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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)

ANNOUNCEMENT OF AUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

HIGHLIGHTS

- Successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2010
- Revenue for the first half of 2010 exceeded the revenue for the full year of 2009 by 4.5%
- Revenue for the first half of 2010 increased by 261.8% to HK$2.44 billion, compared to the first half of 2009
- Gross profit for the first half of 2010 amounted to HK$276.2 million, representing an overall gross margin of 11.3%
- The Group achieved a net profit of HK$156.9 million (after taking into account a one off charge for listing cost of HK$21.0 million) representing a net profit margin of 6.4%, compared to the net loss of HK$16.3 million recorded in the first half of 2009 (without taking into account the write back of the Inventory Provision)
- Net profit for the first half of 2010 exceeded our forecasted profit as set out in our listing prospectus
- The Group sold over 230,000 tonnes of Mixed Metal Scrap during the period, an increase of 132.3% compared to the same period of 2009

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Chiho-Tiande Group Limited (齊合天地集團有限公司) (the "Company"), I am pleased to present the audited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 (the "period") following its successful listing on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2010. With limited natural mining resources and increasing world demand, various industry reports have indicated that future supply will not be able to keep up with future demand and scrap metal recycling is regarded as a key solution to satisfying future demands and environmental concerns. To capitalize on such market opportunities, the Group continued to place strong emphasis on capturing and securing supply of raw materials from proven sources of scrap metal through its well established overseas procurement network. We believe our current strategy will allow our Group to build on its solid foundation to be a leading player in the rapidly expanding scrap metal recycling business and also establish our position as a leading scrap metal recycler in China.

Business Review

With continued improvement in market conditions in China and the gradual re-establishment of a relatively stable pricing environment, the Group recorded strong growth in revenue and exceptional overall profitability for the period as compared to 2009. During the period, the Group's revenue increased from HK$675.6 million in the same period of 2009 to HK$2.44 billion, this represents an increase of 2.6 times over the same period last year and also exceeded the 2009 full year revenue by 4.5%. Compared to the net loss of HK$16.3 million recorded in the first half of 2009 (without taking into account the HK$304.3 million write back of the inventory provision made as at 31 December 2008, which provision amounted to HK$308.6 million, as a result of our inventories being stated at net realisable value instead of at cost (the "Inventory Provision")), the Group achieved a net profit of HK$156.9 million (after taking into account a one off charge for listing cost of HK$21.0 million) representing a net profit margin of 6.4%. With the write back of the Inventory Provision in the first half of 2009, the profit attributable to Shareholders in that period was HK$212.5 million representing a decrease of 26.2% when compared with HK$156.9 million recorded in this period.

The net profit of HK$156.9 million represents an increase of 3.2% over the forecasted consolidated profit of HK$152.0 million as stated in our listing prospectus.

Since the sharp collapse in the world metal prices during the fourth quarter of 2008, the market prices of our Recycled Metal Products have remained at a lower level in the first half of 2009 resulting in overall gross loss of HK$55.3 million (without taking into account the write back of the Inventory Provision). With the strong recovery in world metal prices since the second half of 2009, the Group achieved a strong overall gross profit and net profit of HK$276.2 million and HK$156.9 million in the first half of 2010, respectively.

With the volatility of world metal prices gradually easing and the gradual re-establishment of a relatively stable pricing environment, the Group had increased procurement volume to cater for its processing needs through its well established overseas procurement network since the second half of 2009. During the period, the Group sold over 230,000 tonnes of its processed products within its three business segments combined. This represents an increase of 132.3% when compared with just over 99,000 tonnes in the same period of 2009.

Despite the fact that certain major metal prices including copper scrap and steel scrap have recovered strongly in the first half of 2009, prices have not quite reached the pre financial crisis levels. Although easing gradually, price volatility remained high especially in May and June this year, the Group still managed to achieve an overall gross profit margin of 11.3% which is higher than the overall gross margin (without write back of the Inventory Provision) of 10.5% achieved in the full year of 2009. This was mainly due to the Group's ability to actively identify and separate metal scrap that can be further processed to maximise the value realisable from such materials. During the period, the Group had continued to follow its usual practices of consistently buying mixed metal scrap and selling its recycled products in accordance with its processing ability so as to mitigate the short-term impact of price volatility on the overall performance of the Group.

Basic earnings per Share amounted to HK$0.21 representing a decrease of 25.0% when compared with HK$0.28 in the same period of 2009. Without including the write back of the Inventory Provision, basic earnings per Share would have been increased substantially to HK$0.21 when compared with the same period of 2009 which recorded a basic loss per Share of HK$0.02.

Our Procurement Network

We are the largest importer of Mixed Metal Scrap used for recycling, reuse and processing in terms of the total import volume as approved by the Ministry of Environmental Protection in China. We import nearly all of our Mixed Metal Scrap and have, over the years, developed a strong international procurement network which covers Europe, North America, Oceania and Asia. Our network of suppliers was mostly established and developed by us leveraging on our experience in the industry. With our good business practices, we have enjoyed good business relationship with our suppliers over the years.

Corporate and Business Development

We believe the year 2010 represents an important milestone in the history of the Group. The listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2010 is a major milestone for the Group to further establish itself in the scrap metal recycling industry and is also the foundation on which we will launch the next stage of our development. As indicated in the Company's prospectus, we plan to use the IPO proceeds to increase purchase of additional raw materials, to further enhance our procurement network and capabilities through joint ventures and/or mergers or acquisitions, to expand the processing and production capacity in our existing Ningbo plant as well as looking to establish new production plants in other cities in China, and for general working capital purposes. We are actively working in line with such plan.

We are actively looking at potential merger and acquisition opportunities but have not identified any targets to enter into any such transactions to date. Insofar as organic growth is concerned, the negotiations to expand our annual processing capacity for our Ningbo processing plant from our present 80,000 tonnes to 200,000 tonnes are progressing well and the final arrangement is expected to be finalised in the next few months.

Social Responsibilities

On the environmental protection front, we place great emphasis on ensuring that all of our processing facilities are in line with local and national environmental protection standards. As announced by the Environmental Protection Department of Zhejiang Province (浙江省環境保護廳), we have obtained the highest verification result among the designated processing units for imported hardware and electrical appliance scrap, electric wire and cable scrap, as well as motor scrap in Zhejiang Province. Our production processes do not consume large volumes of electricity and water and therefore produce very small volumes of waste materials. We consider that we have adopted sufficient environmental protection measures and controls against air, water, solids and noise pollutions produced during the course of our production process.

Prospects

With encouraging signs indicating the world economy is gradually recovering, and the increasing support from the PRC government to develop the recycling industry. We believe the metal recycling industry in the PRC will continue to grow and will become an important source and an integral part of the metal resource supply chain of the PRC in the foreseeable future.

We also strongly believe in the importance of building a sustainable and environmentally responsible business. The metal recycling industry is in the forefront and plays a vital role in ensuring that the future production and supply of ferrous and nonferrous metals are conducted in a sustainable and environmentally responsible manner. Metal recycling contributes significantly to the protection of the environment and to the preservation of valuable natural resources, including the use of energy, which are consumed in large quantities during primary metal production processes. On the basis of the above stated fundamental belief, we are moving towards increasing our procurement and processing volumes substantially in the coming months to cater for the rapidly increasing demand for scrap raw materials in the PRC. We strongly believe in our ability to capitalise on a rapidly growing industry and to achieve good returns to Shareholders in a sustainable and environmentally responsible manner.

INTERIM RESULTS

These audited interim results have been reviewed and approved by the Company's audit committee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		Six months ended 30 June	
		2010	2009
	NOTES	***HK$'000***	*HK$'000*
			(Unaudited)
Revenue	*3*	**2,444,432**	675,569
Cost of sales	*4*	**(2,168,186)**	(426,571)
Gross profit		**276,246**	248,998
Other income		**5,336**	3,664
Other gains and losses		**6,471**	71,608
Distribution costs		**(1,711)**	(407)
Administrative expenses		**(18,838)**	(12,496)
Other expenses		**(24,471)**	(1,255)
Finance costs	*5*	**(17,772)**	(17,463)
Profit before tax	*6*	**225,261**	292,649
Income tax expense	*7*	**(68,372)**	(80,140)
Profit for the period		**156,889**	212,509
Other comprehensive income			
Exchange difference arising on translation to presentation currency		**5,654**	2,625
Total comprehensive income for the period		**162,543**	215,134
		HK$	*HK$*
Earnings per share			
– basic	*9*	**0.21**	0.28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2010

	NOTES	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**139,946**	135,284
Prepaid lease payments		**35,817**	35,962
Deposits paid for acquisition of property, plant and equipment		**2,158**	4,150
		177,921	175,396
CURRENT ASSETS			
Inventories		**1,680,355**	1,167,437
Trade and other receivables	*10*	**238,214**	188,826
Bills receivables	*11*	**4,862**	1,365
Prepaid lease payments		**865**	858
Amounts due from related parties		**488**	371
Derivative financial instruments		**–**	1,072
Pledged bank deposits		**266,236**	241,440
Restricted bank deposits		**9,524**	5,535
Bank balances and cash		**167,401**	69,428
		2,367,945	1,676,332
CURRENT LIABILITIES			
Trade and other payables	*12*	**210,368**	136,605
Bills payables	*13*	**130,481**	114,126
Amounts due to related parties		**376,006**	93,205
Derivative financial instruments		**2,731**	1,603
Tax payable		**37,795**	44,119
Bank borrowings		**1,179,071**	799,046
		1,936,452	1,188,704
NET CURRENT ASSETS		**431,493**	487,628
TOTAL ASSETS LESS CURRENT LIABILITIES		**609,414**	663,024

	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
CAPITAL AND RESERVES		
Share capital	**–**	–
Share premium and reserves	**580,641**	418,098
TOTAL EQUITY	**580,641**	418,098
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**28,773**	21,218
Amounts due to related parties	**–**	223,708
	28,773	244,926
	609,414	663,024

NOTES:

1. GENERAL INFORMATION

The Company is incorporated and registered as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands with limited liability. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 12 July 2010. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its place of business is located at Taizhou Industrial Zone of Metal Recycling Fengjiang, Luqiao, Taizhou, Zhejiang, the People's Republic of China (the "PRC").

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the amount received and receivable for the sales of metal scrap, net of sales related taxes, during the period.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to segments and to assess their performance. The executive directors of the Company are identified as the CODM and they regularly review the internal report on gross profit derived from different business activities and different products to assess performance and allocate resources of the Group.

The Group is mainly engaged in the principal business of metal recycling, involving the recycling of mixed metal scrap into copper scrap, steel scrap, aluminium scrap, iron scrap and other metal scrap. The Group is also engaged in the foundry business which involves the production and sale of aluminium-alloy ingots and copper rod and wire, and wholesales business which involves trading of other metal scrap. The operating segments are classified into three categories of business activities:

(i) metal recycling business;

(ii) foundry business; and

(iii) wholesales business.

Segment revenues and segment results

An analysis of the Group's reportable segment revenues and segment results by reportable segment is as below.

For the six months ended 30 June 2010

	Metal recycling business					Foundry business		Wholesales business		
	Copper scrap *HK$'000*	Steel scrap *HK$'000*	Aluminium scrap *HK$'000*	Iron scrap *HK$'000*	Other metal scrap *HK$'000*	Aluminium-alloy ingots *HK$'000*	Copper rods and wires *HK$'000*	Other metal scrap without processing *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
REVENUE										
External sales	1,526,585	449,808	20,858	114,672	12,096	152,123	119,643	48,647	–	2,444,432
Inter-segment sales	5,919	8,684	133,085	–	329	22,217	–	656,411	(826,645)	–
Total segment revenue	1,532,504	458,492	153,943	114,672	12,425	174,340	119,643	705,058	(826,645)	2,444,432
Segment profit	132,535	50,793	13,950	13,605	1,154	8,864	24,933	30,412	–	276,246
Other income										5,336
Other gains and losses										6,471
Distribution costs										(1,711)
Administrative expenses										(18,838)
Other expenses										(24,471)
Finance costs										(17,772)
Profit before tax										225,261
Income tax expense										(68,372)
Profit for the period										156,889

For the six months ended 30 June 2009 (Unaudited)

	Metal recycling business					Foundry business		Wholesales business		
	Copper scrap	Steel scrap	Aluminium scrap	Iron scrap	Other metal scrap	Aluminium-alloy ingots	Copper rods and wires	Other metal scrap without processing	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE										
External sales	185,878	100,871	53,496	32,462	8,043	49,917	–	244,902	–	675,569
Inter-segment sales	113,147	61,402	32,563	19,760	4,896	30,385	–	149,077	(411,230)	–
Total segment revenue	299,025	162,273	86,059	52,222	12,939	80,302	–	393,979	(411,230)	675,569
Segment profit	130,780	55,878	11,666	9,937	21,847	6,477	–	12,413	–	248,998
Other income										3,664
Other gains and losses										71,608
Distribution costs										(407)
Administrative expenses										(12,496)
Other expenses										(1,255)
Finance costs										(17,463)
Profit before tax										292,649
Income tax expense										(80,140)
Profit for the period										212,509

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit resulted in each segment without allocation of other income, other gains and losses, distribution costs, administrative expenses, other expenses, finance costs and income tax expense. This is the measure reporting to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and segment liabilities

Information on segment assets and segment liabilities of the Group are not reviewed by the CODM for the purpose of resource allocation and performance assessment nor otherwise regularly provided to the CODM. As a result, no analysis of segment assets and segment liabilities are presented.

Geographical information

Over 90% of external revenues of the Group during the six months ended 30 June 2010 and 2009 are attributable to customers established in the PRC, the place of domicile of the Group's major operating entities. Majority of the Group's non-current assets are located in the PRC.

Information about major customers

No individual customer contributed to more than 10% of the Group's revenue for the six months ended 30 June 2010 (six months ended 30 June 2009 (unaudited): Nil).

4. COST OF SALES

Included in cost of sales are the following reversal of write down of inventories:

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(Unaudited)
Reversal of write down of inventories	**–**	304,318

Management assesses whether the cost of inventories exceed their net realisable value at the end of the reporting period. Management estimates the net realisable value for inventories with reference to the ask price of metal scrap in the relevant markets and the quoted prices of metal on applicable commodity exchanges at the end of reporting period. As at 30 June 2010, because the market prices of the commodities were higher than the respective purchase price of inventories held, no provision was recorded. During the six months ended 30 June 2009, the Group recorded a reversal of write down of inventories which was provided in 2008 because the market prices of the commodities had dropped significantly as compared with the purchase price of certain inventories held as at 31 December 2008.

All the Group's inventories were stated at cost in the consolidated statement of financial position at 30 June 2010 and 31 December 2009.

5. FINANCE COSTS

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(Unaudited)
Interest on:		
– bank borrowings wholly repayable within five years	**15,927**	14,515
– amounts due to related parties	**1,565**	2,545
– bills payable	**280**	403
	17,772	17,463

6. PROFIT BEFORE TAX

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(Unaudited)
Profit before tax has been arrived at after charging:		
Directors' emoluments	**222**	117
Other staff costs	**45,637**	25,466
Retirement benefit scheme contributions, excluding those of directors	**638**	474
Total staff costs	**46,497**	26,057
Cost of inventories recognised as an expense	**2,168,186**	426,571
Listing expenses, included in other expenses	**20,980**	–
Depreciation of property, plant and equipment	**5,590**	3,777
Amortisation of prepaid lease payments	**430**	429
Auditors' remuneration	**3,000**	–

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(Unaudited)
Current tax:		
Hong Kong	**3,941**	1,199
PRC Enterprises Income Tax	**56,875**	–
	60,816	1,199
Underprovision in prior periods:		
PRC Enterprises Income Tax	**1**	–
Deferred tax	**7,555**	78,941
	68,372	80,140

PRC

The Group's PRC subsidiaries were subject to PRC Enterprises Income Tax at the rate of 25% for the six months ended 30 June 2010 (six months ended 30 June 2009 (unaudited): 25%).

Hong Kong

All the Hong Kong subsidiaries are subject to Hong Kong Profits Tax at the rate of 16.5% on their respective estimated assessable profits.

8. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2010 (six months ended 30 June 2009 (unaudited): Nil), nor has any dividend been proposed since the end of the reporting period (31 December 2009: Nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
		(Unaudited)
Profit for the period for the purpose of basic earnings per share	**156,889**	212,509
Weighted average number of ordinary shares for the purpose of basic earnings per share	**750,000,000**	750,000,000

The weighted average number of ordinary shares used in the calculation of basic earnings per share for the period has been adjusted for the 749,999,900 shares issued pursuant to the capitalisation issue in July 2010, which was assumed to occur at 1 January 2009.

No diluted earnings per share are presented as there were no potential ordinary shares in issue.

10. TRADE AND OTHER RECEIVABLES

The Group generally allows its trade customers a credit period of 30 to 90 days. A longer credit period may be granted to trade customers with good credit quality upon the approval of management. An aged analysis of the Group's trade receivables at the end of the reporting period, net of allowance for doubtful debts and based on the invoice date, are as follows:

	At 30 June 2010	At 31 December 2009
	HK$'000	*HK$'000*
Trade receivables:		
0 – 30 days	**34,689**	45,805
31 – 60 days	**1,285**	13,248
61 – 90 days	**64**	1,161
91 – 180 days	**1,542**	5,104
Over 180 days	**642**	564
	38,222	65,882
Other receivables:		
Deposits and prepayments	**38,675**	51,852
Deposits paid for purchase of raw materials	**117,528**	51,774
Rental receivable	**–**	2,123
VAT recoverable	**38,058**	15,413
Others	**5,731**	1,782
	199,992	122,944
	238,214	188,826

11. BILLS RECEIVABLES

An aged analysis of the Group's bills receivables at the end of the reporting period, based on their invoice dates, are as follows:

	At 30 June 2010 *HK$'000*	At 31 December 2009 *HK$'000*
0 – 30 days	**3,543**	1,365
31 – 60 days	**344**	–
61 – 90 days	**–**	–
91 – 180 days	**860**	–
Over 180 days	**115**	–
	4,862	1,365

12. TRADE AND OTHER PAYABLES

The average credit period for trade purchases is 30 to 60 days.

The following is an aged analysis of the Group's trade payables, presented based on the invoice date at the end of the reporting period:

	At 30 June 2010 *HK$'000*	At 31 December 2009 *HK$'000*
Trade payables:		
0 – 30 days	**69,618**	64,630
31 – 60 days	**3,830**	18,519
61 – 90 days	**1,245**	8,780
91 – 180 days	**1,539**	8,020
Over 180 days	**179**	1,679
	76,411	101,628
Other payables:		
Other payables and accruals	**55,047**	23,512
Interest payable	**4,957**	918
Receipts in advance from customers	**73,953**	10,547
	133,957	34,977
	210,368	136,605

13. BILLS PAYABLES

An aged analysis of the Group's bills payables at the end of the reporting period is as follows:

	At 30 June 2010 *HK$'000*	At 31 December 2009 *HK$'000*
0 – 30 days	**54,382**	8,510
31 – 60 days	**–**	–
61 – 90 days	**37,642**	22,752
91 – 180 days	**38,457**	82,864
	130,481	114,126

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

During the period, the Group recorded strong growth in revenue and encouraging overall profitability following the strong recovery in scrap metal prices in the PRC since the second half of 2009. The Group's revenue increased from HK$675.6 million in the same period of 2009 to HK$2.44 billion, this represents an increase of 2.6 times over the same period of 2009 and at the same time exceeded the 2009 full year revenue.

Set out below is a summary of both gross and net profit or loss with and without write back of the Inventory Provision:

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Revenue	**2,444,432**	675,569
Cost of sales	**(2,168,186)**	(426,571)
Gross profit	**276,246**	248,998
Write back of Inventory Provision	**–**	(304,318)
Gross profit/(loss) (without write back of the Inventory Provision)	**276,246**	(55,320)
Gross profit margin	**11.3%**	36.9%
Gross profit/(loss) margin (without write back of the Inventory Provision)	**11.3%**	(8.2%)
Net profit	**156,889**	212,509
Net profit/(loss) (without write back of the Inventory Provision)	**156,889**	(16,337)

Since the sharp collapse in world metal prices during the fourth quarter of 2008, the market prices of our Recycled Metal Products have remained at a lower level in the first half of 2009 resulting in overall gross loss of HK$55.3 million (without write back of the Inventory Provision. With the strong recovery in world metal prices since the second half of 2009, the Group achieved a strong overall gross profit of HK$276.2 million in the first half of 2010. Hence, net profit of HK$156.9 million was recorded in the period.

With the volatility of world metal prices gradually easing but not quite reaching the pre financial crisis levels, the Group managed to increase its purchase volumes to cater for its processing needs through its well established overseas procurement network since the second half of 2009. During the period, the Group sold over 230,000 tonnes of its processed products within its three business segments combined. This represents an increase of 132.3% when compared with just over 99,000 tonnes in the same period of 2009.

Despite the fact that certain major metal prices including copper scrap and steel scrap have recovered strongly in the first half of 2009 but still not quite reaching the pre financial crisis levels. Although easing gradually, price volatility remained high especially in May and June this year, the Group still managed to achieve an overall gross profit margin of 11.3%. This was mainly due to the Group's ability to maximize the value realizable from processing its raw materials. During the period, the Group had continued to follow its usual practices of consistently buying mixed metals scrap and selling its recycled products in accordance with its processing ability so as to mitigate the short-term impact of price volatility on the overall performance of the Group.

On 12 July 2010, the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited, this major milestone signals the beginning of the Group to position itself in the next stage of its development. Net capital of approximately HK$581.5 million was raised, of which approximately HK$290.8 million will be used to increase purchase of additional raw materials, approximately HK$189.0 million will be used for expanding our procurement network and increase our existing and new processing capacity, and HK$50.0 million was used to repay shareholders' loans soon after the listing.

Following the Company's listing on 12 July 2010, management is actively working on exploring opportunities in line with the directions as indicated in our listing prospectus.

As for our Ningbo processing plant, the negotiations to expand our annual processing capacity from our present 80,000 tonnes to 200,000 tonnes are progressing well and final arrangement is expected to be finalised in the next few months.

With signs indicating the world economy is recovering slowly, and the increasing support from the PRC government to develop the recycling industry, the Group believes the metal recycling industry in the PRC will continue to grow and will become an important source of metal resources in the future.

The management also believes that the metal recycling industry plays a vital role in the production and the supply of ferrous and nonferrous metals. It contributes significantly to the protection of the environment and to the preservation of valuable natural resources, including energy, which are consumed in large quantities during primary metal production processes. With this in mind and in accordance with our expansion strategy, the Group is aiming to procure 45,000 to 50,000 tonnes of Mixed Metal Scrap materials a month to cater for its processing needs. Such purchase volume is expected to increase as the Group continues to expand. The management will continue making efforts to capitalize on such direction in achieving satisfactory returns to the Shareholders.

FINANCIAL REVIEW

Revenue

During the period, revenue increased by HK$1.77 billion, or 261.8% , from HK$675.6 million in the same period in 2009 to HK$2.44 billion in this period. The increase was mainly contributed by an increase in sales volume as well as average selling prices for our Recycled Metal Products and Foundry Products.

Cost of sales

Cost of sales increased by HK$1.44 billion (without write back of the Inventory Provision), or 196.6%, from HK$730.9 million in the same period last year to HK$2.17 billion in this period. Cost of sales (without write back of the Inventory Provision) increased in line with the increase of the Group's revenue and primarily due to an increase in sales volume and in the average purchase prices relating to the Group's raw materials.

Gross profit and gross profit margin

Our gross profit for the period was HK$276.2 million as compared to a gross loss without write back of the Inventory Provision of HK$55.3 million for the first six months of 2009. The write back of the Inventory Provision in 2009 was made in line with the recovery of world metal prices when compared with the cost of our inventory. The Group recorded a negative gross margin (without write back of the Inventory Provision) of 8.2% in the same period last year as compared to gross profit margin in this period of 11.3%.

The increase in overall gross profit margin when compared with the negative gross profit margin without write back of the Inventory Provision in 2009 was mainly due to the general recovery of world metal prices since the second half of 2009 and the levels of volatility in metal prices continued to improve.

Distribution costs

Distribution costs increased by approximately HK$1.3 million, or 325.0%, from HK$0.4 million in the same period last year to HK$1.7 million in this period due to increase in sales volume. The distribution costs were mainly incurred for the delivery of the Group's Foundry Products directly to our customers.

Administrative expenses

Administrative expenses increased by approximately HK$6.3 million, or 50.4%, from HK$12.5 million in the same period last year to HK$18.8 million in this period. This was mainly due to additional expenses for professional and consultancy fees incurred during this period.

Other income

Other income increased by approximately HK$1.6 million, or 43.2%, from HK$3.7 million in the same period of 2009 to HK$5.3 million in this period. This was mainly due to increase in interest income during the period.

Other gains and losses

Other gains decreased by approximately HK$65.1 million from HK$71.6 million in the same period of 2009 to HK$6.5 million in this period mainly due to the fact that the Group had significantly reduced its positions in the commodities derivative market between the second half of 2009 and the first half of 2010.

Other expenses

Other expenses increased by approximately HK$23.2 million mainly due to one-off listing expenses incurred and accrued during the period.

Finance costs

Despite the increase in net bank borrowings in the first half of 2009 and first half of 2010, the overall finance costs remained roughly the same. This was mainly due to an overall reduction in interest rates charged on the Group's bank borrowings during the period.

Profit for the period and net profit margin

As a result of the factors discussed above, the net profit for the period decreased by HK$55.6 million, or 26.2% from HK$212.5 million in the same period last year to HK$156.9 million in this period. The decrease was mainly due to the write back of the Inventory Provision amounted to HK$304.3 million and also the reduction in hedging positions in the commodities derivative market in this period.

When comparing the net profit for the period with the same in 2009 on the basis of excluding the write back of the Inventory Provision, the Group turned a net loss of HK$16.3 million to a net profit of HK$156.9 million in this period.

Key Financial Ratios

The following table sets forth certain of our financial ratios as of the date for the periods indicated:

Liquidity Ratios	At 30 June 2010	At 31 December 2009
Current ratio	**1.22**	1.41
Quick ratio	**0.36**	0.43
Gearing ratio (%)	**46.3**	43.2

	Six months ended 30 June	
	2010	2009 (Unaudited)
Inventory turnover days	**120**	329
Debtor's turnover days	**4**	11
Creditor's turnover days	**8**	22

Liquidity and Financial Resources and Capital Structure

Included in net current assets were cash and various bank deposits totalling HK$443.2 million (31 December 2009: HK$316.4 million). Total bank borrowings were HK$1.18 billion (31 December 2009: HK$799.0 million), and these were mainly used to finance the purchases of mixed metal scrap from overseas. Such borrowings are mainly denominated in United States dollars and Renminbi.

The gearing ratio of the Group as at 30 June 2010 was 46.3% (31 December 2009: 43.2%). This was mainly due to increase in bank borrowings during the period.

With regard to debtor's turnover days and creditor's turnover days, they were both reduced from 11 days and 22 days (30 June 2009) to 4 days and 8 days in this period respectively.

Inventory turnover days had also been reduced from 329 days (30 June 2009) to 120 days in this period. With the target of 90 days, the management is working to reduce the inventory turnover days further so as to meet such target.

Following the listing on 12 July 2010, the Group's liquidity position became stronger and this will prepare the Group to expand in accordance with its business directions.

Capital Commitments and Contingent Liabilities

As at 30 June 2010, the Group had pledged certain buildings, land use rights and bank deposits with an aggregate carrying value of approximately HK$351.8 million (31 December 2009: approximately HK$328.6 million) to secure bank borrowings.

As at 30 June 2010, the Group had capital commitments in respect of acquisition of property, plant and equipment but not provided for in the consolidated financial statements amounted to HK$2.4 million (30 June 2009: HK$4.8 million).

As at the date of this announcement, the Board is not aware of any material contingent liabilities.

Risk Management

The Group in its ordinary course of business is exposed to market risk such as commodities price risk, foreign currencies risk, interest rate risk, credit risk and liquidity risk. The Group's risk management strategy aims to minimize the adverse effects of these risks on its financial performance.

With the establishment of the Pricing Committee, a new formal hedging policy took effect on 23 June 2010 which aimed to enhance the Group's risk management of commodity price fluctuations.

As part of its foreign currency hedging strategy, the Group bought US dollars forward contracts since the second half of 2009 primarily to mitigate our exposure to fluctuation of the exchange rate between US dollars and Renminbi whilst taking advantage of the favourable forward contract exchange rates. The Group will continue to adhere to this hedging strategy so long as the forward contracts rate justifies it.

With the current interest rates staying at relatively low levels, the Group has not entered into any interest rate hedging contracts or any other interest rate related derivative financial instrument. However, the Group continues to monitor its related interest rate exposure closely and will consider hedging significant interest rate exposure when the need arises.

As for credit risk, the Group continues to follow the trade practices of cash on collection from sales of all of its Metal Recycling Products in order to minimize the carrying amounts of the financial assets in the Group's financial statements. In addition, the Group will continue to monitor closely the trade debtors for the Foundry business to minimize potential impairment losses.

With the liquidity risk, the Group will continue maintaining a balance between continuity of funding and the flexibility through the use of bank borrowings. With the successful listing on 12 July 2010, the liquidity position would be enhanced and the Group will be in a better position to carry out its development plan at a pace relatively quicker than before.

Related Party Transactions

As from 12 July 2010, all related party transactions that existed in 2009 and before were discontinued. Pursuant to the Capitalisation Issue as indicated in the listing prospectus, the Group had subsequent to 30 June 2010 capitalised HK$223.7 million of the amounts due to related parties. Aside from the sum of HK$50.0 million paid out of the proceeds of the listing to settle such amounts due to related parties, the Group has settled all remaining amounts due to related parties before or upon listing.

Initial Public Offerings ("IPO")

On 12 July 2010, the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited. Total net proceeds received by the Company from the IPO after deducting all related expenses was approximately HK$581.5 million.

Employees

As at 30 June 2010, the Group had a workforce of 274 employees. In addition, the Group engaged approximately 3,400 separation and selection workers through local contractors. The Group has not experienced any strikes, work stoppages or significant labor disputes which have affected its operations in the past and it has not experienced any significant difficulties in recruiting and retaining qualified staff. The Group continues to maintain good relationships with its employees.

As indicated in the listing prospectus the Company granted Pre-IPO share options to acquire Shares in the Company to 36 employees and directors of the Group. No share options have been granted under the Post-IPO share option scheme since its adoption.

Investor Relations

The Group considers that investor relations are important to a listed company. Maintaining good relationships with investors and keeping them up-to-date on latest corporate communications and business development in a timely fashion would enhance transparency and strengthen corporate governance of the Group. With the support of the Board of Directors, Mr. Gu Liyong, an Executive Director of the Company, has been assigned to take responsibility for all matters relating to investor relations of the Company and the Group.

Going forward, we will make special effort to keep our investors abreast of the corporate and business development, and to introduce the Group's strengths and strategies in order to gain support and recognition from them and also the market in general. During the period, an investor relations column was created to allow real-time exchange of information with our investors and other interested parties.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). Specific enquiries have been made to all directors, who have confirmed that they have complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period, the Company had complied with all applicable provisions under the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules save as disclosed below.

Code Provision A.2.1 requires the roles of chairman and chief executive officer to be separated. Mr. Fang Ankong is the chairman and chief executive officer of the Company. The Board considered that the current structure facilitates the efficiency of execution of the Group's business strategies and maximum the effectiveness of its operation.

AUDIT COMMITTEE

The members of the audit committee comprise Dr. Loke Yu, Ms. Zhang Jingdong and Mr. Li Xikui. The committee has reviewed with the management the accounting principles and practices adopted by the Group, internal control and financial reporting matters including a review of the audited consolidated interim results for the six months ended 30 June 2010 prior to recommending them to the Board for approval.

REMUNERATION COMMITTEE

The remuneration committee of the Company has been set up in accordance with Appendix 14 to the Listing Rules. The committee comprises Mr. Fang Ankong, Dr. Loke Yu, Ms. Zhang Jingdong, Mr. Li Xikui and Mr. Stephanus Maria van Ooijen.

NOMINATION COMMITTEE

The nomination committee of the Company has been set up in accordance with Appendix 14 to the Listing Rules. The committee comprises Mr. Stephanus Maria van Ooijen, Dr. Loke Yu, Ms. Zhang Jingdong, Mr. Li Xikui and Mr. Fang Ankong.

PRICING COMMITTEE

The Pricing Committee of the Company has been set up on 23 June 2010 to review and determine the offer and selling prices of the Group's physical stock as well as the Group's hedging positions requirements on a daily basis; to enhance the risk management of commodity price fluctuations and to ensure an effective risk monitoring system. The committee comprises Mr. Fang Ankong, Mr. Xu Jialiang, Mr. Zhu Zhonghui, Mr. Gan Jun, Ms. Chan Tung Tung and Mr. Chow Wan Hoi Paul.

MONITORING COMMITTEE

The monitoring committee of the Company has been set up on 23 June 2010 to closely monitor the use of the net proceeds of the Global Offering; to ensure the funds are applied over the timeline specified and to ensure that the purchase of raw materials is for production usage and not for speculative purposes. The committee comprises Mr. Fang Ankong, Mr. Gu Liyong, Ms. Chan Tung Tung and Mr. Chow Wan Hoi Paul.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010. Accordingly, no closure of Register of Members of the Company is proposed.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2010 and therefore, during the six months ended 30 June 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.chiho-tiande.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.com.hk). An interim report for the six months ended 30 June 2010 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the said websites in due course.

APPRECIATION

The Board of Directors would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates, bankers, lawyers, sponsor and auditors for their support to the Group throughout the period.

By Order of the Board
Fang Ankong
Chairman

Hong Kong, 27 August 2010

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

Executive directors:	Fang Ankong, Stephanus Maria van Ooijen and Gu Liyong
Non-executive director:	Ralph Sytze Ybema
Independent non-executive directors:	Loke Yu, Li Xikui and Zhang Jingdong