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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)

**UPDATE ANNOUNCEMENT
ON
THE ESTABLISHMENT OF A RENEWABLE OIL INVESTMENT
COMPANY;**

AND

**COMPLETION OF THE ACQUISITION OF YANTAI LIHENG
ENVIRONMENTAL PROTECTION TECHNOLOGY CO., LTD.***

Reference is made to the announcements of Chiho-Tiande Group Limited (the “**Company**”) dated 1 December 2014 and 29 May 2015 (the “**Announcements**”) in relation to, among other matters, the 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. Unless otherwise stated, all capitalized terms used in this announcement shall have the same meanings as defined in the Announcements.

The Company wishes to update the progress of the Transactions since the Announcements.

ESTABLISHMENT OF INVESTCO

The Board is pleased to announce that Jinlian International, a fellow subsidiary of CTIL (instead of a subsidiary of CTIL) and an indirect wholly-owned subsidiary of the Company, entered into the Investment Agreement with Shandong Dacichang, a company controlled by Mr. Li, for the Investment and the InvestCo was incorporated mainly for the purpose of investing in waste lubricating oil processing and related businesses. The registered capital of the InvestCo is RMB80 million (equivalent to approximately HK\$95.09 million) and it is held by Jinlian International and Shandong Dacichang as to 60% and 40% respectively. The InvestCo is an indirect non-wholly owned subsidiary of the Company.

COMPLETION OF THE ACQUISITION

Subsequent to the Announcements, the parties have further negotiated and the InvestCo entered into the Acquisition Agreements with Mr. Li and Yantai Liyang for the acquisition of 55% and 45% of the equity interests in Yantai Liheng respectively.

As previously disclosed, it was expected that the InvestCo would pay a consideration of approximately RMB64 million (equivalent to approximately HK\$76.07 million) to acquire 80% of the equity interests in Yantai Liheng. However, under the Acquisition Agreements, the InvestCo has acquired the entire equity interest of Yantai Liheng with a total consideration of approximately RMB44.35 million (equivalent to approximately HK\$52.71 million) instead, of which approximately RMB19.53 million (equivalent to approximately HK\$23.21 million) was paid to Mr. Li and approximately RMB24.82 million (equivalent to approximately HK\$29.50 million) was paid to Yantai Liyang. The Board is pleased to announce that all conditions precedent under the Acquisition Agreements have been satisfied and the Acquisition was completed on 27 January 2016.

As a post-completion matter, the InvestCo shall be responsible for paying up the unpaid amount of approximately RMB10.80 million (equivalent to approximately HK\$12.84 million) in the registered capital of Yantai Liheng.

DEFINITIONS

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

“Acquisition Agreements”	equity purchase agreements entered into by Mr. Li and Yantai Liyang as vendors respectively and the InvestCo as purchaser on 16 January 2016 in relation to the Acquisition
“Acquisition”	the acquisition by the InvestCo of all of the equity interests in Yantai Liheng from Mr. Li and Yantai Liyang on the terms of the Acquisition Agreements
“InvestCo”	Lu Xin Cheng Clean Energy Limited, a limited liability company incorporated under the laws of the PRC, which is established by Jinlian International and Shandong Dacichang as an investment vehicle for the Acquisition on the terms of the Investment Agreement
“Investment”	establishment by Jinlian International and Shandong Dacichang of the InvestCo as an investment vehicle for the Acquisition on the terms of the Investment Agreement
“Investment Agreement”	an investment agreement entered into by Jinlian International and Shandong Dacichang on 28 November 2015 in relation to the Investment

“Jinlian International”	Jinlian International Group Limited, a limited liability company incorporated under the laws of Hong Kong
“Shandong Dacichang”	山東大磁場環保工程有限公司 (Shandong Dacichang Environmental Engineering Co., Ltd.*), a limited liability company incorporated under the laws of the PRC
“Transactions”	collectively, the Acquisition and the Investment
“Yantai Liyang”	煙台開發區力揚工貿有限公司 (Yantai Liyang Industrial Co., Ltd.*), a limited liability company incorporated under the laws of the PRC

By Order of the Board
Chiho-Tiande Group Limited
Tu Jianhua
Chairman

Hong Kong, 27 January 2016

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1 = HK\$1.1886 for illustration purposes only.

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

Executive Directors: Tu Jianhua, Fang Ankong, Zhang Mingjie, Meng Yi

Independent non-executive Directors: Loke Yu, Zhang Jingdong, Zhu Dajian

* For identification purposes only