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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)**

### **EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS AND CONNECTED TRANSACTIONS IN RELATION TO THE AGREEMENTS BY CERTAIN BONDHOLDERS TO EXTEND THE MATURITY DATE OF THE CONVERTIBLE BONDS**

On 3 and 4 March 2015, the Company agreed with all the four Bondholders to extend the maturity date of the Convertible Bonds for a further two years to 1 March 2017, subject to certain undertakings given by the Company.

#### **LISTING RULES IMPLICATIONS**

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The application for approval for the extension of the Convertible Bonds will be submitted to the Stock Exchange as soon as practicable. Pursuant to Rule 13.36(1) of the Listing Rules, the Company must obtain shareholders' approval for the Extension on the terms and conditions of the Undertakings at a general meeting. The Company will seek the Specific Mandates from the Shareholders and the Independent Shareholders (as the case may be) for the issue and allotment of the Conversion Shares. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Two of the Bondholders, Delco and HWH, are connected persons of the Company as at the date of this announcement. Therefore, the Delco CB Extension and the HWH CB Extension constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting and announcement requirements, as well as approval by the Independent Shareholders at the EGM.

The Company will establish the Independent Board Committee and will appoint an independent financial adviser to advise the Independent Shareholders and the Independent Board Committee regarding the Delco CB Extension and the HWH CB Extension.

An EGM will be convened and held to approve (i) the Sims CB Extension by the Shareholders and the Greenwoods CB Extension by the Disinterested Shareholders; and (ii) the Delco CB Extension and the HWH CB Extension by the Independent Shareholders.

HWH and its associates shall abstain from voting for the relevant resolution to approve the Greenwoods CB Extension at the EGM. Delco, HWH and their respective associates shall abstain from voting for the relevant resolutions to approve the Delco CB Extension and the HWH CB Extension, respectively, at the EGM.

A circular setting out details of (i) the Undertakings; (ii) the terms of the Convertible Bonds; and (iii) the respective letters of advice will be despatched to the Shareholders on or before 26 March 2015 in accordance with the requirements of the Listing Rules.

## **BACKGROUND INFORMATION**

Reference is made to the announcement of the Company dated 17 January 2012 and the circular of the Company dated 8 February 2012 in relation to, among others, the issue of the Convertible Bonds.

Under the terms of the Convertible Bonds, the Convertible Bonds would mature on the third anniversary of the date of issue of the Convertible Bonds (i.e. 1 March 2015), subject to automatic extension to the fifth anniversary of the date of issue of the Convertible Bonds (i.e. 1 March 2017-the Extended Maturity Date) if any of the Bondholders is not able to exercise any conversion rights on or before the original maturity date solely because of the minimum public float restriction under the Listing Rules.

On 16 February 2015, Sims which holds Convertible Bonds in the aggregate amount of HK\$315,600,000, and then holder of approximately 15.88% of the issued share capital of the Company, completed the disposal of its entire equity interests in the Company to third parties. The disposal created sufficient public float for the conversion of the Convertible Bonds and therefore, automatic extension of the Convertible Bonds would not apply.

As of 1 March 2015, the Bondholders were as follows:

<b>Name of Bondholders</b>	<b>Principal Amount</b>	<b>Number of Conversion Shares falling to be issued upon exercise of the conversion right</b>
HWH	HK\$67,600,000	11,266,667
Delco	HK\$312,600,000	52,100,000
Sims	HK\$315,600,000	52,600,000
Greenwoods	HK\$120,000,000	20,000,000

*Note:* HWH and Delco are respectively holders of 30.37% and 10.97% of the total issued share capital of the Company, and are therefore connected persons of the Company as at the date of this announcement. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of Sims and Greenwoods and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Having negotiated with the Bondholders, it was agreed as follows:

1. Sims agreed to the Extension subject to an undertaking from the Company (the “**Sims Undertaking**”) to use its best endeavours to procure independent third party(ies) to purchase Sims’ Convertible Bonds by no later than 29 June 2015, failing which the Company would repurchase Sim’s Convertible Bonds on or before 30 June 2015 at their face value together with all unpaid interest accrued thereon.
2. Greenwoods agreed to the Extension subject to an undertaking from the Company (the “**Greenwoods Undertaking**”) that Greenwoods would have the right to require the Company to repurchase in full Greenwoods’ Convertible Bonds which then remained outstanding at its face value plus all unpaid interest accrued thereon on any of these dates: 1 September 2015, 1 March 2016 and 1 September 2016.
3. HWH agreed to the Extension subject to an undertaking from the Company (the “**HWH Undertaking**”) that if approval of the Independent Shareholders is not obtained by 31 July 2015, the Extension will not occur and the Company will repay the principal amount of HWH’s Convertible Bonds in seven separate quarterly instalments commencing 1 September 2015. Pending full repayment, the principal amount of HWH’s Convertible Bonds outstanding will continue to accrue interest at 4% per annum.
4. Delco agreed to the Extension subject to an undertaking from the Company (the “**Delco Undertaking**”) that:
  - a. Notwithstanding the Extension, the Company will pay to Delco such amount as is equivalent to the principal amount of Delco’s Convertible Bonds (as extended) plus all unpaid interest accrued thereon in seven separate quarterly instalments commencing 1 September 2015, in consideration of Delco giving up (i) its right of redemption on the Extended Maturity Date; (ii) its right to receive interest on the Convertible Bonds after 31 July 2015; and (iii) its right to convert the Convertible Bonds, and subject to the right of the Company to require Delco to sell to the Company or such parties as the Company shall introduce the Convertible Bonds at any time after 31 July 2015.
  - b. In the event that HWH does not complete the HWH-Delco SPA in accordance with its terms, Delco has the right to accelerate the repayment of the principal amount and interest or the repurchase of the Convertible Bonds (if the Convertible Bonds have been so extended) to 31 July 2015.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

The principal terms of the Convertible Bonds are as set out in the 8 February 2012 circular issued by the Company.

Save for the Extension on the terms and conditions of the Undertakings set out above, the terms and conditions of the Convertible Bonds, as summarised in the circular, remain unchanged.

## **REASONS FOR THE EXTENSION**

The Convertible Bonds would mature on 1 March 2015 unless further extended. Unless previously converted, the Company would be required to repay the outstanding principal amount of the Convertible Bonds (together with all unpaid interest accrued thereon up to and including the date of actual payment) to the Bondholders on 1 March 2015.

As set out in the Company's announcement dated 16 February 2015, it is considering undertaking a placing of its securities to independent third party(ies) to secure capital to finance for potential PRC and overseas expansion of its business.

The Company believes that this is not the right time to sell down its assets and repay the Convertible Bonds while it is still in the process of identifying potential investment opportunities.

The Company believes that holding the Convertible Bonds remains an attractive proposition for the Bondholders and that it would be able to find willing buyers for the Convertible Bonds. In this regard, the Company is in discussion with a potential investor to acquire the Convertible Bonds, although no agreement has yet been entered into as at the date of this announcement. In the worst case scenario, the Company will have to commence repurchasing the remaining Convertible Bonds by 29 June 2015.

The Company will consider refinancing the Convertible Bonds when it considers the terms of placing of its securities.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Sims CB Extension and the Greenwoods CB Extension are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors (excluding the independent non-executive Directors (whose view will be set out in the circular of the Company after having obtained advice from the independent financial adviser to be appointed by the Company), Mr. Fang Ankong and Mr. Stephanus Maria van Ooijen) consider that the terms and conditions of the Delco CB Extension and the HWH CB Extension are on normal commercial terms, the terms of which are fair and reasonable and that the Delco CB Extension and the HWH CB Extension are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

The Directors are of the view that the Extension will not have a material adverse effect on the operations of the Group.

## SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that the Convertible Bonds are converted in full, a total number of 135,966,667 Conversion Shares will be issued, representing approximately 12.95% of the total issued share capital of the Company as at the date of this announcement, and approximately 11.47% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately upon the full conversion of the Convertible Bonds held by Sims and Greenwoods, and (iii) immediately upon the full conversion of all Convertible Bonds (including the Convertible Bonds held by Delco and HWH), in each case assuming there being no other change in the share capital of the Company, save for the issue of Conversion Shares upon the full conversion of the Convertible Bonds:

Shareholders	As at the date of this announcement		Upon full conversion by Sims and Greenwoods		Upon full conversion by Delco and HWH	
	Shares	%	Shares	%	Shares	%
Fang Ankong (Note 1)	7,014,000	0.67	7,014,000	0.62	7,014,000	0.59
Stephanus van Ooijen (Note 1)	700,000	0.07	700,000	0.06	700,000	0.06
Gu Liyong (Note 1)	425,000	0.04	425,000	0.04	425,000	0.04
HWH (Note 2)	318,905,265	30.37	318,905,265	28.41	330,171,932	27.84
Tai Security Holding Limited	175,197,990	16.69	175,197,990	15.61	175,197,990	14.77
Good Union Hong Kong Investment Limited	120,000,000	11.43	120,000,000	10.69	120,000,000	10.12
Delco (Note 3)	115,197,991	10.97	115,197,991	10.26	167,297,991	14.11
Sims	–	–	52,600,000	4.69	52,600,000	4.44
Greenwoods	–	–	20,000,000	1.78	20,000,000	1.69
Public Shareholders	312,508,460	29.76	312,508,460	27.84	312,508,460	26.34
Total	1,049,948,706	100.00	1,122,548,706	100.00	1,185,915,373	100.00

### Notes:

1. Fang Ankong, Gu Liyong and Stephanus van Ooijen are Directors.
2. HWH is wholly-owned by, and hence an associate of, Fang Ankong.
3. Delco is a company 50%-owned by, and hence an associate of, Stephanus van Ooijen.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not undertaken any equity fund raising activity in the past twelve months immediately preceding the date of this announcement.

## **LISTING RULES IMPLICATIONS**

Under Rule 28.05 of the Listing Rules, any alteration in the terms of the convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. As automatic extension of the Convertible Bonds no longer applies, the Extension is therefore subject to the approval of the Stock Exchange. The application for approval for the Extension will be submitted to the Stock Exchange as soon as practicable. Pursuant to Rule 13.36(1) of the Listing Rules, the Company must obtain shareholders' approval for the Extension on the terms and conditions of the Undertakings at a general meeting.

The Company will seek the Specific Mandates from the Shareholders and the Independent Shareholders (as the case may be) for the issue and allotment of the Conversion Shares. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Delco and HWH are connected persons of the Company as at the date of this announcement by virtue of their shareholdings in the Company. Therefore, the Delco CB Extension and the HWH CB Extension constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting and announcement requirements, as well as approval by the Independent Shareholders at the EGM.

## **INFORMATION ABOUT THE GROUP, HWH, DELCO, GREENWOODS AND SIMS**

The Group is principally engaged in the business of mixed metal scrap recycling, reuse and processing which involves the breaking down, demolition and separation of mixed metal scrap.

HWH is an investment holding company. HWH is wholly-owned by Mr. Fang Ankong, the Chairman of the Company and an executive Director.

Delco is an investment holding company. Delco is indirectly 50%-owned by Mr. Stephanus Maria van Ooijen, an executive Director, and 50%-owned by a foundation for the sole benefit of Mr. Herman Maurits de Leeuw.

Greenwoods is an investment management company and its principal activity is the management of investments into equities of Chinese companies.

Sims is an indirect wholly-owned subsidiary of Sims Metal Management Limited (“SMM”), one of the world's largest listed metal recyclers with ordinary shares listed on the Australian Securities Exchange (ASX: SGM). The principal business of SMM and its subsidiaries and its associates is metals and electronics recycling.

## **EGM**

An EGM will be convened and held to consider and, if thought fit, to approve:

- (a) the Sims CB Extension by the Shareholders and the Greenwoods CB Extension by the Disinterested Shareholders; and
- (b) the Delco CB Extension and the HWH CB Extension by the Independent Shareholders.

To be best of the knowledge, information and belief of the Directors, none of the Shareholders is required to abstain from voting for the relevant resolution to approve the Sims CB Extension at the EGM.

HWH and its associates are required to abstain from voting for the relevant resolution to approve the Greenwoods CB Extension at the EGM as HWH is regarded to have a material interest in the Greenwoods CB Extension by virtue of the HWH-Greenwoods Call Option.

Delco, HWH and their respective associates shall abstain from voting for the relevant resolutions to approve the Delco CB Extension and the HWH CB Extension, respectively, at the EGM. As at the date of this announcement, Delco and its associates hold 115,897,991 Shares, representing approximately 11.04% of the total issued share capital of the Company. HWH and its associates hold 325,919,265 Shares, representing approximately 31.04% of the total issued share capital of the Company.

The Independent Board Committee, comprising Loke Yu, Zhang Jingdong, Zhu Dajian, being all independent non-executive Directors, will be established by the Company to advise the Independent Shareholders as to whether the terms of the Delco CB Extension and the HWH CB Extension are on normal commercial terms and are fair and reasonable, and whether the Delco CB Extension and the HWH CB Extension are in the ordinary and usual course of business of the Company and in the interest of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **CIRCULAR**

A circular containing, among other things, information regarding details of (i) the Undertakings, (ii) the terms of the Convertible Bonds, and (iii) the respective letters of advice from the Independent Board Committee and the independent financial adviser will be dispatched to the Shareholders as soon as practicable on or before 26 March 2015 in accordance with the requirements set out in the Listing Rules.



## DEFINITIONS

In this announcement, in addition to the expressions already defined, the following expressions have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Bondholder(s)”	holder(s) of the Convertible Bond(s)
“Company”	Chiho-Tiande Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Conversion Share(s)”	new Share(s) to be issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the 4% coupon convertible bonds in an aggregate principal amount of HK\$815,800,000 issued by the Company on 1 March 2012
“Delco”	Delco Participation B.V., a connected person of the Company
“Delco CB Extension”	the Extension of those Convertible Bonds held by Delco on the terms and conditions of the Delco Undertaking and the grant of the Delco Specific Mandate
“Delco Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Independent Shareholders at the EGM to satisfy the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds held by Delco
“Delco Undertaking”	the letter of undertaking dated 3 March 2015 given by the Company in favour of Delco in relation to the Extension of the Convertible Bonds held by Delco, as more particularly set out in the section headed “Background Information” of this announcement
“Directors”	the directors of the Company
“Disinterested Shareholders”	Shareholders other than HWH and its associates



“EGM”	the extraordinary general meeting of the Company to be convened and held for (a) the Shareholders to consider and, if thought fit, approve the Sims CB Extension and the Greenwoods CB Extension; (b) the Disinterested Shareholders to consider and, if thought fit, approve the Greenwoods CB Extension; and (c) the Independent Shareholders to consider and, if thought fit, approve the Delco CB Extension and the HWH CB Extension
“Extended Maturity Date”	1 March 2017
“Extension”	the extension of the maturity date of the Convertible Bonds from 1 March 2015 to the Extended Maturity Date
“Greenwoods”	Greenwoods China Alpha Master Fund, a Bondholder
“Greenwoods CB Extension”	the Extension of those Convertible Bonds held by Greenwoods on the terms and conditions of the Greenwoods Undertaking and the grant of the Greenwoods Specific Mandate
“Greenwoods Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Shareholders at the EGM to satisfy the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds held by Greenwoods
“Greenwoods Undertaking”	the letter of undertaking dated 4 March 2015 given by the Company in favour of Greenwoods in relation to the Extension of the Convertible Bonds held by Greenwoods, as more particularly set out in the section headed “Background Information” of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HWH”	HWH Holdings Limited, a connected person of the Company
“HWH CB Extension”	the Extension of those Convertible Bonds held by HWH on the terms and conditions of the HWH Undertaking and the grant of the HWH Specific Mandate
“HWH Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Independent Shareholders at the EGM to satisfy the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds held by HWH

“HWH Undertaking”	the letter of undertaking dated 4 March 2015 given by the Company in favour of HWH in relation to the Extension of the Convertible Bonds held by HWH, as more particularly set out in the section headed “Background Information” of this announcement
“HWH-Delco SPA”	the sale and purchase agreement dated 23 January 2015 entered into between HWH as purchaser and Delco as seller in respect of the sale by Delco to HWH of 115,197,991 Shares, as disclosed in the Company’s announcement dated 2 February 2015
“HWH-Greenwoods Call Option”	the call option granted by Greenwoods in favour of HWH under the HWH-Greenwoods SPA to require Greenwoods to sell to HWH the Convertible Bonds held by Greenwoods
“HWH-Greenwoods SPA”	the sale and purchase agreement dated 16 January 2013 entered into between HWH as seller, Greenwoods as purchaser and Mr. Fang Ankong as warrantor in respect of the sale by HWH to Greenwoods of the Convertible Bonds in the principal amount of HK\$120,000,000
“Independent Board Committee”	the independent board committee, comprising Loke Yu, Zhang Jingdong, Zhu Dajian, to be established by the Company to advise the Independent Shareholders on the terms of the Delco CB Extension and the HWH CB Extension
“Independent Shareholders”	Shareholders other than Delco and HWH (as the case may be) and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sims”	Sims Metal Management Dragon Holdings Limited, a Bondholder
“Sims CB Extension”	the Extension of those Convertible Bonds held by Sims on the terms and conditions of the Sims Undertaking and the grant of the Sims Specific Mandate

“Sims Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Shareholders at the EGM to satisfy the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds held by Sims
“Sims Undertaking”	the letter of undertaking dated 4 March 2015 given by the Company in favour of Sims in relation to the Extension of the Convertible Bonds held by Sims, as more particularly set out in the section headed “Background Information” of this announcement
“Specific Mandates”	collectively, the Delco Specific Mandate, the Greenwoods Specific Mandate, the HWH Specific Mandate and the Sims Specific Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Undertakings”	collectively, the Sims Undertaking, the Greenwoods Undertaking, the Delco Undertaking and the HWH Undertaking
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

By order of the Board  
**CHIHO-TIANDE GROUP LIMITED**  
**Fang Ankong**  
*Chairman*

Hong Kong, 5 March 2015

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

*Executive Directors:* Fang Ankong, Stephanus Maria van Ooijen, Gu Liyong

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