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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)

VOLUNTARY ANNOUNCEMENT

This is a voluntary announcement made by Chiho-Tiande Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”).

Reference is made to the Company’s announcement dated 9 September 2011 in relation to the acquisition and development of an industrial site located at Yuen Long Industrial Estate, New Territories, Hong Kong (the “**Property**”) by Chiho-Tiande (HK) Limited (“**CTHK**”), an indirect wholly owned subsidiary of the Company.

The Property, comprising a total area of approximately 35,836.0 sq. m. and three buildings erected thereon, has since the acquisition by CTHK been, and is still being, occupied and used by the Group as a processing and production facility for its metal recycling and electronic waste businesses. As at 31 December 2015, the revenue generated from the above metal recycling business and electronic waste business on the Property accounted for approximately 2.9% and 3.2% respectively of the Group’s total revenue for the year ended 31 December 2015. The Property has a net book value of approximately HK\$139.2 million.

The Property is currently subject to a lease with Hong Kong Science and Technology Parks Corporation (“**HKSTP**”) as the lessor, pursuant to which CTHK as lessee has committed to, at the time of acquiring the Property in 2011, among others, develop the Property into an integrated processing facility at a total investment amount of approximately HK\$697.6 million (comprising HK\$148 million being the consideration and related expenses for the acquisition of the Property in 2011 and HK\$549.6 million mainly for the construction of new buildings and purchase and installation of new machinery on the Property). Prior to the investment of USUM Investment Group Hong Kong Limited, the current controlling shareholder of the Company, into the Group in 2015, few steps have been taken to implement this development.

Following the investment of USUM Investment Group Hong Kong Limited into the Group and the replacement of the management team thereafter, the overall growth strategy of the Group was reviewed and a realignment of the business development plan of the Property was necessary.

After extensive discussions with HKSTP, CTHK has recently reached an agreement with HKSTP in respect of a partial surrender of the Property and modification to certain terms of the relevant lease (the “**Partial Surrender and Lease Modification**”) under which CTHK has agreed to, among others, (i) surrender approximately one third of the total area of the Property to HKSTP in return for a consideration of approximately HK\$7.9 million payable by HKSTP; and (ii) purchase and install new machinery on the Property with a minimum value of HK\$122 million on or before 30 June 2017 subject to a reduced maximum plot ratio in respect of the remaining Property and a payment of additional premium by CTHK in the sum of approximately HK\$43.6 million on or before 31 December 2016. The parties shall execute a deed of surrender and other necessary lease modification documents by 31 December 2016.

Following the partial surrender of the Property, CTHK will no longer be required under the relevant lease to construct new buildings on the Property. The remaining Property will continue to be a strategic processing and production facility of the Group, focusing on high-value added operations in the recycling of electronic wastes. In addition, the Company expects the Property to have growing significance in its role upon completion of the very substantial acquisition of the Company as announced on 30 August 2016 (see below), with the increase in trade flows and adoption of technical expertise. At the same time, the Group will cease the recycling business of steel and iron scraps which was previously operated on the portion of the Property to be surrendered.

In August 2016, the Group has entered into an acquisition agreement to acquire the entire equity interest of Scholz Holding GmbH (“**Scholz Holding**”). Scholz Holding group is one of the largest European-based global network of companies and affiliates active in the field of treating and processing of scrap metals and electronic wastes through its business activities in Europe and America. The Company aims to, through the acquisition, take a leadership role to consolidate the fragmented recycling businesses and upgrade the recycling market in China, as well as further strengthen its operations. Completion of the acquisition is yet to take place. For further details, please refer to the Company’s announcements dated 30 August 2016 and 5 September 2016.

The Company does not expect the Partial Surrender and Lease Modification to have any material adverse impact on the business operations and financial position of the Group.

Going forward, the Group remains committed to further strengthen and expand its metal recycling business. The Group will continue to focus on its existing operations, while also continue to be on the lookout for potential opportunities.

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

Hong Kong, 7 October 2016

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

Executive Directors: Tu Jianhua, Zhang Jun, Qin Yongming

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