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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chiho-Tiande Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

- (1) CONTINUING CONNECTED TRANSACTIONS:
SALES FRAMEWORK AGREEMENT;**
- (2) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT
UNDER THE POST-IPO SHARE OPTION SCHEME;
AND**
- (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 15 of this circular.

The notice convening the EGM to be held at 23/F., Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Friday, 17 February 2017 at 10:00 a.m. is set out on pages 33 to 35 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjustment thereof should you so desire.

27 January 2017

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DEFINITIONS

“Annual Caps”	the maximum aggregate annual values for the transactions contemplated under the Sales Framework Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Chiho-Tiande Group Limited, a company incorporated in the Cayman Islands and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 976)
“CME Group”	CME Group Inc., a company incorporated in the State of Delaware U.S., whose Class A common stock is listed on the NASDAQ Global Select Market under the symbol “CME”
“COMEX”	Commodity Exchange, Inc. a designated contract market under CME Group in relation to metals trading
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Sales Framework Agreement and the transactions contemplated thereunder
“Group”	the Company and its current and future subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, which has been appointed by the Board to advise the Independent Shareholders on the Sales Framework Agreement
“Independent Financial Adviser” or “Platinum Securities”	Platinum Securities Company Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Sales Framework Agreement and the transactions contemplated thereunder

DEFINITIONS

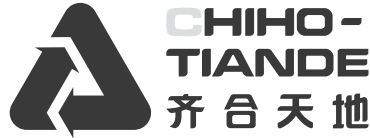
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM in respect of the Sales Framework Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	25 January 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loncin International”	Loncin International Limited (隆鑫國際有限公司), a company incorporated in Hong Kong
“Loncin Group”	Loncin Group Co., Limited (隆鑫集團有限公司), a limited liability company established under the laws of the PRC
“Loncin Holdings”	Loncin Holdings Limited (隆鑫控股有限公司), a limited liability company established under the laws of the PRC
“LME”	London Metal Exchange
“Market Price”	means such price(s) that: <ol style="list-style-type: none">(1) the party supplying the Products provides to independent third parties in the relevant market in respect of the same or similar Products;(2) independent third parties may obtain from other independent third parties in the relevant market in respect of the same or similar Products; or(3) as determined with reference to industry standards or practice for the same or similar Products in the relevant market
“members of the Group”	means the companies of the Group, or any one of them
“Mr. Tu”	Mr. Tu Jianhua, the chairman, an executive Director and a controlling shareholder of the Company
“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Company on 23 June 2010
“PRC”	the People’s Republic of China
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on 23 June 2010

DEFINITIONS

“Products”	the products which may from time to time be supplied by the relevant member(s) of the Group to Loncin International under the Sales Framework Agreement, including, nonferrous metal and such other products which the parties to the Sales Framework Agreement may from time to time change or add
“Proposed Refreshment”	the Scheme Mandate Limit proposed to be refreshed by the Shareholders at the EGM pursuant to which the Board may grant share options to eligible participants under the Post-IPO Share Option Scheme and any other share option schemes of the Company to subscribe for up to 10% of the Shares in issue as at the date of the EGM
“Proposed Refreshment Resolution”	the ordinary resolution of the Company to approve the Proposed Refreshment by the Shareholders at the EGM
“Sales Framework Agreement”	the sales framework agreement entered into between the Company and Loncin International on 11 January 2017 in relation to the sale of the Products by the Group to Loncin International
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of the Company and which shall not in aggregate exceed 10% of the Shares in issue as at the date of the 2013 EGM and thereafter, if refreshed, shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“Scholz Group”	Scholz Holding and its subsidiaries
“Scholz Holding”	Scholz Holding GmbH, a limited liability company (<i>Gesellschaft mit beschränkter Haftung</i>) organised under the laws of the Federal Republic of Germany, which is registered at the Commercial Register (<i>Handelsregister</i>) of the Local Court (<i>Amtsgericht</i>) of Ulm, under registration number HRB 730756
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Options”	the share options granted and to be granted under the Post-IPO Share Option Scheme which entitle the holders thereof to subscribe for Shares
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“U.S.”	The United States of America
“US\$”	US dollars, the lawful currency of the United States of America
“2013 EGM”	the extraordinary general meeting of the Company held on 23 May 2013
“%”	per cent



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)

Board of Directors:

Executive Directors:

Mr. Tu Jianhua (*Chairman*)

Mr. Qin Yongming (*Chief Executive Officer*)

Mr. Liu Huaiyu (*Executive Vice President*)

Independent Non-executive Directors:

Dr. Loke Yu

Mr. Zhu Dajian

Ms. Qian Liping

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

***Head office and principal place
of business in Hong Kong:***

48 Wang Lok Street

Yuen Long Industrial Estate

Hong Kong

27 January 2017

To the Shareholders

Dear Sir or Madam,

- (1) CONTINUING CONNECTED TRANSACTIONS:
SALES FRAMEWORK AGREEMENT;**
- (2) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT
UNDER THE POST-IPO SHARE OPTION SCHEME;**
- AND**
- (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 11 January 2017 in relation to (i) the Sales Framework Agreement and the transactions contemplated thereunder; and (ii) the proposed refreshment of the Scheme Mandate Limit.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details about the Sales Framework Agreement and the transactions contemplated thereunder; (ii) details about the proposed refreshment of the Scheme Mandate Limit; (iii) the recommendations from the Independent Board Committee after having considered the advice of the Independent Financial Adviser in relation to the Sales Framework Agreement and the transactions contemplated thereunder; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) the notice of the EGM for the Independent Shareholders to consider and, if thought fit, to approve the Sales Framework Agreement and the transactions contemplated thereunder and the proposed Annual Caps, and for the Shareholders to consider and, if thought fit, the Proposed Refreshment.

SALES FRAMEWORK AGREEMENT

On 11 January 2017, the Company and Loncin International entered into the Sales Framework Agreement, pursuant to which Loncin International shall purchase and the Company shall supply, or shall procure relevant member(s) of the Group to supply, certain Products to Loncin International for a term commencing from 11 January 2017 and ending on 31 December 2019.

The principal terms of the Sales Framework Agreement are as follows:

- Date: 11 January 2017
- Parties: (1) the Company (for itself and on behalf of the members of the Group)
(2) Loncin International
- Term: The Sales Framework Agreement is conditional upon the obtaining of the Independent Shareholders' approval at the EGM in accordance with the Listing Rules. Subject to the aforesaid, the term of the Sales Framework Agreement shall commence from 11 January 2017 and end on 31 December 2019.
- Nature of transactions: Relevant member(s) of the Group will supply certain Products to Loncin International, including, nonferrous metal
- Pricing and its determination: The price at which the Group will supply the Products to Loncin International will be determined based on:
(1) the government-prescribed price; or
(2) if there is no applicable government-prescribed price, the Market Price

LETTER FROM THE BOARD

Time and method of payment:	Based on market practice
Access to records:	Loncin International undertakes to the Company to allow the Company's auditors sufficient access to the records of Loncin International for the purpose of reporting on the transactions under the Sales Framework Agreement so as to enable the Company to comply with its relevant obligations under the Listing Rules.

PRICING, TIME AND METHOD OF PAYMENT REGARDING SUPPLY OF PRODUCTS TO LONCIN INTERNATIONAL

Pricing

Since nonferrous metal scrap is not a standardized product and the metal content in the nonferrous metal scrap varies from lot to lot, pricing of the Products will be determined after considering the following factors by the relevant member of the Group:

- (i) the agreed percentages of metal constituents within the nonferrous metals scrap between the parties;
- (ii) the Market Prices of the metal constituents on the LME or COMEX;
- (iii) the indicative price (if any) of the downstream customer and Loncin International may refer to the price of the metal constituents on the Shanghai Futures Exchange, Changjiang Nonferrous Metals Industry Portal (www.ccmn.cn) and/or Lingtong Information Provider (www.lingtong.info) if it is providing any indicative price; and
- (iv) production costs of the customer, customs and freight charges, presence of impurities.

The price of the Products to be supplied by member(s) of the Group to Loncin International is determined with reference to the Market Price of the metal constituents on the LME and COMEX as a basis. The Market Price of the metal constituents on the LME and COMEX can be found on their respective websites and there are real time updates on such price.

LETTER FROM THE BOARD

Timing and method of payment

The time and method of payment in respect of the Products supplied by member(s) of the Group to Loncin International will be based on market practice, details of which are as follows:

- (i) Within 7 to 10 working days upon signing of an agreement for a supply of Products by the parties, Loncin International will pay a deposit amounting to 20% to 30% of the purchase price of the Products to the relevant member of the Group by telegraphic transfer;
- (ii) Upon receiving the deposit from Loncin International, the relevant member of the Group will ship the Products to the port requested by Loncin International which may take up to 30 days; and
- (iii) Loncin International will pay the balance of the purchase price of the Products to the relevant member of the Group by making telegraphic transfer before such member of the Group will release the bill of lading for the collection of the Products by Loncin International at the port.

PROPOSED ANNUAL CAPS AND BASIS OF DETERMINING THE ANNUAL CAPS

The proposed Annual Caps in respect of the transactions contemplated under the Sales Framework Agreement are US\$150,000,000 for the year ending 31 December 2017, US\$250,000,000 for the year ending 31 December 2018 and US\$350,000,000 for the year ending 2019.

The proposed Annual Caps of the transactions contemplated under the Sales Framework Agreement are determined with reference to the following factors:

- (i) the estimated purchase orders to be placed by Loncin International with the Group;
- (ii) the projected increase in the volume and Market Prices of the Products to be sold to Loncin International during the term of the Sales Framework Agreement; and
- (iii) expected increase in the price of raw materials and labour costs in the next few years.

The Company completed the acquisition of Scholz Holding in December 2016. The Group's market share is expected to increase after such acquisition as it may enjoy the benefits of business synergy. There are signs of market recovery and the Group takes the view that more nonferrous metal scrap materials will be available for recycling and for supply to its customers, and that the number of purchase orders to be placed by Loncin International with the Group will increase.

As there is an expected increase in the demand for Products to be supplied to Loncin International from member(s) of the Group in the next few years, there is projected increase in the volume of Products to be sold to Loncin International.

LETTER FROM THE BOARD

Furthermore, there is an expected increase in the price of raw materials and labour costs which shall be affected by the global economy and political development in the next few years. The Group has also taken into account possible inflation and increase in Market Prices of the Products to be sold to Loncin International (or the increase in Market Prices of the relevant metal constituents) based on the Group's prediction of an upward trend in commodity prices.

As a result of the above, the proposed Annual Cap will gradually increase from US\$150,000,000 for the year ending 31 December 2017 to US\$250,000,000 for the year ending 31 December 2018, and further to US\$350,000,000 for the year ending 31 December 2019.

The Directors (including all the independent non-executive Directors) consider that the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

To ensure that the terms offered by the Group to Loncin International are no less favourable than those entered into between the Group and independent third parties and that the proposed Annual Caps are not exceeded, the Group will adopt the following internal control measures:

- (i) the prices for the Products will be negotiated on arm's length basis and at prices with reference to the prevailing market prices of similar products, which will be determined through periodic price research conducted by the staff of the operation department of the Company by obtaining the prices of products charged by the independent third parties for similar products comparable to the Products under the Sales Framework Agreement. Research on market prices of metal constituents from which the Products are made up will be conducted by the Company on a daily basis. References will be made to prices of the metal constituents on the LME and COMEX. The prices for the Products will not be lower than the prevailing market prices of similar products;
- (ii) the compliance department of the Company will closely monitor the transaction amounts in relation to the transactions under the Sales Framework Agreement to ensure that the proposed Annual Caps are not exceeded;
- (iii) as of the date of the Sales Framework Agreement, the Company contemplated that the only Product which would be supplied by any member(s) of the Group to Loncin International shall be nonferrous metal with copper or aluminium elements, including copper cables, zorba. The finance department and compliance department of the Company will closely monitor the transactions contemplated under the Sales Framework Agreement. In the event that Loncin International requests supply of Products other than nonferrous metals within the term of the Sales Framework Agreement, the finance department and compliance department of the Company will promptly report to the management of the Company, which will in turn ensure that only Products produced in the ordinary and usual course of business of the Group may be supplied to Loncin International under the Sales Framework Agreement;

LETTER FROM THE BOARD

- (iv) the independent non-executive Directors will review and confirm whether the transactions contemplated under the Sales Framework Agreement are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and are fair and reasonable and in the interests of the Shareholders as a whole; and
- (v) the Company will engage its auditors to review the data of the transactions under the Sales Framework Agreement in compliance with the annual reporting and review requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company completed the acquisition of Scholz Holding in December 2016. 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, utilisation and recirculation. Upon completion of such acquisition, the Group will be able to leverage on Scholz Group's technological capabilities and know-how to enhance its recycling operations and to provide the Group with direct and immediate access to stable upstream material supplies from the European and U.S. markets. Scholz Group has the technological capabilities and know-how, namely shredding and automated sorting, to sort and separate nonferrous metal from ferrous metal in metal scrap to allow the Group to supply nonferrous metal to Loncin International. In respect of upstream material supplies, Scholz Group is involved in the collection of metal scrap via its collection yards spread across continental Europe and ferrous metal and nonferrous metal may be sorted and extracted from such metal scrap collected.

The Directors consider that the transactions contemplated under the Sales Framework Agreement will broaden the revenue base of the Group. Loncin International is principally engaged in trading of metals scrap, Loncin International has a strong customer base and therefore has a constant demand for nonferrous metal. Since metals scrap comprises, among others, nonferrous metal, Loncin International therefore has a demand for nonferrous metal from the Group. The Group is able to meet this constant demand and provide a stable supply of nonferrous metal by utilising, among others, the technological capabilities and know-how of Scholz Group, as well as the upstream material supplies which can be secured by Scholz Group, upon the completion of the acquisition of Scholz Holding in addition to any existing facilities of the Group. Loncin International is regarded as a reliable downstream business partner of the Group and the entering into of the Sales Framework Agreement will enable the Group to best utilise its facilities to enhance the overall operating performance of the Group. It is expected that the demand for a constant supply of Products by Loncin International from the Group will last for the next three years. The entering into of the Sales Framework Agreement will enable the Group to comply with the applicable requirements under the Listing Rules in respect of continuing connected transactions and allow Loncin International to purchase the Products from the Group on an uninterrupted basis during the term of the Sales Framework Agreement, thereby generating revenue for the Group.

The Directors (including the independent non-executive Directors) are of the view that (i) the Sales Framework Agreement is on normal commercial terms and on terms no less favourable than those entered into between independent third parties and the Company and in

LETTER FROM THE BOARD

the course of the ordinary and usual business of the Company; (ii) the terms of the Sales Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (iii) the proposed Annual Caps in respect of the Sales Framework Agreement are fair and reasonable.

INFORMATION OF THE GROUP AND THE CONNECTED PERSON

The Group principally engages in mixed metal scrap recycling, reuse and processing which involve breaking-down, demolition and separation of mixed metal scrap such as motor scrap and electric wire and cable scrap into their respective metal constituents, comprising mainly copper scrap, steel scrap, aluminum scrap and iron scrap as well as a growing business in scrap metal collection.

Loncin International is a company incorporated in Hong Kong and is principally engaged in the business of metals scrap trading.

LISTING RULES IMPLICATIONS

Mr. Tu, a Director and controlling shareholder of the Company, holds 98% equity interests in Loncin Group, which in turn holds 98% equity interests in Loncin Holdings. Loncin International is wholly-owned by Loncin Holdings. Therefore, Loncin International is a connected person of the Company under the Listing Rules by virtue of being an associate of Mr. Tu. The transactions contemplated under the Sales Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios for the proposed Annual Caps in respect of the Sales Framework Agreement exceeds 5%, the Sales Framework Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Tu was considered to have a material interest in the Sales Framework Agreement and the transactions contemplated thereunder. He has abstained from voting on the Board resolutions with respect to the approval of the Sales Framework Agreement and the transactions contemplated thereunder. Save as disclosed, no Director had a material interest in the Sales Framework Agreement and the transactions contemplated thereunder which would require him to abstain from voting on the relevant Board resolutions.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Sales Framework Agreement and the transactions contemplated thereunder.

Platinum Securities Company Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding, among other things, the terms of the Sales Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

THE PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Board has resolved to refresh the Scheme Mandate Limit so as to provide the Company with the flexibility of granting further Share Options under the Post-IPO Share Option Scheme and to provide incentives to, and recognise the contributions of, the Group's employees and other selected grantees. The Board proposes to seek the approval of the Shareholders at the EGM to refresh the Scheme Mandate Limit.

The Proposed Refreshment

The Post-IPO Share Option Scheme was adopted by the Company on 23 June 2010. When the Post-IPO Share Option Scheme was adopted on 23 June 2010, the original scheme mandate limit in respect of which share options could be granted under the Post-IPO Share Option Scheme was 100,000,000 Shares and it was refreshed during the 2013 EGM. Pursuant to the terms of the Post-IPO Share Option Scheme and in compliance with the provisions in Chapter 17 of the Listing Rules, the maximum number of Shares which may be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and all other share option schemes of the Company shall not exceed 104,449,920 Shares, being 10% of the Shares in issue as at 23 May 2013, being the date of the 2013 EGM, when the Scheme Mandate Limit was last refreshed.

During the period from the date of the listing of the Company on 12 July 2010 and up to the date of the 2013 EGM, being the date when the Scheme Mandate Limited was last refreshed, Share Options to subscribe for 85,315,000 Shares have been granted under the Post-IPO Share Option Scheme. Among such Share Options granted, as at the Latest Practicable Date, Share Options to subscribe for 11,719,500 Shares have been exercised, Share Options to subscribe for 73,595,500 Shares have been cancelled or lapsed and no Share Options to subscribe for Shares remains outstanding.

No Share Options have been granted under the Post-IPO Share Option Scheme since the refreshment of the Scheme Mandate Limit on 23 May 2013. As at the Latest Practicable Date, the maximum number of Shares which may be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and all other share option schemes of the Company remains 100% of the Scheme Mandate Limit refreshed in the 2013 EGM, being 104,449,920 Shares.

As at the Latest Practicable Date, there were 1,619,738,291 Shares in issue. Upon the Proposed Refreshment and assuming that the total number of Shares in issue remains unchanged prior to the date of the EGM, the Company may grant share options to eligible participants under the Post-IPO Share Option Scheme and all other share option schemes of the Company to subscribe for a maximum of 161,973,829 Shares, being 10% of the Shares in issue as at the date of approval of the Proposed Refreshment. Share options previously granted under the Post-IPO Share Option Scheme and/or any other share option schemes of the Company (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO Share Option Scheme or such other share option schemes of the Company) will not be counted for the purpose of calculating the Proposed Refreshment.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company did not have any other share option scheme apart from the Post-IPO Share Option Scheme. Although the Company adopted the Pre-IPO Share Option Scheme on 23 June 2010, the Pre-IPO Share Option Scheme was valid and effective until the date of the initial listing of Shares on the Stock Exchange on 12 July 2010. No further share options may be granted under the Pre-IPO Share Option Scheme but the outstanding share options remain exercisable in accordance with the terms of the Pre-IPO Share Option Scheme. As at the Latest Practicable Date, share options to subscribe for 12,140,000 Shares have been granted under the Pre-IPO Share Option Scheme, of which share options to subscribe for 9,648,000 Shares have been exercised, share options to subscribe for 2,492,000 Shares have been cancelled or lapsed and no share options to subscribe for Shares remains outstanding.

Pursuant to the terms of the Post-IPO Share Option Scheme and in accordance with the relevant provisions of Chapter 17 of the Listing Rules, the total number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No share options may be granted under the Post-IPO Share Option Scheme or any other share option scheme of the Company if it will result in the aforesaid 30% limit being exceeded.

At the EGM, the Proposed Refreshment Resolution will be proposed to the Shareholders to approve the Proposed Refreshment so that the total number of Shares which may be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and all other share option schemes of the Company shall not exceed 10% of the Shares in issue as at the date of approval of the Proposed Refreshment by the Shareholders at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Refreshment and no Shareholder will be required to abstain from voting on the Proposed Refreshment Resolution at the EGM.

Conditions

The Proposed Refreshment is conditional upon:

- (i) the Shareholders passing the Proposed Refreshment Resolution at the EGM; and
- (ii) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which fall to be issued upon the exercise of any Share Options that may be granted pursuant to the Post-IPO Share Option Scheme under the Proposed Refreshment.

Application for Listing

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which fall to be issued upon the exercise of any Share Options that may be granted pursuant to the Post-IPO Share Option Scheme under the Proposed Refreshment.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at 23/F., Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Friday, 17 February 2017 at 10:00 a.m. is set out on pages 33 to 35 of this circular. At the EGM, ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the Sales Framework Agreement and the transactions contemplated thereunder and the proposed Annual Caps. An ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Proposed Refreshment.

Any Shareholder with a material interest in the Sales Framework Agreement and its/his associates will abstain from voting on the proposed resolution in relation to the Sales Framework Agreement and the transactions contemplated thereunder at the EGM. Since Loncin International is an associate of Mr. Tu, a Director and controlling shareholder of the Company, Mr. Tu is considered to have a material interest in the Sales Framework Agreement and the transactions contemplated thereunder. Mr. Tu together with his associates, who are in aggregate interested in 1,008,885,181 Shares as at the Latest Practicable Date, representing approximately 62.29% of the total number of issued Shares, will abstain from voting on the proposed resolution in relation to the Sales Framework Agreement and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

VOTING BY POLL

In compliance with Rule 13.39(4) of the Listing Rules, the proposed ordinary resolutions in respect of the (i) Sales Framework Agreement and the transactions contemplated thereunder; and (ii) the Proposed Refreshment will be voted on by way of poll at the EGM. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATIONS

In relation to the Sales Framework Agreement

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 16 to 17 of this circular which contains its recommendation to the Independent Shareholders concerning the terms of the Sales Framework Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out on

LETTER FROM THE BOARD

pages 18 to 26 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sales Framework Agreement and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Sales Framework Agreement to be fair and reasonable in so far as the Company and the Independent Shareholders are concerned, and the transactions contemplated under the Sales Framework Agreement will be conducted in the ordinary and usual course of the Company. The Independent Board Committee considers that the Sales Framework Agreement was entered into on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution relating to the Sales Framework Agreement and the transactions contemplated thereunder and the proposed Annual Caps at the EGM.

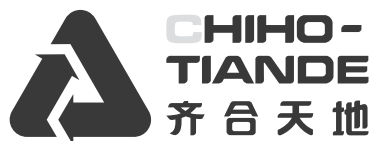
In relation to the Proposed Refreshment

The Directors consider that it is in the interest of the Company to further refresh the Scheme Mandate Limit to permit the grant of further Share Options under the Post-IPO Share Option Scheme so as to provide incentives to, and recognise the contribution of, the eligible participants, including the Group's employees, under the Post-IPO Share Option Scheme. Therefore, the Directors recommend the Shareholders to vote in favour of the Proposed Refreshment Resolution at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

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



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)

Independent Board Committee:

Dr. Loke Yu

Mr. Zhu Dajian

Ms. Qian Liping

27 January 2017

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:
SALES FRAMEWORK AGREEMENT**

We refer to the circular dated 27 January 2017 of the Company (the “**Circular**”) of which this letter forms part. Terms herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the terms of the Sales Framework Agreement and to advise the Independent Shareholders in respect of the Sales Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Caps). Platinum Securities Company Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We wish to draw your attention to (i) the letter from the Board set out on pages 5 to 15 of the Circular which contains, among others, information on the Sales Framework Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out on pages 18 to 26 of the Circular which contains its advice in respect of the terms of the Sales Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Caps).

Having taken into account the advice of the Independent Financial Adviser and the principal factors and reasons considered by the Independent Financial Adviser, we consider that the entering into of the Sales Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company, and the terms of the Sales Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Caps) are on normal commercial terms and are fair and reasonable so far as

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the Company and the Independent Shareholders are concerned. We also consider that the entering into of the Sales Framework Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sales Framework Agreement and the transactions contemplated thereunder (including the proposed Annual Caps).

Yours faithfully,
Independent Board Committee

Dr. Loke Yu
Mr. Zhu Dajian
Ms. Qian Liping
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



PLATINUM Securities Company Limited

21/F LHT Tower
31 Queen's Road Central
Hong Kong

Telephone (852) 2841 7000
Facsimile (852) 2522 2700
Website www.platinum-asia.com

27 January 2017

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS: SALES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions and the Annual Caps contemplated under the Sales Framework Agreement (“**Continuing Connected Transactions**”). Details of the terms of the Sales Framework Agreement are contained in the circular of the Company dated 27 January 2017 (the “**Circular**”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sales Framework Agreement and the Annual Caps in relation to the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and to give independent advice to the Independent Board Committee.

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things: (i) the Sales Framework Agreement; (ii) the announcement of the Company dated 11 January 2017 in relation to the entering into of the Sales Framework Agreement (the “**Announcement**”); (iii) the annual report of the Company for the financial year ended 31 December 2015 (the “**2015 Annual Report**”); and (iv) the interim report of the Company for the six months ended 30 June 2016 (the “**2016 Interim Report**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Directors and/or management of the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Directors and/or management of the Company which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Continuing Connected Transactions.

We have not acted as an independent financial adviser to the Company's other transactions in the last two years. As at the Latest Practicable Date, we were not aware of any relationships or interest between Platinum Securities and the Company or any other parties that could be reasonably regarded as hindrance to Platinum Securities' independence to act as the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders, as defined under the Listing Rules and accordingly we are considered eligible to give independent advice on the Continuing Connected Transactions. We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Continuing Connected Transactions or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Dr. Loke Yu, Mr. Zhu Dajian and Ms. Qian Liping, has been established to advise the Independent Shareholders as to whether the terms of the Sales Framework Agreement and the Annual Caps in relation to the Continuing Connected Transactions are entered into on normal commercial terms, in the ordinary course of business of the Company, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background of the Company and Loncin International

The Group principally engages in mixed metal scrap recycling, reuse and processing which involve breaking-down, demolition and separation of mixed metal scrap such as motor scrap and electric wire and cable scrap into their respective metal constituents, comprising mainly copper scrap, steel scrap, aluminum scrap and iron scrap as well as a growing business in scrap metal collection.

Loncin International is wholly-owned by Loncin Holdings while Loncin Holdings is 98% owned by Loncin Group and 2% owned by Mr. Tu. Loncin Group is 98% owned by Mr. Tu; 1% owned by Ms. Tu Jianmin and 1% owned by Ms. Tu Jianrong, both being sisters of Mr. Tu. Loncin International is principally engaged in the business of metals scrap trading.

2. Background of the Continuing Connected Transactions

On 11 January 2017, the Company and Loncin International entered into the Sales Framework Agreement, pursuant to which Loncin International shall purchase and the Company shall supply, or shall procure relevant member(s) of the Group to supply, certain Products to Loncin International for a term commencing from the date of the Sales Framework Agreement, subject to the obtaining of the Independent Shareholders' approval at the EGM in accordance with the Listing Rules, and ending on 31 December 2019.

3. Principal terms of the Sales Framework Agreement

Set out below is the principal terms of the Sales Framework Agreement.

Date:	11 January 2017
Parties:	(1) the Company (for itself and on behalf of the members of the Group) (2) Loncin International
Term:	The Sales Framework Agreement is conditional upon the obtaining of the Independent Shareholders' approval at the EGM in accordance with the Listing Rules. Subject to the aforesaid, the term of the Sales Framework Agreement shall commence from 11 January 2017 and end on 31 December 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Nature of transaction:	Relevant member(s) of the Group will supply certain Products to Loncin International, including nonferrous metal and such other Products which the parties to the Sales Framework Agreement may from time to time change or add.
Pricing mechanism:	The price at which the Group will supply the Products to Loncin International will be determined based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price
Time and method of payment:	Based on market practice.
Access to records:	Loncin International undertakes to the Company to allow the Company's auditors sufficient access to the records of Loncin International for the purpose of reporting on the transactions under the Sales Framework Agreement so as to enable the Company to comply with its relevant obligations under the Listing Rules.

Proposed Annual Caps and basis of determination for Annual Caps:

The proposed Annual Caps for the transactions contemplated under the Sales Framework Agreement are US\$150,000,000, US\$250,000,000 and US\$350,000,000 for the three financial years ending 31 December 2017, 2018 and 2019 respectively.

The proposed Annual Caps have been determined with reference to: (i) the estimated purchase orders to be placed by Loncin International with the Group; (ii) the projected increase in the volume and Market Price of the Products to be sold to Loncin International during the term of the Sales Framework Agreement; and (iii) the expected increase in the price of raw materials and labour costs in the next few years.

4. Reasons for and benefits of entering into the Sales Framework Agreement

Pursuant to the Sales Framework Agreement, the Group will supply Products to Loncin International, including nonferrous metal and such other Products which the parties to the Sales Framework Agreement may from time to time change or add.

We have discussed with the management of the Company and understand that by entering into the Sales Framework Agreement, it will broaden the revenue base of the Company and allow the Group to leverage on the sales network of Loncin International.

The Company completed the acquisition of Scholz Holding in December 2016. We have discussed with the management of the Company and understand that Scholz Group is a sizable mixed metal scrap recycler in European and U.S. market, and upon the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

acquisition of Scholz Group, the Group will be able to leverage on Scholz Group's technological capabilities and know-how to enhance its recycling operation and also secured its upstream material supplies. We have discussed with the management and understand that the entering into the Sales Framework Agreement is one of the ways to best utilise the facilities of the Group to enhance the overall operating performance of the Group.

Moreover, according to the Sales Framework Agreement, the selling price of Products provided by the Group will be determined by the relevant government-prescribed price, or the Market Price if there is no applicable government-prescribed price. We have reviewed the sales contracts of Products including aluminium scrap and copper scrap provided by the Company and noticed that in determining the Market Price of Products, the operation department of the Group had made reference to the prevailing trading price of relevant nonferrous metal at the commodity exchanges such as LME and COMEX. The basis of determining the price of the Products is clearly stated in the Sales Framework to ensure the selling price offered to Loncin International is not more favourable than those offered to the independent third party customers. Therefore, the pricing mechanism under the Sales Framework Agreement protects the Group's benefits from selling Products with fair and reasonable price.

In addition, we have also discussed with the management of the Company and obtained the Group's relevant internal control manual and samples of existing supply contracts of the relevant products included in the Sales Framework Agreement, we have noticed that when the government-prescribed price is not available, the Group must obtain at least two to three quotes from other independent third parties or reference being made to the pricing guidance issued by the relevant industry associations when comparing the terms of the supply of the relevant products. In addition, we are advised by the management of the Company that the directors and senior management of the Company will monitor closely and review regularly each continuing connected transaction of the Company. The Company will adopt a series of risk management arrangements, and endeavour to maintain, in relation to each continuing connected transaction, the independence of the Company; the fairness of the price of the transaction; the fairness of the terms of the transaction; and the right of the Company to conduct transactions with independent third parties other than the connected parties. The relevant arrangements include: (i) the continuing connected transactions contemplated under the Sales Framework Agreement are conducted on a non-exclusive basis; and (ii) upon the signing of the Sales Framework Agreement and its approval by the Independent Shareholders, the operation department of the Company will be responsible for the execution of the Sales Framework Agreement, and before the signing of each individual agreement, the finance department of the Company will evaluate the terms by comparing the prevailing trading price of the underlying nonferrous metal at public market such as LME and COMEX. In the event that the finance department has a concern regarding the fairness and reasonableness of the terms of sales contracts, the operation department is required to provide explanation to justify the fairness and reasonableness of the terms of sales contracts. Besides, the finance and compliance department will closely monitor the Company's existing continuing connected transactions, and review whether the Company's

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

transactions are fair, and whether the transaction prices are reasonable. As such, we are of the view that the Company has a sound risk management system to safeguard the interest of the Independent Shareholders.

In conclusion, we are of the view that entering into the Sales Framework Agreement falls within the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

5. Proposed Annual Caps for the sales of Products to Loncin International by the Group under the Sales Framework Agreement

In respect of the proposed Annual Caps, we understand that it has been determined with reference to: (i) the estimated purchase orders to be placed by Loncin International with the Group; (ii) the projected increase in the volume and Market Price of the Products to be sold to Loncin International during the term of the Sales Framework Agreement; and (iii) the expected increase in the price of raw materials and labour costs in the next few years.

In order to assess the fairness and reasonableness of the proposed Annual Caps, we have reviewed the relevant calculations of the proposed Annual Caps and discussed with the management of the Company regarding (i) the anticipated production amount of Products for each of the financial years ending 31 December 2017, 2018 and 2019; (ii) the estimated purchase orders to be placed by Loncin International; (iii) the average historical price of Products sold by the Group; and (iv) the expected change in price of the Products. We have discussed with the management of the Company and understand that the production capacity of the Group after the acquisition of Scholz Group has become approximately 7.0 million tonnes per annum and we have also reviewed the production data provided by the Company for verification purpose.

During our review of the calculation of the proposed Annual Caps, we noted that the expected annual trading volume of Products under the Sales Framework Agreement for the years ending 31 December 2017, 2018 and 2019 are approximately 62,000 tonnes, 100,000 tonnes and 140,000 tonnes respectively, representing approximately 0.9%, 1.4% and 2.0% respectively to the Group's existing annual production capacity.

We have also reviewed the price adopted in the calculation of the proposed Annual Caps and understand that the price of Products is referenced to the prevailing market price of the underlying metal in LME or COMEX, and take into account the constituent of metal in Products and applying a discount of approximately 10–15% as further processing cost is required for the scrap buyers.

In addition, we have discussed with the management of Loncin International and understand that by obtaining stable source of supply from Scholz Group, Scholz Group aims to accelerate its business expansion during the term of the Sales Framework Agreement and the projected trading volume as disclosed above is reasonably justifiable.

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As disclosed in the “Letter from the Board” in the Circular, the only Product which would be supplied by any member(s) of the Group to Loncin International shall be nonferrous metal with copper or aluminium elements. The expected increase in price of the Products with copper elements adopted by the Company for the year ending 31 December 2018 and 2019 are approximately 4.0% and 5.0% respectively. And the expected increase in price of the Products with aluminium elements adopted by the Company for the year ending 31 December 2018 and 2019 are approximately 3.0% and 1.4% respectively.

We have compared the adopted increase in price of Products to the metal market forecast in financial database such as Bloomberg and noted that they are in line with each other.

We have noticed the increase in proposed Annual Caps for the two financial years ending 31 December 2018 and 2019 are approximately 67% and 40% respectively. We have discussed with the management of the Company regarding such increase and understand that it is mainly due to (i) the business expansion of the Loncin International, thus require more Products to be provided by the Group; (ii) increase in sales channels of Loncin International and therefore expecting an increase in sales; and (iii) the expected increase in commodity price in future.

Furthermore, we have interviewed with the responsible persons in the Group and Loncin International and discussed with them regarding the proposed Annual Caps. They have confirmed with us: (i) the anticipated amount of Products included in the Sales Framework Agreement to be sold by the Group to Loncin International were determined after careful discussion and made reference to the production capacity of the Group and the expected increase in demand of Products by Loncin International, and therefore they consider it is fair and reasonable and is estimated by using the current anticipation of the market condition for the next three years; (ii) the anticipated amount of Products to be sold by the Group to Loncin International is within the production capacity of the Group; and (iii) the price of the Products under the Sales Framework Agreement transactions will be based on the market condition and will strictly follow the pricing policy set out in the Sales Framework Agreement. Besides, we have discussed with the management of the Company and understand that after taking a series of restructuring steps, it is expected that Schloz Group could recover its financial position and gain back the market share gradually in the recycling industry and provide a stable source of Products to the Group. On the other hand, we have interviewed with the management of Loncin International and understand that Loncin International has extensive client network in the PRC, in particular the Southern region of the PRC, and the anticipated amount of Products was determined by making reference to its operating figures such as sales budget, forecast of global demand and historical sales record. We concur with the management of the Group that the anticipated amount of Products to be sold by the Group to Loncin International was arrived at after careful discussion between parties under the Sales Framework Agreement and is fair and reasonable.

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In assessing the fairness and reasonableness of the unit price of Products adopted in the determination of Annual Caps, we have reviewed the unit price stated in the latest sales contracts provided by the Company and compared with the market price of similar products such as AGR Zorba (one grade of aluminum scrap), GI Zurik (one grade of stainless steel), Heavies 20–100mm (one grade of copper and zinc scrap) and Twang 70% (one grade of copper and aluminum cable scrap) shown in open market such as Shanghai Futures Exchange, Changjiang Nonferrous Metals Industry Portal and/or Lingtong Information Provider and we found that the price difference is negligible. Furthermore, we have also conducted our own research on nonferrous metal price forecast and noticed that it is a common view from metal market analysts that the nonferrous metal price under the terms of Sales Framework Agreement would gradually increase. Specifically, we have reviewed ‘Copper 85’ released by Goldman Sachs Equity Research on 25 July 2016 forecasted a price recovery in copper in 2018–2019. We have also reviewed ‘Zinc mania, copper apathy’ released by Standard Chartered Global Research on 25 October 2016, which they believed Zinc rally to resume in Q1-2017 with average price of USD 2,525 per tonne in 2017. In addition, it is stated in the ‘Metal Prices on the move’ which produced by Emkay Research on 3 November 2016 that aluminium prices are expected to continue to rally supported by falling metal reserves and increase in demand from China. Furthermore, we have made reference to the commodity price forecast in financial database such as Bloomberg and noted that the expected increase in average price of copper, aluminium and zinc in 2017 are approximately 8.6%, 4.7% and 17.8% respectively, and the expected increase in average price of copper, aluminium and zinc in 2018 are approximately 9.4%, 4.5% and 4.8% respectively. As such, we consider the overall price trend of nonferrous metal market from industry experts’ view is in line with the unit price adopted in the determination of Annual Caps. Therefore, we consider the determination of unit price of Products are fair and reasonable.

Given (i) the anticipated amount of Products included in the Sales Framework Agreement to be sold by the Group to Loncin International is fair and reasonable; and (ii) the determination of unit price of Products is fair and reasonable, we are of the view that the proposed Annual Caps are fair and reasonable.

In conclusion, we consider the proposed Annual Caps for the Sales Framework Agreement are fair and reasonable and in the interests for the Company and the Shareholders as a whole.

RECOMMENDATION

In relation to the Continuing Connected Transactions, we have considered the above principal factors and reasons and, in particular, having taken into account the followings in arriving at our opinion:

- (a) the entering into the Sales Framework Agreement is in the ordinary and usual course of business of the Company;
- (b) the entering into the Sales Framework Agreement is in the interest of the Company and the Shareholders as a whole; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) the Annual Caps under the Sales Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the principal factors and reasons above, we are of the view that the Sales Framework Agreement was entered into in the ordinary and usual course of business of the Company on normal commercial terms, and the terms of the Sales Framework Agreement and the proposed Annual Caps under the Sales Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend the Independent Shareholders to vote in favour of the resolution in relation to the Continuing Connected Transactions to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited
Li Lan
Director and Co-head of Corporate Finance

Mr. Li Lan is a licensed person registered with the Securities and Futures Commission and as responsible officer of Platinum Securities Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Li Lan has over ten years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this circular or any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's Interests and Short Positions in Shares and Underlying Shares of the Company and Its Associated Corporations

As at the Latest Practicable Date, the interests or short positions of each of the Directors and chief executive of the Company in the Shares, underlying Shares, and debentures of the Company or any of its associated corporations which are (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein; or (c) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) to be notified to the Company and the Stock Exchange are as follows:

Long positions in Shares and underlying Shares:

Name of Director	Capacity/Nature of Interest	Total number of Shares interested	Approximate percentage shareholding in the Company (Note 1)
Mr. Tu Jianhua	Interest in controlled corporations	1,008,885,181 (Note 2)	62.29%

Notes:

- (1) As at the Latest Practicable Date, the total number of issued Shares of the Company was 1,619,738,291 Shares.
- (2) The 1,008,885,181 Shares were held by USUM Investment Group Hong Kong Limited (“**USUMHK**”), a company in which Mr. Tu Jianhua (“**Mr. Tu**”) was indirectly interested in. USUMHK is directly wholly owned by USUM Investment Group Limited (“**USUM Group**”), a limited liability company incorporated in the PRC. The single largest shareholder of USUM Group is Loncin Holdings Co., Ltd. (“**Loncin Holdings**”), with an equity interest in USUM Group of 46.78%. The remaining equity interests in USUM Group are held by 21 individuals and 30 companies, all of whom are independent third parties of Loncin Holdings and Mr. Tu, and

they each hold between 0.32% to 8.12% equity interests in USUM Group. Loncin Holdings is 98% owned by Loncin Group Co., Ltd. (“**Loncin Group**”) and 2% owned by Mr. Tu. Loncin Group is 98% owned by Mr. Tu; 1% owned by Ms. Tu Jianmin and 1% owned by Ms. Tu Jianrong, both being sisters of Mr. Tu. USUMHK held 1,008,885,181 Shares as at the Latest Practicable Date. Therefore, Mr. Tu was deemed to be interested in the Shares held by USUMHK pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares, or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at the Latest Practicable Date, so far as was known to any Director, the interests and short positions of the persons, other than the Directors, in the Shares, underlying Shares and debentures of the Company (a) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein; or (b) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:

Name of Director	Capacity/Nature of Interest	Total number of Shares interested	Approximate percentage shareholding in the Company (Note 1)
USUMHK	Beneficial owner	1,008,885,181 (Note 2)	62.29%
USUM Group	Interest in controlled corporations	1,008,885,181 (Note 2)	62.29%
Loncin Holdings	Interest in controlled corporations	1,008,885,181 (Note 2)	62.29%
Loncin Group	Interest in controlled corporations	1,008,885,181 (Note 2)	62.29%
Tai Security Holding Limited	Beneficial owner	110,197,990 (Note 3)	6.80%
Central Huijin Investment Ltd.	Person having a security interest in shares	100,000,000	6.17%
China Construction Bank Corporation	Person having a security interest in shares	100,000,000	6.17%

Name of Director	Capacity/Nature of Interest	Total number of Shares interested	Approximate percentage shareholding in the Company (Note 1)
Good Union Hong Kong Investment Limited	Beneficial owner	65,000,000 (Note 4)	4.01%
Mr. Zhang Mingjie	Interest in controlled corporations	175,197,990 (Notes 3 and 4)	10.82%
Pengda Value Fund SPC (acting for and on behalf of DTC SP)	Beneficial owner	97,250,000 (Note 5)	6.00%
Cinda Asset Management (Cayman) Limited	Interest in controlled corporations	97,250,000 (Note 5)	6.00%
Cinda International Holdings Limited	Interest in controlled corporations	97,250,000 (Note 5)	6.00%
China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司)	Interest in controlled corporations	97,250,000 (Note 5)	6.00%

* For identification purpose only

Notes:

- (1) As at the Latest Practicable Date, the total number of issued Shares of the Company was 1,619,738,291 Shares.
- (2) The 1,008,885,181 Shares were held by USUMHK, a company in which Mr. Tu was indirectly interested in. USUMHK 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%. The remaining equity interests in USUM Group are held by 21 individuals and 30 companies, all of whom are independent third parties of Loncin Holdings and Mr. Tu, and they each hold between 0.32% to 8.12% equity interests in USUM Group. Loncin Holdings is 98% owned by Loncin Group and 2% owned by Mr. Tu. Loncin Group is 98% owned by Mr. Tu; 1% owned by Ms. Tu Jianmin and 1% owned by Ms. Tu Jianrong, both being sisters of Mr. Tu. USUMHK held 1,008,885,181 Shares as at the Latest Practicable Date. Therefore, Mr. Tu was deemed to be interested in the Shares held by USUMHK pursuant to the SFO.
- (3) The 110,197,990 Shares were held by Tai Security Holding Limited (“**Tai Security**”) as beneficial owner and Tai Security was wholly-owned by Mr. Zhang Mingjie (“**Mr. Zhang**”) as at the Latest Practicable Date. Therefore, Mr. Zhang was deemed to be interested in the same number of Shares as held by Tai Security pursuant to the SFO.

- (4) The 65,000,000 Shares were held by Good Union Hong Kong Investment Limited (“**Good Union**”) as beneficial owner and Good Union was wholly-owned by Mr. Zhang as at the Latest Practicable Date. Therefore, Mr. Zhang was deemed to be interested in the same number of Shares as held by Good Union pursuant to the SFO.
- (5) The 97,250,000 Shares were held by Pengda Value Fund SPC (acting for and on behalf of DTC SP) (“**Pengda**”) as beneficial owner and Pengda was wholly-owned by Cinda Asset Management (Cayman) Limited (“**Cinda Asset Management**”). Cinda Asset Management was wholly-owned by Cinda (BVI) Limited which was in turn wholly-owned by Cinda International Holdings Limited (“**Cinda International**”). Cinda International was held as to 63% by Sinoday Limited which was wholly-owned by China Cinda (HK) Holdings Company Limited, which was in turn wholly-owned by China Cinda Asset Management Co., Ltd. Therefore, China Cinda Asset Management Co., Ltd, Cinda International and Cinda Asset Management were deemed to be interested in the same number of Shares as held by Pengda pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the Shares, underlying Shares or debentures of the Company (a) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein; or (b) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, save that Mr. Tu is the chairman of USUM Group, the director of Loncin Group and Loncin Holdings respectively, none of the Directors was a director or employee of a company (or its subsidiary) which had interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTOR’S SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation).

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015 (being the date to which the latest published audited financial statements of the Group were made up).

5. COMPETING INTERESTS

As at the Latest Practicable Date, the following Director had interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules:

Mr. Tu Jianhua is the substantial shareholder of Chongqing USUM Recycling Resources Development Co., Ltd. Although the scope of business of the above entity allows it to engage in businesses that are considered likely to compete with the Group, Mr. Tu Jianhua reported to the Board that the above entity is currently only engaged in the disintegration of automobile and trading of steel scrap, which are not the same as nor compete with the businesses of the Group. Further, the above entity has no intention to engage in businesses that compete with or are likely to compete with the Group's businesses. The boards of the Company and the above entity are independent of each other. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of the above entity in which Mr. Tu Jianhua has declared interests.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and his/her respective close associates had interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

6. MATERIAL INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors or the expert described in section 7 of this appendix had any direct or indirect interest in any assets which have been, since 31 December 2015 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by, or leased to, any member of the Group, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Platinum Securities Company Limited	a corporation licensed to carry out on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert issued a letter dated 27 January 2017 for the purpose of incorporation in this circular in connection with its recommendation to the Independent Board Committee and the Independent Shareholders.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter as set out in this circular and references to its name, in the form and context in which they appear respectively.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

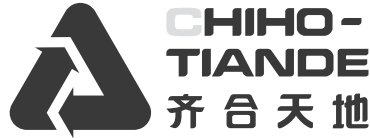
8. GENERAL

- (a) The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is situated at 48 Wang Lok Street, Yuen Long Industrial Estate, Hong Kong.
- (c) The company secretary of the Company is Mr. Liu Huaiyu. Mr. Liu is a member of the Hong Kong Institute of Certified Public Accountants and serves on its Mainland Development Strategies Advisory Panel. He is also a member of The Institute of Chartered Accountants in England and Wales.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (e) In the event of inconsistency, the English version of this circular shall prevail over the Chinese version.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) at the branch office of the Company at 23/F., Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong from the date of this circular and up to and including the date of the EGM:

- (a) the Sales Framework Agreement;
- (b) the letter from the Independent Board Committee as set out on pages 16 to 17 of this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 18 to 26 of this circular;
- (d) the written consent referred to in the section headed “7. Experts and Consent” in this appendix; and
- (e) this circular.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Chiho-Tiande Group Limited (the “**Company**”) will be held at 23/F., Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Friday, 17 February 2017 at 10:00 a.m. or any adjournment thereof for the purpose of considering, and if thought fit, passing with or without modification the following resolution as ordinary resolutions of the Company. Unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 27 January 2017 (the “**Circular**”):

ORDINARY RESOLUTIONS

1. **“THAT**

- (a) the entering into of the Sales Framework Agreement (a copy of which is tabled to the Meeting and marked “A” and initialled by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder by the Company be and are hereby approved, ratified and confirmed;
- (b) the proposed Annual Caps as defined and described in the Circular be and are hereby approved; and
- (c) any one or more of the Directors be and are hereby authorised to, for and on behalf of the Company, execute all such other documents and agreements and do all such acts and things as they may in their discretion consider to be necessary, desirable, or expedient to implement and/or give effect to the Sales Framework Agreement and the transactions contemplated thereunder and all matters ancillary or incidental thereto.”

2. **“THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Share Options which may be granted under the Refreshed Scheme Mandate Limit (as defined below), the existing limit on the grant of Share Options under the Post-IPO Share Option Scheme be and is hereby refreshed so that the total number of Shares to be allotted and issued upon exercise of any share options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of the Company (excluding share options previously granted, outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO

NOTICE OF THE EGM

Share Option Scheme or such other share option schemes of the Company) shall not exceed 10% of the total number of Shares in issue as at the date of the passing of this resolution (the “**Refreshed Scheme Mandate Limit**”) and the Directors be and are hereby authorised to do such acts and execute such documents to effect the Refreshed Scheme Mandate Limit and to exercise all powers of the Company to allot, issue and deal with the Shares pursuant to the exercise of such share options.”

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

Hong Kong, 27 January 2017

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111

Head Office and Principal Place of Business in Hong Kong:

48 Wang Lok Street
Yuen Long Industrial Estate
Hong Kong

Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled hereto, but if more than one of such joint holders are present at the meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
- (3) To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM or any adjournment thereof and in such event, the form of proxy will be deemed to be revoked.
- (4) The register of members will be closed from 15 February 2017 to 17 February 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of the shareholders of the Company who are entitled to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 14 February 2017.

NOTICE OF THE EGM

- (5) Shareholders are advised to read the circular to the shareholders of the Company dated 27 January 2017 which contains information concerning the resolutions to be proposed in this notice.
- (6) According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting of the Company must be taken by poll. Accordingly, the Chairman of the EGM will exercise his power under the articles of association of the Company to demand a poll in relation to the proposed ordinary resolutions at the EGM.

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

Executive Directors: Tu Jianhua, Qin Yongming, Liu Huaiyu

Independent Non-executive Directors: Loke Yu, Zhu Dajian, Qian Liping