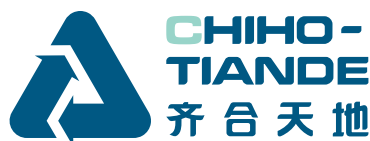


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CHIHO-TIANDE GROUP LIMITED

齊合天地集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 976)

MAJOR TRANSACTION: ASSUMPTION OF LENDERS' RIGHTS AND OBLIGATIONS UNDER THE CREDIT AGREEMENT

THE ASSIGNMENT

On 1 June 2016 (after trading hours), the Company (as assignee), the Assignors (as assignors) and the Borrowers (as borrowers) entered into an Assignment and Assumption Agreement to acquire the rights and obligations under the Credit Agreement for a purchase price of approximately US\$16.76 million (equivalent to approximately HK\$130.23 million).

LISTING RULES IMPLICATIONS

The Company refers to its announcement made on 2 May 2016 in relation to, among other things, the German Debt Acquisition. Since the German Debt Acquisition and the Assignment are regarded as financial assistances provided by the Company to the Scholz Group, the German Debt Acquisition and the Assignment form a series of transactions which should be treated as if they were one transaction under Rule 14.22 of the Listing Rules.

The Assignment, on a standalone basis, does not constitute a discloseable transaction of the Company as none of the applicable percentage ratios is 5% or more. However, the Assignment when aggregated with the German Debt Acquisition pursuant to Rule 14.22 of the Listing Rules, constitutes a major transaction of the Company as the applicable percentage ratios exceed 25% but are less than 100%. Accordingly, the Assignment is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no Shareholder is required to abstain from voting at a general meeting of the Company to be convened for approving the Assignment. Accordingly, the Company has obtained a written shareholder's approval from its controlling shareholder, USUM Investment Group Hong Kong Limited, which directly holds 1,008,885,181 Shares as at the date of this announcement (representing approximately 62.29% of the voting rights of the Company), to approve the Assignment. Pursuant to Rule 14.44 of the Listing Rules, such written shareholder's approval can be accepted in lieu of a general meeting for the approval of the Assignment.

A circular of the Company containing, among other things, further information in relation to the Assignment will be despatched to the Shareholders within 15 business days after the publication of this announcement in accordance with the Listing Rules for their information only.

As completion of the Assignment is subject to the terms and conditions under the Assignment and Assumption Agreement, the Assignment may or may not proceed. Accordingly, Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

On 1 June 2016 (after trading hours), the Company (as assignee), the Assignors (as assignors) and the Borrowers (as borrowers) entered into an Assignment and Assumption Agreement to acquire the rights and obligations under the Credit Agreement for a purchase price of approximately US\$16.76 million (equivalent to approximately HK\$130.23 million).

PRINCIPAL TERMS UNDER THE ASSIGNMENT AND ASSUMPTION AGREEMENT

Date

1 June 2016

Parties

- (1) the Company (as assignee)
- (2) the Assignors (as assignors)
- (3) the Borrowers (as borrowers)

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Assignors and the Borrowers and their respective ultimate beneficial owner(s) are independent of the Company and its connected persons.

Rights and obligations to be acquired

Under the Assignment and Assumption Agreement, the Assignors shall assign to the Company, and the Company shall assume from the Assignors, all the rights and obligations of the Assignors in their capacities as lenders under the Credit Agreement.

Upon the Assignment, the Company will not be required to extend further credit to the Borrowers.

Consideration

The purchase price for the acquisition of the rights and obligations under the Credit Agreement is approximately US\$16.76 million (equivalent to approximately HK\$130.23 million).

Closing

It is expected that closing of the Assignment will take place sometime between early-to-mid June 2016 when the Company has paid the purchase price. A further announcement will be made by the Company as and when closing takes place.

PRINCIPAL TERMS OF THE CREDIT AGREEMENT

Date:	8 August 2013 (as amended, restated, amended and restated, extended, renewed, supplemented or otherwise modified from time to time, including on 3 January 2014, 8 January 2016, 1 February 2016 and 25 March 2016)
Lender:	The Company, upon completion of the Assignment
Administrative agent:	The Company, pursuant to the Fifth Amendment Agreement
Facilities:	Revolving credit facilities in an aggregate principal amount of up to US\$60 million (equivalent to approximately HK\$466.2 million), a term loan in the original amount of US\$15 million (equivalent to approximately HK\$116.6 million), a swing loan facility in the original amount of US\$5 million (equivalent to approximately HK\$38.9 million) and an incremental increase of the revolving credit facilities by an additional US\$15 million (equivalent to approximately HK\$116.6 million) (the “ US Facilities ”).
Outstanding principal:	As at the date of this announcement, the outstanding principal in respect of the US Facilities is approximately US\$16.70 million (equivalent to approximately HK\$129.76 million).

Availability period: Pursuant to a letter dated 25 May 2016, the administrative agent notified that based on multiple continuing events of default, the administrative agent and the lenders have no obligation to extend the US Facilities of any kind for the Borrowers and the administrative agent may declare all obligations to be immediately accelerated and due and payable.

In addition, pursuant to the Fifth Amendment Agreement, all commitments to make loans under the Credit Agreement are terminated.

Use of proceeds: The proceeds from the US Facilities will be used by the Borrowers (i) to refinance existing indebtedness; (ii) to pay fees and expenses incurred in connection with the Credit Agreement; (iii) to provide working capital; and (iv) for general corporate purposes.

Interest rate: (a) Interests for the revolving credit facilities and the swing loan facility are calculated based on the following two methods at the election of the Borrowers:

(i) Greater of (a) First Niagara Bank, N.A.'s "prime rate", (b) the Federal Funds Effective Rate plus 0.50%, or (c) LIBOR plus 1.00%; or

(ii) LIBOR plus 1.90%.

(b) Interests for the term loan are calculated based on the following two methods at the election of the Borrowers:

(i) Greater of (a) First Niagara Bank, N.A.'s "prime rate", (b) the Federal Funds Effective Rate plus 0.50%, or (c) LIBOR plus 1.00%, plus an additional 0.50%-1.25%; or

(ii) (LIBOR divided by (1.00 – the percentage of the maximum reserve requirement for "eurocurrency liabilities")) plus 1.75%-2.50%.

(c) A default interest rate of 4% applies to the US Facilities.

Repayment: (a) The revolving credit facilities and the swing loan facility are due on 31 August 2016.

(b) The term loan is due on 31 August 2018. The principal amount shall be repaid in stages every quarter.

Fees: An annual administrative agent's fee of US\$7,500 (equivalent to approximately HK\$58,275) per annum is payable by the Borrowers to the Company in its capacity as administrative agent under the Credit Agreement.

Collateral: All assets and the proceeds thereof of each of the Borrowers.

INFORMATION ABOUT THE PARTIES

The Company

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.

The Assignors

The Assignors comprise certain American financial institutions.

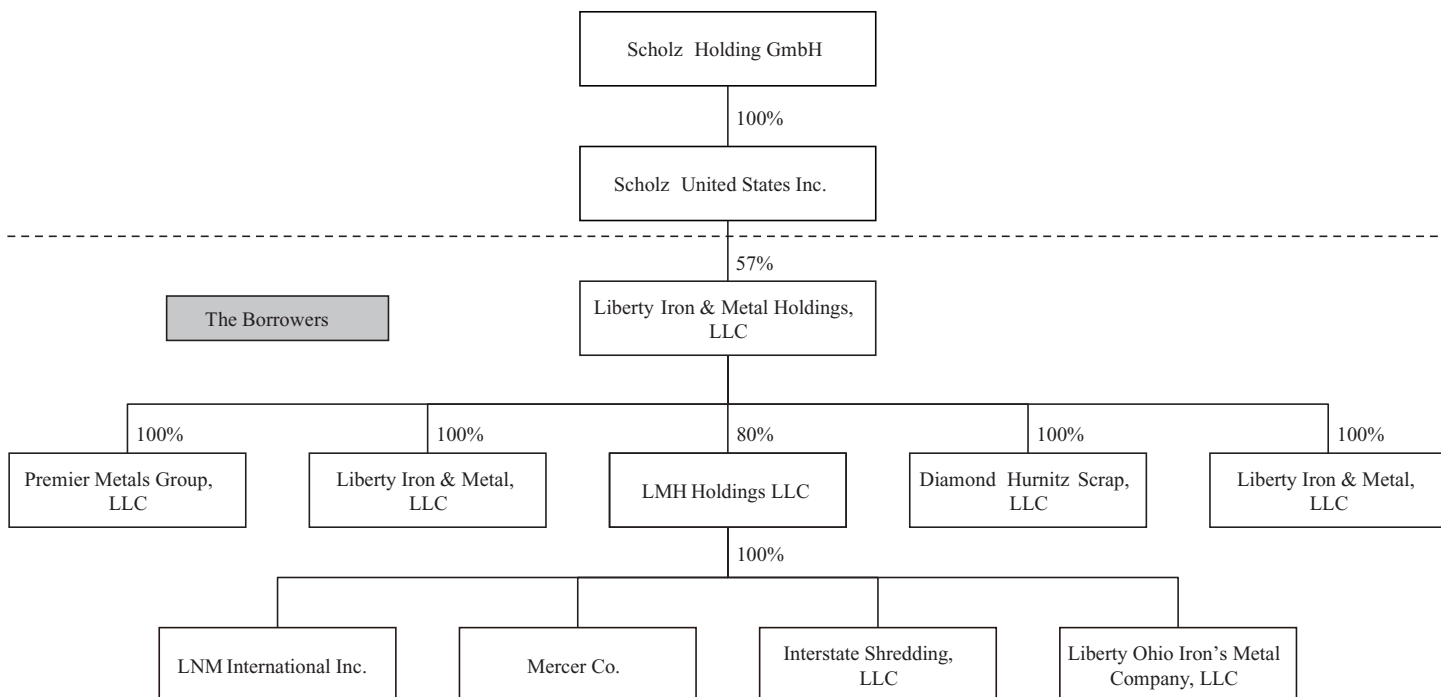
To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Assignors and its respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Borrowers

All of the Borrowers are indirect non-wholly owned subsidiaries of Scholz GmbH in the United States. The Scholz Group is one of the largest European-based global network of companies and affiliates active in the field of treating and processing scrap metal. Founded in 1872, the Scholz Group provides all steps in recycling metal and scrap metal and is a one-stop shop, from collecting, gathering, sorting, and processing the material to its sale, utilization, and recirculation. In 2014, the Scholz Group treated and processed approximately 9.8 million tons of metal and scrap metal through its business activities in Europe, North- and Central-America, and Asia. In its financial year ended 31 December 2014, the Scholz Group employed approximately 5,000 employees and had revenues of approximately EUR3.1 billion (equivalent to approximately HK\$27.3 billion).

The corporate structure, in simplified form, of the Borrowers as at the date of this announcement is as follows:

Corporate structure of the Borrowers



To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Borrowers and its respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ASSIGNMENT

The Borrowers have been in financial distress since 2015. Nevertheless, the Company sees value in the Borrowers' business and therefore regards the Assignment as a strategic move to enhance and restore the financial condition of the Borrowers. Upon completion of the Assignment, the Company may consider and explore possible cooperation with and/or investment in the Borrowers.

In light of the above and given the terms of the Assignment and Assumption Agreement was determined after arm's length negotiations between the Company and the Assignors, the Directors consider the terms of the Assignment and Assumption Agreement are fair and reasonable and that the entry into the Assignment and Assumption Agreement is in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Company refers to its announcement made on 2 May 2016 in relation to, among other things, the proposed acquisition of rights and obligations under certain loan agreements and promissory notes of, and provision of bridging facility to, Scholz GmbH (the "**German Debt Acquisition**"). Since the German Debt Acquisition and the Assignment are regarded as financial assistances provided by the Company to the Scholz Group, the German Debt Acquisition and the Assignment form a series of transactions which should be treated as if they were one transaction under Rule 14.22 of the Listing Rules.

The Assignment, on a standalone basis, does not constitute a discloseable transaction of the Company as none of the applicable percentage ratios is 5% or more. However, the Assignment when aggregated with the German Debt Acquisition pursuant to Rule 14.22 of the Listing Rules, constitutes a major transaction of the Company as the applicable percentage ratios exceed 25% but are less than 100%. Accordingly, the Assignment is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no Shareholder is required to abstain from voting at a general meeting of the Company to be convened for approving the Assignment. Accordingly, the Company has obtained a written shareholder's approval from its controlling shareholder, USUM Investment Group Hong Kong Limited, which directly holds 1,008,885,181 Shares as at the date of this announcement (representing approximately 62.29% of the voting rights of the Company), to approve the Assignment. Pursuant to Rule 14.44 of the Listing Rules, such written shareholder's approval can be accepted in lieu of a general meeting for the approval of the Assignment.

A circular of the Company containing, among other things, further information in relation to the Assignment will be despatched to the Shareholders within 15 business days after the publication of this announcement in accordance with the Listing Rules for their information only.

GENERAL

As completion of the Assignment is subject to the terms and conditions under the Assignment and Assumption Agreement, the Assignment may or may not proceed. Accordingly, Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Assignment”	the assignment of rights and obligations under the Credit Agreement from the Assignors to the Company under the terms of the Assignment and Assumption Agreement
“Assignment and Assumption Agreement”	the assignment and assumption agreement entered into on 1 June 2016 by the Company in relation to the Assignment
“Assignors”	certain lenders comprising American financial institutions which have granted certain loans to the Borrowers
“Board”	the board of directors of the Company
“Borrowers”	the borrowers to the Credit Agreement, all of which are indirect non-wholly owned subsidiaries of Scholz GmbH

“Company”	Chiho-Tiande Group Limited (齊合天地集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 976)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Credit Agreement”	the credit agreement entered into on 8 August 2013 (as amended, restated, amended and restated, extended, renewed, supplemented or otherwise modified), details of which are set out in the section headed “Principal Terms of the Credit Agreement”
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Fifth Amendment Agreement”	the agency assignment and assumption agreement and fifth amendment to the Credit Agreement entered into on 1 June 2016 between the Company, the resigning administrative agent (being one of the Assignors) and the Borrowers under which certain terms of the Credit Agreement are amended including, among other things, the appointment of the Company as administrative agent under the Credit Agreement
“German Debt Acquisition”	has the meaning given to it in the section headed “Listing Rules Implications”
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Scholz GmbH”	Scholz Holding GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) organized under the laws of the Federal Republic of Germany, which is registered at the Commercial Register (Handelsregister) of the Local Court (Amtsgericht) of Ulm, under registration number HRB 730756
“Scholz Group”	Scholz GmbH and its subsidiaries
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US Facilities”	has the meaning given to it in the section headed “Principal Terms of the Credit Agreement”
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, 2 June 2016

In this announcement and for illustration purposes only, amounts denominated in:

- (a) US\$ have been converted into HK\$ at the rate of US\$1 = HK\$7.77; and
- (b) EUR has been converted into HK\$ at the rate of EUR1 = HK\$8.8.

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

Executive Directors: Tu Jianhua, Zhang Mingjie, Zhang Jun

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