration for the Option Shares was HK\$1,364,255,396, equivalent to HK\$3.50 per Option Share.

PART B: THE OFFERS

Immediately prior to the transfer of the Option Shares, the Offeror and its Concert Parties (other than HWH) collectively held a total of 509,608,000 Shares, representing approximately 32.08% of the issued share capital of the Company. Upon Completion and as at the date of this announcement, the Offeror and its Concert Parties collectively held a total of 899,395,256 Shares, representing approximately 56.62% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Code, the Offeror will be required to make the Share Offer for all the issued Shares (other than those already

owned or agreed to be acquired by the Offeror and its Concert Parties at the time when the Share Offer is made). The Offeror will also be required to make the Option Offer and the Convertible Bond Offer pursuant to Rule 13 of the Code.

The Offers will be made by China Galaxy on behalf of the Offeror, on the following basis:

The Share Offer

For each Share HK\$3.50 in cash

The Offer Price of HK\$3.50 per Share is the same as the price per Share paid by the Offeror for the Option Shares and represents the highest price paid by the Offeror and its Concert Parties for Shares within six months prior to the date of the Holding Announcement.

The Share Offer will be extended to all Shareholders other than the Offeror and its Concert Parties in accordance with the Code. The Shares to be acquired under the Share Offer shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date of this announcement or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of this announcement.

As at the date of this announcement, Mr. Zhang beneficially owns 230,197,990 Shares, representing approximately 14.49% of the issued share capital of the Company. Mr. Zhang has irrevocably undertaken that he will not, whether directly or indirectly, at any time during the period from 29 December 2015 until the close of the Offers dispose of, transfer or otherwise deal in, any of his Shares and in particular, accept the Share Offer.

Pursuant to the Delco Undertaking as disclosed in the Company's circular dated 11 April 2015, Delco agreed, subject to the Company's fulfillment of specific payment conditions, to waive:

- (i) its right of redemption on the extended maturity date of the Convertible Bonds, being 1 March 2017;
- (ii) its right to receive interest on the Convertible Bonds from 1 March 2015;
- (iii) its right to convert the Convertible Bonds; and
- (iv) its right to dispose of the Convertible Bonds, subject to the right of the Company to require Delco to sell, at 100% of the face value of the Convertible Bonds, to the Company or such parties as the Company shall introduce, the Convertible Bonds at any time after 31 July 2015.

Accordingly, the outstanding Convertible Bonds in the principal amount of HK\$312,600,000 held by Delco will not be eligible for conversion into Shares for participation in the Share Offer. The Convertible Bond Offer will, however, be extended to the Convertible Bonds held by Delco for acceptance.

The Convertible Bond Offer

For every HK\$100,000 face value of the Convertible Bonds HK\$58,333.33 in cash

The Convertible Bonds will be acquired fully paid and free from all liens, charges, options, equities, encumbrances or other third party rights of any nature and together with all rights now or hereafter attaching or accruing to them, including the right to all dividends and other distributions (if any) declared, made or paid after the date of this announcement.

The Convertible Bond Offer is unconditional in all respects and will apply to all outstanding Convertible Bonds in issue on the date on which the Convertible Bond Offer is made and will not apply to any Convertible Bonds which are or have been converted into Shares prior to the close of the Offers.

The offer price for the Convertible Bonds is HK\$58,333.33 for every HK\$100,000 face value of the Convertible Bonds, determined in accordance with Practice Note 6 to the Code as the “see-through” consideration for each Convertible Bonds, being the number of Shares into which the Convertible Bonds is convertible (being approximately 63,366,667 Shares) multiplied by the Share Offer Price (HK\$3.50 per Share), valuing the total Convertible Bond Offer at approximately HK\$221,783,335.

The Option Offer

China Galaxy, on behalf of the Offeror, will make an appropriate offer to the Optionholders in accordance with Rule 13 of the Code to cancel all outstanding Share Options in exchange for cash.

Under the Option Offer, since the exercise price of the outstanding Share Options is above the Offer Price, the outstanding Share Options are out of the money and the offer price for the cancellation of each Share Option is set at a nominal value of HK\$0.01.

In respect of Share Options with an exercise price of HK\$4.186:

For cancellation of each such Share Option HK\$0.01 in cash

Assuming none of the Share Options are exercised prior to the close of the Offers, the Option Offer is valued at approximately HK\$21,880.

The Option Offer is unconditional in all respects. Further information on the Option Offer will be set out in a letter to the Optionholders which will be despatched, as far as practicable, contemporaneously with the despatch of the Composite Document.

Comparisons of value

The Share Offer

The Share Offer Price represents:

- (a) a discount of approximately 32.3% to the closing price of HK\$5.170 per Share as quoted on the Stock Exchange on 17 December 2015, being the Last Trading Day;
- (b) a discount of approximately 31.7% to the average closing price of approximately HK\$5.126 per Share as quoted on the Stock Exchange for the last 5 trading days prior to and including the Last Trading Day;
- (c) a discount of approximately 32.1% to the average closing price of approximately HK\$5.154 per Share as quoted on the Stock Exchange for the last 10 trading days prior to and including the Last Trading Day;
- (d) a discount of approximately 32.2% to the average closing price of approximately HK\$5.165 per Share as quoted on the Stock Exchange for the last 30 trading days prior to and including the Last Trading Day;
- (e) a premium of approximately 471.0% over the audited consolidated net asset value of the Company of approximately HK\$0.613 per Share as at 31 December 2014 as set out in the annual report of the Company for the year ended 31 December 2014; and
- (f) a premium of approximately 19.5% over the unaudited consolidated net asset value of the Company of approximately HK\$2.929 per Share as at 30 June 2015 as set out in the Interim Report.

Highest and lowest closing prices of the Shares

During the six-month period immediately preceding the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$12.40 on 17 June 2015 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$4.72 on 14 September 2015.

Total consideration for the Offers

Assuming the Offers are accepted in full on the basis that (i) none of the Share Options or the conversion rights attaching to the Convertible Bonds are exercised prior to the close of the Offers; and (ii) there is no change in the issued share capital of the Company up to the close of the Offers, a total of 458,921,460 issued Shares (representing the Shares not already held or to be acquired by the Offeror and its Concert Parties and excluding the 230,197,990 Shares held by Mr. Zhang who has irrevocably undertaken not to accept the Share Offer) will be subject to the Share Offer and the maximum cash consideration payable by the Offeror under the Offers would be approximately HK\$1,828,030,325.

Assuming that (i) all of the Share Options and the conversion rights attaching to the Convertible Bonds are exercised in full prior to the close of the Offers and there will be no outstanding Share Options or Convertible Bonds remaining for acceptance under the Option Offer and the Convertible Bond Offer; and (ii) there is no other change in the issued share capital of the Company up to the close of the Offers, a total of 524,476,127 Shares (representing the Shares not already held or to be acquired by the Offeror and its Concert Parties, including the 65,554,667 new Shares to be issued pursuant to the exercise in full of the Share Options and the conversion rights attaching to the Convertible Bonds, but excluding the 230,197,990 Shares held by Mr. Zhang who has irrevocably undertaken not to accept the Share Offer) will be subject to the Share Offer, the maximum cash consideration payable by the Offeror under the Share Offer would amount to approximately HK\$1,835,666,445. The Convertible Bonds in the principal amount of HK\$312,600,000 held by Delco have been assumed to be fully converted for the purpose of ascertaining the maximum cash consideration for the Share Offer in the case of full conversion of the outstanding Share Options and Convertible Bonds into new Shares.

Availability of the Offers

The Offeror intends to make the Offers available to all Shareholders (other than the Offeror, its Concert Parties and Mr. Zhang), all holders of Share Options and all holders of Convertible Bonds, including those who are resident outside Hong Kong. The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Such overseas Shareholders, Optionholders and/or Convertible Bondholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdiction.

Any acceptance by Shareholders, Optionholders and/or Convertible Bondholders and beneficial owners of the Shares, Share Options and Convertible Bonds who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Shareholders, Optionholders and/or Convertible Bondholders should consult their respective professional advisers if in doubt. Shareholders, Optionholders and/or Convertible Bondholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Effect of accepting the Offers

The Offers are unconditional in all respects. Acceptance of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Code.

Provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the registrar of the Company, the Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attaching to them, including, without limitation, the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of the posting of the Composite Document.

Following acceptance of the Option Offer, the Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

Acceptance of the Convertible Bond Offer by any Convertible Bondholders will be deemed to constitute a warranty by such person that all Convertible Bonds sold by such person under the Convertible Bond Offer are free from all encumbrances whatsoever.

Confirmation of financial resources

The funds required by the Offeror to satisfy the consideration payable under the Offers will be financed from its own internal resources and the CCBI Facility. China Galaxy has been appointed as the financial adviser to the Offeror in respect of the Offers and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by each Shareholder at the rate of HK\$1.00 per HK\$1,000 (or part thereof) of the consideration payable by the Offeror for such person's Shares and will be deducted from the cash amount due to such accepting Shareholder. The Offeror will pay the buyer's ad valorem stamp duty and will account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of Shares in respect of which valid acceptances are received under the Share Offer.

No stamp duty is payable in connection with the acceptances of the Option Offer and the Convertible Bond Offer.

Composite Document

It is the intention of the Offeror and the Board that the offer document and the offeree board circular be combined in a composite offer document. It is expected that the Composite Document containing, among other things, (i) further details of the Offers; (ii) the recommendation from the Independent Board Committee in respect of the Offers; (iii) the letter from the Independent Financial Adviser in respect of the Offers; and (iv) the Forms of Acceptance, will be despatched to Shareholders, Optionholders and Convertible Bondholders within 21 days of the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company (i) immediately before Completion; (ii) as at the date of this announcement; (iii) upon completion of the Offers assuming none of the Share Options or the rights attaching to the Convertible Bonds have been exercised prior to the close of the Offers and (x) there is no acceptance of the Offers; and (y) the Offers are accepted in full; and (iv) upon completion of the Offers assuming exercise in full of the Share Options and the rights attaching to the Convertible Bonds prior to the close of the Offers and (xx) there is no acceptance of the Offers; and (yy) the Offers are accepted in full:

Shareholders	Immediately before Completion		As at the date of this announcement		Upon completion of the Offers assuming none of the Share Options or the rights attaching to the Convertible Bonds are exercised prior to the close of the Offers and:				Upon completion of the Offers assuming all the Share Options and the rights attaching to the Convertible Bonds are exercised in full prior to the close of the Offers and:			
					No acceptance of the Offers		Full acceptance of the Offers		No acceptance of the Offers		Full acceptance of the Offers	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
The Offeror and its Concert Parties												
– USUM Investment Group Hong Kong Limited	509,500,000	32.07%	899,287,256	56.61%	899,287,256	56.61%	1,358,208,716	85.50%	899,287,256	54.37%	1,423,763,383	86.08%
– Mr. Meng ⁽¹⁾	108,000	0.01%	108,000	0.01%	108,000	0.01%	108,000	0.01%	108,000	0.01%	108,000	0.01%
Subtotal	509,608,000	32.08%	899,395,256	56.62%	899,395,256	56.62%	1,358,316,716	85.51%	899,395,256	54.38%	1,423,871,383	86.09%
HWH Holdings Limited	389,787,256	24.54%	-	-	-	-	-	-	-	-	-	-
Good Union Hong Kong Investment Limited ⁽²⁾	120,000,000	7.55%	120,000,000	7.55%	120,000,000	7.55%	120,000,000	7.55%	120,000,000	7.25%	120,000,000	7.25%
Tai Security Holding Limited ⁽²⁾	110,197,990	6.94%	110,197,990	6.94%	110,197,990	6.94%	110,197,990	6.94%	110,197,990	6.66%	110,197,990	6.66%
Subtotal	619,985,246	39.03%	230,197,990	14.49%	230,197,990	14.49%	230,197,990	14.49%	230,197,990	13.91%	230,197,990	13.91%
Public Shareholders	458,921,460	28.89%	458,921,460	28.89%	458,921,460	28.89%	-	-	524,476,127	31.71%	-	-
Subtotal	458,921,460	28.89%	458,921,460	28.89%	458,921,460	28.89%	-	-	524,476,127	31.71%	-	-
Total	1,588,514,706	100.00%	1,588,514,706	100.00%	1,588,514,706	100.00%	1,588,514,706	100.00%	1,654,069,373	100.00%	1,654,069,373	100.00%

Notes:

1. Mr. Meng is also a director of USUM Group and is considered a Concert Party for the purpose of the Offers.
2. Both Good Union Hong Kong Investment Limited and Tai Security Holding Limited are wholly-owned by Mr. Zhang.

INFORMATION ON THE GROUP

The Group is principally engaged in the business of mixed metal scrap recycling, reuse and processing which involves the breaking down, demolition and separation of mixed metal scrap.

FINANCIAL INFORMATION OF THE GROUP

Set out below is the audited revenue, loss before tax, loss attributable to the owners of the Company and the consolidated net asset value attributable to the owners of the Company for each of the two financial years ended 31 December 2013 and 2014 as extracted from the annual report of the Company for the year ended 31 December 2014, and the unaudited revenue, loss before tax and loss attributable to the owners of the Company for the six months ended 30 June 2015 as extracted from the Interim Report:

	Year ended 31 December		Six months ended 30
	2013	2014	June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Revenue	7,222,003	5,877,970	1,779,975
Loss before tax	(381,776)	(1,067,611)	(945,734)
Loss attributable to the owners of the Company	(382,920)	(1,057,980)	(949,641)
	At 31 December	At 31 December	At 30 June
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Consolidated net asset value attributable to the owners of the Company	1,774,360	724,050	4,725,554

Further financial information of the Group will be set out in the Composite Document to be despatched to the Shareholders, Optionholders and Convertible Bondholders.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in Hong Kong with limited liability, which is directly wholly owned by USUM Group, a limited liability company incorporated in the PRC. The single largest shareholder of USUM Group is Loncin Holdings, with an equity interest in USUM Group of 46.78%. Loncin Holdings is 98% owned by Loncin Group and 2% owned by Mr. Tu, an executive Director. Loncin Group is 98% owned by Mr. Tu.

USUM Group has a registered capital of RMB3.08 billion, and is principally engaged in investments in the energy and natural resources sector. The business scope of USUM Group, as specified in its business licence, includes investment business, business information services and import and export of goods and technology.

The business scope of Loncin Holdings, as specified in its business licence, includes investments in projects relating to general industrials, real estate and technology, investment consulting and management, manufacture and sale of metal products, electrical machinery and equipment, electronics and communication equipment and import and export of goods.

The business scope of Loncin Group, as specified in its business licence, includes investment business, sale of automobiles, clothing, footwear, headwear, furniture, metal products, electrical machinery and equipment, electronics and communication equipment and fashion design.

Mr. Tu is an entrepreneur from the PRC who is involved in the principal business activities carried on by USUM Group, Loncin Holdings and Loncin Group as set out above. He previously acted as the deputy to the 11th National People's Congress, the deputy to the Second and Third Chongqing Municipal People's Congress. He currently serves as the deputy to the 12th National People's Congress and to the Fourth Chongqing Municipal People's Congress, and the member of the Finance Committee of the Fourth Chongqing City Municipal People's Congress, the Executive Committee Member of All-China Federation of Industry & Commerce, the vice president of Chongqing City Industry and Commerce Federation, the vice president of Chongqing City Charity Federation and the vice president of Chongqing City Enterprises Confederation. He is currently an executive Director of the Company, a non-executive director of Hanhua Financial Holding Co., Ltd., a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 3903), and a director of Loncin Motor Co., Ltd., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603766). As stated in the 2015 interim report dated 28 August 2015 of Hanhua Financial Holding Co., Ltd., it is one of the largest privately owned inclusive finance investment institutions in China and its principal business includes provision of guarantees and small loans, internet finance, financial factoring, capital management and financial leases. As stated in the 2014 annual report of Loncin Motor Co., Ltd. dated 25 March 2015, the principal business of Loncin Motor Co., Ltd. is the manufacture and sale of motorcycles, which consist primarily of metal components.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror has confirmed to the Company that it does not intend to cause the Group to change its existing business in the metals recycling industry. The Offeror has no intention to dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

As at the Latest Practicable Date, the Offeror does not have any intention, arrangement, agreement, understanding or negotiation on (a) any disposal, termination or scaling down of the existing businesses of the Group; (b) any injection of any new business (other than any upstream and/or downstream business in the recycling industry which the Group might consider acquiring) to the Group; and (c) any change in the shareholding structure of the Company, other than those contemplated under the Offers.

After close of the Offers, the Offeror will review the businesses of the Group, including among others, the Group's relationships with its distributors and suppliers, portfolio of products, assets, corporate and organizational structure, capitalization, operations, policies, management and personnel to consider and determine what changes, if any, would be necessary, appropriate or desirable, long term and short term, in order to best organize and optimize the businesses and operations of the Group. The Offeror intends that the Group will continue to operate its business in substantially its current state. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to better integrate, generate maximum synergy and achieve enhanced economies of scale with the other operations of the Offeror.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends for the Company to maintain the listing status of the Shares on the Main Board of the Stock Exchange after the close of the Offers.

The Stock Exchange has stated that, if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the close of the Offers, there will be not less than 25% of the Company's entire issued ordinary share capital held by the public, the Offeror undertakes to the Stock Exchange to take appropriate steps within a reasonable period following the close of the Offers to ensure that at least 25% of the Shares will be held by the public.

It should be noted that if the Company remains a listed company on the Stock Exchange, the Stock Exchange will closely monitor all future acquisitions or disposals of assets by the Company. Any acquisitions or disposals of assets by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue an announcement and/or a circular to the Shareholders irrespective of the size of any proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of the Company. The Stock Exchange also has the power pursuant to the Listing Rules to aggregate a series of acquisitions of assets by the Company and any such acquisitions may result in the Company being treated as if it were a new listing applicant subject to the requirements of new listing applications as set out in the Listing Rules.

INTERESTS IN SHARES

As at the Last Trading Date, the Offeror and its Concert Parties (i) collectively held a total of 509,608,000 Shares, representing approximately 32.08% of the issued share capital of the Company; and (ii) did not hold any convertible securities, warrants or options in the Company save for the Option under the Deed. Upon Completion and as at the date of this announcement, the Offeror and its Concert Parties collectively held a total of 899,395,256 Shares, representing approximately 56.62% of the issued share capital of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Except for the subscription of Shares under specific mandate as disclosed in the Company's circular dated 28 April 2015 (as supplemented by a supplemental circular dated 29 April 2015), the Company has not undertaken any equity fund raising activity in the past twelve months immediately preceding the date of this announcement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting.

An Independent Board Committee which comprises all the independent non-executive Directors, namely, Dr. Loke Yu, Ms. Zhang Jingdong and Mr. Zhu Dajian has been established in respect of the Offers. No member of the Independent Board Committee has any direct or indirect interest in the Offers.

Somerley Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and as to their acceptance. The appointment of Somerley Capital has been approved by the Independent Board Committee. The advice of the Independent Financial Adviser will be contained in the Composite Document.

OTHER ARRANGEMENTS

As at the date of this announcement:

- (a) neither the Offeror nor any of its Concert Parties has received any irrevocable commitment to accept the Offers;
- (b) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any of its Concert Parties;

- (c) there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Code in relation to the Shares or the Offeror which might be material to the Offers;
- (d) there is no agreement or arrangement to which the Offeror (nor any of its Concert Parties) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (e) there are no relevant securities in the Company which the Offeror (or any of its Concert Parties) has borrowed or lent; and
- (f) neither the Offeror nor any of its Concert Parties holds any convertible securities, warrants or options in the Company.

For the six months immediately prior to the date of the Holding Announcement and up to the date of this announcement, save for (i) the entering into of the Facility Agreement, the Deed, the Share Charge and the CCBI Facility; (ii) the exercise of the Option; and (iii) the transfer of the Option Shares, the Offeror and its Concert Parties have not dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares.

All associates of the Company and the Offeror are reminded to disclose their dealings in any relevant securities of the Company.

In accordance with Rule 3.8 of the Code, reproduced below is the full text of Note 11 to Rule 22 of the Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 18 December 2015 pending the release of this announcement. Application has been made for the resumption of trading in the Shares with effect from 1:00 p.m. on 4 January 2016.

WARNING: SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. IF SHAREHOLDERS AND POTENTIAL INVESTORS ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

DEFINITIONS

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

- “acting in concert”** has the meaning ascribed thereto in the Code;
- “Announcement”** means the announcement of the Company dated 23 October 2015 in relation to, among other things, certain financing arrangements involving the Offeror, HWH and Mr. Fang;
- “associate(s)”** has the meaning ascribed thereto under the Code;
- “Board”** means the board of directors of the Company;
- “Cayman Islands Companies Law”** means the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
- “CCBI”** means CCB International Securities Limited;
- “CCBI Facility”** means a credit facility in the sum of HK\$2,000 million granted by CCBI in favor of the Offeror;
- “China Galaxy”** means China Galaxy International Securities (Hong Kong) Co., Limited, a licensed corporation under the SFO, registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Offers;
- “Code”** means the Hong Kong Code on Takeovers and Mergers;
- “Collateral Shares”** means the 389,787,256 Shares charged by HWH to the Offeror under the Share Charge;

“Company”	means Chiho-Tiande Group Limited, a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange with Stock Code 976;
“Completion”	means completion of the transfer of the Option Shares from HWH to the Offeror under the Deed resulting in an obligation to make an unconditional mandatory general offer under the Code;
“Composite Document”	means the composite offer and response document to be jointly issued by or on behalf of the Offeror and the Company to all Shareholders (other than the Offeror, its Concert Parties and Mr. Zhang) and to all Optionholders and Convertible Bondholders in accordance with the Code containing, among other things, details of the Offers and the acceptance and transfer forms in respect of the Offers, as may be revised or supplemented as appropriate;
“Concert Parties”	means, in relation to a person, parties acting in concert with the person, as determined in accordance with the Code; and each a “Concert Party” ;
“Convertible Bondholders”	means the holders of the Convertible Bonds from time to time;
“Convertible Bonds”	means the outstanding 4% coupon convertible bonds in the aggregate principal amount of HK\$380,200,000 issued by the Company on 1 March 2012;
“Convertible Bond Offer”	means the unconditional mandatory general cash offer to be made by China Galaxy on behalf of the Offeror in accordance with the Code to acquire the Convertible Bonds (other than those already owned or agreed to be acquired by the Offeror and its Concert Parties) in accordance with the terms described in this announcement;
“Deed”	the deed dated 23 October 2015 and entered into between HWH and the Offeror in respect of the Option Shares;
“Delco”	means Delco Participation B.V., a company incorporated in the Netherlands;
“Delco Supplemental Undertaking”	means the supplemental undertaking dated 18 March 2015 entered into by the Company and Delco to amend and supplement the Delco Undertaking;

“Delco Undertaking”	means the letter of undertaking dated 3 March 2015 given by the Company in favour of Delco in relation to the extension of the Convertible Bonds held by Delco, as amended by the Delco Supplemental Undertaking;
“Directors”	means the directors of the Company from time to time;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Facility Agreement”	means the facility agreement dated 23 October 2015 entered into between HWH and the Offeror, under which the Offeror made available to HWH a credit facility of HK\$1,360,000,000 on the terms and subject to the conditions therein;
“Group” or “Group Companies”	means the Company and its subsidiaries from time to time and “Group Company” means any of them;
“HK\$” or “HKD”	means Hong Kong dollars, the lawful currency of Hong Kong;
“HWH”	means HWH Holdings Limited, a limited liability company incorporated in the British Virgin Islands that is wholly-owned by Mr. Fang;
“Holding Announcement”	means the announcement of the Company dated 29 December 2015;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	means the committee of all the independent non-executive Directors (none of whom have any direct or indirect interest in the Offers) which has been established for the purpose of making a recommendation to the Shareholders as to whether the Offers are fair and reasonable and as to their acceptance;
“Independent Financial Adviser” or “Somerville Capital”	means Somerville Capital Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offers;
“Interim Report”	means the interim report of the Company for the six months ended 30 June 2015;

“Last Trading Date”	means 17 December 2015, being the last trading day prior to the publication of this announcement;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Loncin Group”	means Loncin Group Co., Ltd.* (隆鑫集團有限公司), a limited liability company incorporated in the PRC;
“Loncin Holdings”	means Loncin Holdings Co., Ltd.* (隆鑫控股有限公司), a limited liability company incorporated in the PRC;
“Mr. Fang”	means Mr. Fang Ankong, an executive Director;
“Mr. Meng”	means Mr. Meng Yi, an executive Director;
“Mr. Tu”	means Mr. Tu Jianhua, an executive Director;
“Mr. Zhang”	means Mr. Zhang Mingjie, an executive Director;
“Offeror”	means USUM Investment Group Hong Kong Limited, a company incorporated in Hong Kong with limited liability;
“Offers”	mean the Share Offer, the Convertible Bond Offer and the Option Offer and “Offer” means either of them;
“Option”	means the option granted by HWH to the Offeror in respect of the Option Shares pursuant to the Deed;
“Optionholders”	means the holders of the Share Options from time to time;
“Option Offer”	means the unconditional mandatory general cash offer to be made by China Galaxy on behalf of the Offeror in accordance with the Code to cancel all outstanding Share Options in exchange for cash in accordance with the terms described in this announcement;
“Option Period”	means the period commencing on 15 December 2015 and ending on 30 June 2017;
“Option Price”	means HK\$3.50 for each Option Share, totaling HK\$1,364,255,396;

“Option Shares”	means 389,787,256 Shares, which is the subject matter under the Deed; and each an “Option Share” ;
“PRC”	means the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“RMB”	means Renminbi, the lawful currency of the PRC;
“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	means the ordinary share(s) of the Company of HK\$0.01 each;
“Share Charge”	means the share charge dated 23 October 2015 and entered into between HWH and the Offeror in respect of the Collateral Shares;
“Share Offer”	means the unconditional mandatory general cash offer to be made by China Galaxy on behalf of the Offeror to the Shareholders (other than the Offeror, its Concert Parties and Mr. Zhang) in accordance with the Code to acquire the entire issued share capital of the Company not already owned or agreed to be acquired by the Offeror and its Concert Parties at the Share Offer Price in accordance with the terms described in this announcement;
“Share Offer Price”	means HK\$3.50 per Share;
“Share Options”	means the 2,188,000 outstanding Share Options (corresponding to 2,188,000 new Shares) granted by the Company pursuant to the Share Option Scheme;
“Share Option Scheme”	means the post-IPO share option scheme adopted by the Company on 23 June 2010, which is valid and effective for a period of ten years;
“Shareholder(s)”	means registered holder(s) of the Shares from time to time;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it in the Listing Rules; and

“USUM Group”

means USUM Investment Group Limited, a limited liability company incorporated in the PRC.

By order of the board of
USUM Investment Group Hong Kong Limited
Chen Danni
Director

By order of the board of
Chiho-Tiande Group Limited
Zhang Mingjie
Executive Director

Hong Kong, 4 January 2016

* *for identification purpose only*

As at the date of this announcement, the Board comprises four executive directors, being Mr. Tu Jianhua, Mr. Fang Ankong, Mr. Zhang Mingjie and Mr. Meng Yi, and three independent non-executive directors, being Dr. Loke Yu, Ms. Zhang Jingdong and Mr. Zhu Dajian. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Offeror or any of its associates or any parties acting in concert with any of them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than opinions expressed by the Offeror or any of its associates or any parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the sole director of the Offeror is Ms. Chen Danni and the directors of Loncin Group, the ultimate controller of the Offeror, are Ms. Tu Jianmin, Ms. Tu Jianrong and Mr. Tu Jianhua. The sole director of the Offeror and the directors of Loncin Group jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than opinions expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.