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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:  
FINALIZATION OF TERMS OF THE BRIDGING LOAN AND  
INTENDED ACQUISITION, AND WAIVER, OF THE TTC LOAN  
AND  
AMENDMENT TO THE MATURITY DATES OF CERTAIN LOANS  
UNDER, AND PARTIAL WAIVER OF, THE DEBT OWED BY  
SCHOLZ HOLDING GMBH TO THE COMPANY**

On 20 July 2016 (after trading hours), the Restructuring Agreement was entered into by, among others, the Company and Scholz Holding, in relation to, among other things, (1) finalization of terms of the Bridging Loan; (2) amendment to the maturity dates, and partial waiver, of the Debt; and (3) the intended acquisition, and immediate waiver, of the TTC Loan.

**(1) FINALIZATION OF TERMS OF THE BRIDGING LOAN**

On 20 July 2016 (after trading hours), CRDL (as lender) and Scholz Recycling (as borrower) entered into the Bridging Loan Agreement for the provision of an up to EUR80 million (equivalent to approximately HK\$712 million) Bridging Loan to Scholz Recycling.

**(2) AMENDMENT TO THE MATURITY DATES OF CERTAIN LOANS UNDER, AND PARTIAL WAIVER OF, THE DEBT**

Under the Restructuring Agreement, the Company and CTRL agreed to amend and extend the maturity dates of certain loans under the Debt.

In addition, as part of the Restructuring Steps, on the Restructuring Closing Date, CTRL and Scholz Holding will enter into a debt waiver agreement, in which CTRL has agreed to irrevocably waive approximately EUR224 million (equivalent to approximately HK\$2.0 billion) of the Debt (representing 42.75% of the original nominal amount of the Debt) and the relevant interest. The remaining outstanding nominal value of the Debt owed by Scholz Holding to CTRL after the partial waiver is approximately EUR300 million (equivalent to approximately HK\$2.7 billion).

### **(3) INTENDED ACQUISITION, AND WAIVER OF, THE TTC LOAN**

As part of the Restructuring Steps, CRDL intends to acquire under a separate agreement, prior to the Restructuring Closing Date, a EUR60 million (equivalent to approximately HK\$534 million) TTC Loan from Scholz Beteiligungsgesellschaft for a nominal consideration of EUR1 (equivalent to approximately HK\$8.90).

Pursuant to the Restructuring Agreement, CRDL also agrees that it will, on the Restructuring Closing Date, enter into a loan waiver agreement, in which CRDL will irrevocably waive the TTC Loan with immediate effect on the date of signing of the loan waiver agreement.

### **LISTING RULES IMPLICATIONS**

Since the German Debt Acquisition and the US Assignment are regarded as financial assistances provided by the Company to Scholz Group, the German Debt Acquisition, the US Assignment and the Relevant Restructuring Steps form a series of transactions which should be treated as if they were one transaction under Rule 14.22 of the Listing Rules.

The Relevant Restructuring Steps, on a standalone basis, do not constitute a discloseable transaction of the Company. However, the Relevant Restructuring Steps, when aggregated with the German Debt Acquisition and the US Assignment pursuant to Rule 14.22 of the Listing Rules, constitute a major transaction of the Company. Accordingly, the Relevant Restructuring Steps are 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 Relevant Restructuring Steps. 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 Relevant Restructuring Steps. 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 Relevant Restructuring Steps.

In order to allow sufficient time to finalize certain information to be included in the circular in connection with the Restructuring Agreement and the Restructuring Steps, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which requires the circular to be despatched to the Shareholders within 15 business days after the publication of this announcement. A circular of the Company containing, among other things, further information in relation to the Restructuring Agreement and the Restructuring Steps is expected to be despatched to the Shareholders on or before 25 August 2016.

**As completion of the Restructuring Steps is subject to satisfaction of certain closing conditions under the Restructuring Agreement, the Restructuring Steps may or may not proceed. Accordingly, Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **A. INTRODUCTION**

The Company refers to its announcements made on 2 May 2016 and 28 June 2016 in relation to, among other things, the German Debt Acquisition.

On 20 July 2016 (after trading hours), a restructuring agreement (the “**Restructuring Agreement**”) was entered into by, among others, the Company and Scholz Holding, in relation to, among other things, (1) finalization of terms of the Bridging Loan; (2) amendment to the maturity dates, and partial waiver, of the Debt; and (3) the intended acquisition, and waiver, of the TTC Loan (together, the “**Restructuring Steps**”, and in relation to (1) and (3) only, the “**Relevant Restructuring Steps**”).

## **B. PRINCIPAL TERMS OF THE RESTRUCTURING AGREEMENT**

### **Date**

20 July 2016

### **Parties**

- (1) the Company
- (2) CRDL
- (3) CTRL
- (4) Scholz Holding
- (5) Scholz Recycling
- (6) Scholz Beteiligungsgesellschaft

(7) TBD

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

### **Closing Date**

The closing date of the Restructuring Agreement (the “**Restructuring Closing Date**”) shall be the later of:

- (1) 31 August 2016; or
- (2) the calendar day following the calendar day on which the last closing condition under the Restructuring Agreement is fulfilled or waived.

### **Closing**

Closing of the Restructuring Agreement is subject to the satisfaction and/or waiver of certain closing conditions including, among other things, (1) closing of the Debt Purchase Agreement; and (2) CRDL and/or any third party nominated by CRDL have entered into a share purchase agreement in relation to the Potential Equity Acquisition.

As at the date of this announcement, no definitive agreement has been entered into by the Group in respect of the Potential Equity Acquisition.

## **C. KEY DETAILS OF THE RESTRUCTURING STEPS**

### **(1) FINALIZATION OF TERMS OF THE BRIDGING LOAN**

On 20 July 2016 (after trading hours), CRDL (as lender) and Scholz Recycling (as borrower) entered into a bridging loan agreement for the provision of an up to EUR80 million (equivalent to approximately HK\$712 million) Bridging Loan to Scholz Recycling (the “**Bridging Loan Agreement**”). The amount to be provided to Scholz Recycling under the Bridging Loan Agreement represents a EUR30 million (equivalent to approximately HK\$267 million) increase over the original terms as initially set out in the Debt Purchase Agreement.

#### **Principal Terms Under The Bridging Loan Agreement**

##### **Date**

20 July 2016

## **Parties**

- (1) CRDL (as lender)
- (2) Scholz Recycling (as borrower)

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Scholz Recycling and its ultimate beneficial owners are independent of the Company and its connected persons.

## **Loan Amount**

Up to EUR80 million (equivalent to approximately HK\$712 million)

## **Interest**

3% per annum and payable on a quarterly basis

## **Term**

The Bridging Loan Agreement shall automatically expire on 31 January 2018 (the “**Final Repayment Date**”).

## **Utilization**

The Bridging Loan shall be payable by CRDL to Scholz Recycling by instalments and with reference to the operational liquidity needs of Scholz Recycling and certain other wholly-owned subsidiaries of Scholz Holding in accordance with the terms of the Bridging Loan Agreement.

## **Repayment**

Scholz Recycling shall repay the outstanding amount of the Bridging Loan together with all accrued and unpaid interest thereon and any other payments owed by Scholz Recycling under or in connection with the Bridging Loan Agreement on the Final Repayment Date.

## **Facility and purpose**

The Bridging Loan is provided to Scholz Recycling for the purpose of financing the general operational liquidity needs of Scholz Recycling and certain other wholly-owned subsidiaries of Scholz Holding. It shall not be used for upstreaming any monies to Scholz Holding (other than a specified budget required in connection with the Restructuring Steps) or in particular for the payment of any advisory fees. Any other uses beyond such purpose is subject to CRDL’s prior consent, which shall not be unreasonably withheld.

## **(2) AMENDMENT TO THE MATURITY DATES OF CERTAIN LOANS UNDER, AND PARTIAL WAIVER OF, THE DEBT**

Under the Restructuring Agreement, the Company and CTRL agreed to amend and extend the maturity dates of certain loans under the Debt. In particular, (1) the maturity date for the approximately EUR224 million (equivalent to approximately HK\$2.0 billion) outstanding nominal value of the Debt will be extended to the earlier of 31 January 2017 and the date when the last closing condition under the Restructuring Agreement is fulfilled or waived; and (2) the maturity date for the approximately EUR300 million (equivalent to approximately HK\$2.7 billion) outstanding nominal value of the Debt will be extended to the earlier of 31 January 2017 and the date on which the last closing condition for the Potential Equity Acquisition has been fulfilled or waived. It is further agreed that the relevant parties shall enter into an amendment agreement immediately following the Potential Equity Acquisition pursuant to which the maturity date for the approximately EUR300 million (equivalent to approximately HK\$2.7 billion) outstanding nominal value of the Debt will be deferred for a period of 24 months.

In addition, as part of the Restructuring Steps, on the Restructuring Closing Date, CTRL and Scholz Holding will enter into a debt waiver agreement, in which CTRL will agree to irrevocably waive approximately EUR224 million (equivalent to approximately HK\$2.0 billion) of the Debt (representing approximately 42.75% of the original nominal amount of the Debt) and the relevant interest. The remaining outstanding nominal value of the Debt owed by Scholz Holding to CTRL after the partial waiver will be approximately EUR300 million (equivalent to approximately HK\$2.7 billion). The waiver will take immediate effect on the date of signing of the debt waiver agreement.

## **(3) INTENDED ACQUISITION, AND WAIVER OF, THE TTC LOAN**

As part of the Restructuring Steps, CRDL intends to acquire under a separate agreement, prior to the Restructuring Closing Date, a EUR60 million (equivalent to approximately HK\$534 million) loan (the “**TTC Loan**”) from Scholz Beteiligungsgesellschaft for a nominal consideration of EUR1 (equivalent to approximately HK\$8.90).

Pursuant to the Restructuring Agreement, CRDL also agrees that it will, on the Restructuring Closing Date, enter into a loan waiver agreement, in which CRDL will irrevocably waive the TTC Loan with immediate effect on the date of signing of the loan waiver agreement.

## **D. INFORMATION ABOUT THE PARTIES**

### **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. Each of CRDL and CTRL is a wholly-owned subsidiary of the Company.

## **Scholz Group**

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, 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, 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. Each of Scholz Holding and Scholz Recycling is a member of Scholz Group.

## **Scholz Beteiligungsgesellschaft and TBD**

Each of Scholz Beteiligungsgesellschaft and TBD is a limited liability company organized under the laws of the Federal Republic of Germany. As at the date of this announcement, Scholz Beteiligungsgesellschaft and TBD are the trustees of a trust arrangement in respect of the shares in Scholz Holding.

## **E. REASONS FOR AND BENEFITS OF THE RESTRUCTURING STEPS**

Scholz Holding has been in financial distress for a significant period of time. The entering into of the Restructuring Agreement is part of a series of steps taken by the Company to prepare for the Potential Equity Acquisition (through a separate transaction) in the near future.

The provision of the Bridging Loan is to ensure that Scholz Group's business is maintained as a going concern prior to the Potential Equity Acquisition. During the negotiations regarding the German Debt Acquisition and up to the Potential Equity Acquisition, the parties had considered the provision by the Group of an up to EUR50 million Bridging Loan at the closing of the Debt Purchase Agreement and an additional funding of EUR30 million at the closing of the Potential Equity Acquisition to meet the liquidity needs of Scholz Group. The EUR30 million increase in the Bridging Loan reflects the outcome of the parties' negotiations. The Company has agreed to the change in structure as it believes that the new structure will better provide for Scholz Group's liquidity needs and at the same time will not increase the overall commitment as originally contemplated by the Company.

Further, the amendment to and the extension of the maturity dates, and partial waiver, of the Debt and the intended acquisition, and immediate waiver of, the TTC Loan are deemed necessary to facilitate the significant deleveraging of Scholz Group and to enhance its long-term economic performance. The remaining outstanding nominal value of the Debt after the partial waiver will be approximately EUR300 million (equivalent to approximately HK\$2.7 billion), which will still be higher than the total consideration of EUR236 million (equivalent to approximately HK\$2.1 billion) paid and payable by the Group under the Debt Purchase Agreement.

The Directors consider the terms of the Restructuring Agreement and relevant agreements executed or to be executed in connection with the Restructuring Steps to be fair and reasonable and that the entry into the Restructuring Agreement and the relevant agreements as required to realize the Restructuring Steps, to be in the interests of the Company and Shareholders as a whole.

## F. LISTING RULES IMPLICATIONS

The Company refers to its announcements made on 2 May 2016 and 28 June 2016 in relation to, among other things, the German Debt Acquisition and on 2 June 2016 and 3 June 2016 in relation to, among other things, the assumption of the lender's rights and obligations under the Credit Agreement (the "US Assignment"). Since the German Debt Acquisition and the US Assignment are regarded as financial assistances provided by the Company to Scholz Group, the German Debt Acquisition, the US Assignment and the Relevant Restructuring Steps form a series of transactions which should be treated as if they were one transaction under Rule 14.22 of the Listing Rules.

The Relevant Restructuring Steps, on a standalone basis, do not constitute a discloseable transaction of the Company. However, the Relevant Restructuring Steps, when aggregated with the German Debt Acquisition and the US Assignment pursuant to Rule 14.22 of the Listing Rules, constitute a major transaction of the Company. Accordingly, the Relevant Restructuring Steps are 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 Relevant Restructuring Steps. 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 Relevant Restructuring Steps. 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 Relevant Restructuring Steps.

In order to allow sufficient time to finalize certain information to be included in the circular in connection with the Restructuring Agreement and the Restructuring Steps, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which requires the circular to be despatched to the Shareholders within 15 business days after the publication of this announcement. A circular of the Company containing, among other things, further information in relation to the Restructuring Agreement and the Restructuring Steps is expected to be despatched to the Shareholders on or before 25 August 2016.

## G. GENERAL

**As completion of the Restructuring Steps are subject to satisfaction of certain closing conditions under the Restructuring Agreement, the Restructuring Steps may or may not proceed. Accordingly, Shareholders and potential investors should exercise caution when dealing in the Shares.**



## H. DEFINITIONS

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

<b>“Board”</b>	the board of directors of the Company
<b>“Bridging Loan”</b>	an up to EUR80 million (equivalent to approximately HK\$712 million) bridging loan to be provided by CRDL (as lender) to Scholz Recycling (as borrower) pursuant to the terms of the Bridging Loan Agreement
<b>“Bridging Loan Agreement”</b>	has the meaning given to it in the section headed “C. Key details of the Restructuring Steps – (1) Finalization of terms of the Bridging Loan” in this announcement
<b>“Company”</b>	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)
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rules
<b>“CRDL”</b>	Chiho Renewable Development Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
<b>“CTRL”</b>	Chiho-Tiande Resources Limited, a company incorporated under the laws of British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company
<b>“Debt”</b>	the debt owing by Scholz Group to CTRL under certain loan agreements and promissory notes which CTRL has assumed the lenders’ rights thereunder pursuant to the Debt Purchase Agreement and the transfer agreement entered into between the Company and CTRL on 19 May 2016
<b>“Debt Purchase Agreement”</b>	the debt purchase agreement entered into on 29 April 2016 by the Company in connection with the German Debt Acquisition, which was executed by the sellers and became effective on 28 June 2016
<b>“Directors”</b>	the directors of the Company
<b>“EUR”</b>	Euro, the lawful currency of the European Union

<b>“Final Repayment Date”</b>	has the meaning given to it in the section headed “C. Key details of the Restructuring Steps – (1) Finalization of terms of the Bridging Loan – Term” in this announcement
<b>“German Debt Acquisition”</b>	the acquisition of rights and obligations under certain loan agreements and promissory notes of, and provision of bridging facility to, Scholz Holding. Completion of the German Debt Acquisition is expected to take place in July 2016
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Potential Equity Acquisition”</b>	the potential acquisition and transfer of all shares in Scholz Holding to the Company and/or any third party nominated by the Company
<b>“Relevant Restructuring Steps”</b>	has the meaning given to it in the section headed “A. Introduction” in this announcement
<b>“Restructuring Agreement”</b>	has the meaning given to it in the section headed “A. Introduction” in this announcement
<b>“Restructuring Closing Date”</b>	has the meaning given to it in the section headed “B. Principal Terms of the Restructuring Agreement – Closing Date” in this announcement
<b>“Restructuring Steps”</b>	has the meaning given to it in the section headed “A. Introduction” in this announcement
<b>“Scholz Beteiligungsgesellschaft”</b>	Scholz Beteiligungsgesellschaft mbH, a limited liability company ( <i>Gesellschaft mit beschränkter Haftung</i> ) organized under the laws of the Federal Republic of Germany and registered with the commercial register at the local court of Charlottenburg under registration no. HRB 171406B
<b>“Scholz Group”</b>	Scholz Holding and its subsidiaries
<b>“Scholz Holding”</b>	Scholz Holding GmbH, a limited liability company ( <i>Gesellschaft mit beschränkter Haftung</i> ) 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

<b>“Scholz Recycling”</b>	Scholz Recycling GmbH & Co. KG, a partnership with a limited liability company as general partner, organized under the laws of the Federal Republic of Germany, and registered with the commercial register of the local court of Ulm under registration number HRA 721190. It is a member of Scholz Group
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.01 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“TBD”</b>	TBD Vermögensverwaltungs GmbH, a limited liability company ( <i>Gesellschaft mit beschränkter Haftung</i> ) under the laws of the Federal Republic of Germany and registered with the commercial register at the local court of Hamburg under registration no. HRB 105876
<b>“TTC Loan”</b>	has the meaning given to it in the section headed “C. Key details of the Restructuring Steps – (3) Intended acquisition, and waiver of, the TTC Loan” in this announcement
<b>“US Assignment”</b>	has the meaning given to it in the section headed “F. Listing Rules Implications” in this announcement

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

Hong Kong, 20 July 2016

In this announcement and for illustration purposes only, amounts denominated in EUR has been converted into HK\$ at the rate of EUR1 = HK\$8.90.

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

*Executive Directors:* Tu Jianhua, Zhang Jun, Qin Yongming

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