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CHHO-TIANDE GROUP LIMITED

齊合天地集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 976)

**INSIDE INFORMATION ANNOUNCEMENT
BUSINESS UPDATE**

This announcement is made pursuant to the Inside Information Provisions under part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

Reference is made to the circular of Chiho-Tiande Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 22 November 2016 in relation to the acquisition of the entire share capital of Scholz Holding GmbH, which constituted a very substantial acquisition of the Company under Chapter 14 of the Listing Rules (the “**Very Substantial Acquisition**”). The board of directors of the Company (the “**Board**”) is pleased to provide business development update after the completion of the Very Substantial Acquisition in December 2016. Before the Very Substantial Acquisition, Scholz Holding GmbH and its subsidiaries (the “**Scholz Group**”) was significantly over-leveraged and therefore its equity value was negative. Following a series of the restructuring steps with respect to its financial situation and the significant deleveraging measures carried out by the Company, the performance of Scholz Group has improved since January 2017 which has led to an increase in revenue and ultimately improving the profitability of the Group as a whole.

Based on the unaudited consolidated operating results as extracted from the preliminary consolidated management accounts of the Group, the Board wishes to announce that:

1. for the first quarter ended 31 March 2017, the unaudited revenue of the Group was approximately HK\$4,381,775,000, increasing approximately 6 times over that of HK\$712,310,000 for the same period ended 31 March 2016;
2. for the first quarter ended 31 March 2017, the unaudited gross profit of the Group was approximately HK\$584,257,000, a turnaround from the gross loss of HK\$6,532,000 for the same period ended 31 March 2016, making a substantial profit.

3. for the first quarter ended 31 March 2017, the unaudited profit after tax of the Group was approximately HK\$201,612,000, a turnaround from the net loss of HK\$68,417,000 for the same period ended 31 March 2016, making a substantial net profit after tax.

The Board believes that this represented an important milestone in the Group's strategy and would like to keep the shareholders of the Company (the "Shareholders") and potential investors informed. The Board does not however intend to release quarterly revenue or profit updates in the future.

The Group was principally engaged in metal recycling, involving the recycling of mixed metal scrap into copper scrap, steel scrap, aluminum scrap, iron scrap and other metal scrap in Asia region during the year 2016. After the completion of the Very Substantial Acquisition, the Group has extended its metal recycling business from Asia region to worldwide (including Europe and North America regions).

The above-mentioned operating results are based on the preliminary consolidated management accounts of the Group, which have not been reviewed or audited by the Company's auditors and may be subject to adjustments. As such, the above information is provided to Shareholders and potential investors for reference only.

Shareholders and potential investors are advised to exercise caution and should not place undue reliance on such information when dealing in the securities of the Company.

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

Hong Kong, 18 May 2017

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

Executive Directors: Tu Jianhua, Qin Yongming, Zhu Patrick Xiangdong

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