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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

HIGHLIGHTS

- Successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2010
- Revenue for the year ended 31 December 2010 amounted to just over HK$5.9 billion (2009:HK$2.3 billion), representing an increase of 153.6% compared to 2009
- Gross profit for the year ended 31 December 2010 amounted to HK$569.9 million (2009:HK$245.8 million (without taking into account the write back of the Inventory Provision)), representing an increase of 131.9%
- The Group achieved a net profit of HK$352.6 million (2009: HK$187.6 million (without taking into account the write back of the Inventory Provision)), representing an increase of 88.0% compared to 2009
- The Group achieved a net profit margin of 5.9% for the year ended 31 December 2010
- Without taking into account the one off charge for listing expense of HK$24.6 million, the net profit for the year ended 31 December 2010 would be HK$377.2 million, representing an increase of 101.1% over the net profit for the year ended 31 December 2009 of HK$187.6 million (without taking into account the write back of the Inventory Provision)
- Basic earnings per share attributable to owners of the Company amounted to HK$0.41 (2009: HK$0.56 and HK$0.25 (without taking into account the write back of the Inventory Provision))

- We have sold over 518,600 tonnes (2009: 280,900 tonnes) of Mixed Metal Scrap during the year, an increase of 84.6% compared to 2009

- The Board recommended the payment of a final dividend of HK9 cents per ordinary share for the year ended 31 December 2010

- We have established two new joint venture companies in Shanghai and Hong Kong. The Shanghai business focuses on processing and sales of steel scrap and the Hong Kong business focuses on handling various types of scrap materials

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 annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010 following our successful listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 July 2010 (the "Listing").

Following the Listing, we have worked diligently to carry out the expansion plans as set out in the Company's prospectus, and to maximize return for our shareholders. In order to diversify the variety of scrap materials handled by the Group and also to establish a wider coverage area, the Group decided to expand its processing capability by establishing two new joint venture companies in Shanghai and Hong Kong during the last quarter of 2010. The Shanghai joint venture company focuses on steel scrap processing. As for the Hong Kong joint venture, we are looking to establish a visible processing facility capable of handling various types of scrap materials, and in line with the Hong Kong Government's intention to develop a more regulated and environmentally friendly infrastructure for the recycling industry. We believe through the establishment of these new facilities, we will increase our market shares in the metal scrap business within the region.

With increasing global demand for limited natural mining resources, various industry reports have indicated that future supply will not be able to keep up with future demand and that scrap metal recycling is regarded as a key solution to future demand 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 the current strategies will allow our Group to build on its solid foundation as a leading player in the rapidly expanding scrap metal recycling business and further establish our position as a leading scrap metal recycler in the PRC.

During January 2011, we have also announced our plans to expand into other parts of mainland China by signing two letters of intent (1) to acquire a majority shareholding in a Beijing company with special licence to handle scrap vehicles recycling business and (2) to establish a new joint venture company in Tianjin with capacity of handling various scrap processing activities. Once the investment terms have been confirmed and signed, announcements relating to these investments will be made.

The PRC Government has recently stated in its “12th Five-Year Plan” that the fundamental policies in resource conservation and environmental protection would include energy saving, reduction of greenhouse gas emissions density, development of recycling economy and promotion of low carbon technologies, thereby taking the path of sustainable development. In February 2011, the joint statement issued by the Ministry of Industry and Information, the Ministry of Science and Technology and the Ministry of Finance on “Regulating and promoting the development of non-ferrous metal recycling industry” aims to accelerate the restructuring, consolidating, regulating and upgrading the metal recycling industry in the PRC with the intention to achieve a sustainable growth in this business sector. Also stated in the joint statement, the PRC Government strongly encourages increase in import of non-ferrous scrap metals to compensate the shortages that the PRC is currently facing. We are confident that our current position and business strategy will allow the Group to be one of the main beneficiaries of such policies going forward.

In 2011, we remain committed to further expand our processing capability, and at the same time improving our profitability and return on equity. We are optimistic about our current positioning and business strategy against an improving world market condition, and in particular the encouraging signs of support recently stated by the PRC Government, but will be on the lookout for any potential volatility in the metal markets in the year ahead.

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2010, together with the comparative figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Revenue	3	**5,931,589**	2,339,243
Cost of sales	4	**(5,361,645)**	(1,784,806)
Gross profit		**569,944**	554,437
Other income		**11,548**	5,711
Other gains and losses		**55,001**	98,200
Distribution and selling expenses		**(12,805)**	(1,757)
Administrative expenses		**(74,217)**	(34,917)
Other expenses		**(24,849)**	(5,657)
Finance costs	5	**(42,588)**	(28,823)
Profit before tax	6	**482,034**	587,194
Income tax expense	7	**(129,478)**	(167,540)
Profit for the year		**352,556**	419,654
Other comprehensive income			
Exchange difference arising on translation to presentation currency		**33,954**	3,481
Total comprehensive income for the year		**386,510**	423,135
Profit for the year attributable to:			
Owners of the Company		**352,798**	419,654
Non-controlling interests		**(242)**	–
		352,556	419,654
Total comprehensive income for the year attributable to:			
Owners of the Company		**386,455**	423,135
Non-controlling interests		**55**	–
		386,510	423,135
		HK$	HK$
Earnings per share			
– basic	9	**0.41**	0.56
– diluted		**0.41**	0.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**203,735**	135,284
Prepaid lease payments		**36,435**	35,962
Deposits paid for acquisition of property, plant and equipment		**7,587**	4,150
		247,757	175,396
CURRENT ASSETS			
Inventories		**2,303,425**	1,167,437
Trade and other receivables	*10*	**411,647**	188,826
Bills receivables	*11*	**14,629**	1,365
Prepaid lease payments		**890**	858
Amount due from a related party		**–**	371
Derivative financial instruments		**–**	1,072
Pledged bank deposits		**351,684**	241,440
Restricted bank deposits		**–**	5,535
Bank balances and cash		**251,335**	69,428
		3,333,610	1,676,332
CURRENT LIABILITIES			
Trade and other payables	*12*	**188,237**	136,605
Bills payables	*13*	**149,150**	114,126
Amount due to non-controlling interests		**23,976**	–
Amounts due to related parties		**–**	93,205
Derivative financial instruments		**205**	1,603
Tax payable		**50,747**	44,119
Bank borrowings		**1,496,672**	799,046
		1,908,987	1,188,704
NET CURRENT ASSETS		**1,424,623**	487,628
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,672,380**	663,024

	2010	2009
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**10,000**	–
Share premium and reserves	**1,601,801**	418,098
Equity attributable to owner of the Company	**1,611,801**	418,098
Non-controlling interests	**34,880**	–
TOTAL EQUITY	**1,646,681**	418,098
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**25,699**	21,218
Amounts due to related parties	**–**	223,708
	25,699	244,926
	1,672,380	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 main place of business is located at Taizhou Industrial Zone of Metal Recycling Fengjiang, Luqiao, Taizhou, Zhejiang, the People's Republic of China (the "PRC").

The functional currency of the Company and its subsidiaries is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of the shareholders as the Company is listed in Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

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.

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.

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 year.

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 without processing. 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 year ended 31 December 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	3,576,085	1,025,843	46,085	235,334	37,168	311,592	523,714	175,768	–	5,931,589
Inter-segment sales	11,901	35,313	263,860	–	332	35,303	–	1,413,551	(1,760,260)	–
Total segment revenue	3,587,986	1,061,156	309,945	235,334	37,500	346,895	523,714	1,589,319	(1,760,260)	5,931,589
Segment profit	278,246	91,898	25,963	22,091	2,296	17,401	75,600	56,328	121	569,944
Other income										11,548
Other gains and losses										55,001
Distribution and selling expenses										(12,805)
Administrative expenses										(74,217)
Other expenses										(24,849)
Finance costs										(42,588)
Profit before tax										482,034
Income tax expense										(129,478)
Profit for the year										352,556

For the year ended 31 December 2009

	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	1,164,966	490,246	52,280	114,271	32,671	189,988	180,649	114,172	–	2,339,243
Inter-segment sales	15,009	1,481	122,091	–	2,495	25,776	–	1,072,181	(1,239,033)	–
Total segment revenue	1,179,975	491,727	174,371	114,271	35,166	215,764	180,649	1,186,353	(1,239,033)	2,339,243
Segment profit	314,585	58,833	32,941	47,366	28,427	16,048	38,041	88,883	(70,961)	554,437
Other income										5,711
Other gains and losses										98,200
Distribution and selling expenses										(1,757)
Administrative expenses										(34,917)
Other expenses										(5,657)
Finance costs										(28,823)
Profit before tax										587,194
Income tax expense										(167,540)
Profit for the year										419,654

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 and selling expenses, 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 price.

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 year 31 December 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 year ended 31 December 2010 and 2009.

4. COST OF SALES

Included in cost of sales are the following reversal of allowance inventories:

	2010	2009
	HK$'000	*HK$'000*
Reversal of allowance of inventories	**–**	308,613

Management assesses whether the cost of inventories exceed their net realisable value at the end of each 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 31 December 2010, because the market prices of the commodities were higher than the respective purchase price of inventories held, no allowance was required. During the year ended 31 December 2009, the Group recorded a reversal of allowance for inventories which was provided in 2008 because the market prices of the commodities at 31 December 2008 were lower than the purchase price of certain inventories held as at date.

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

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings wholly repayable within five years	**36,632**	22,902
– amounts due to related parties	**1,596**	4,801
– bills payables	**4,360**	1,120
	42,588	28,823

6. PROFIT BEFORE TAX

	2010	2009
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging:		
Directors' emoluments	**2,963**	836
Other staff costs	**117,943**	59,862
Retirement benefit scheme contributions, excluding those of directors	**1,873**	699
Share-based payments, excluding those of directors	**1,689**	–
Total staff costs	**124,468**	61,397
Cost of inventories recognised as an expense	**5,361,645**	1,784,806
Listing expenses, included in other expenses	**24,624**	5,657
Depreciation of property, plant and equipment	**12,103**	7,642
Amortisation of prepaid lease payments	**867**	857

7. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**5,722**	–
PRC Enterprises Income Tax	**118,495**	64,540
Other jurisdiction	**186**	–
	124,403	64,540
Underprovision in prior years:		
PRC Enterprises Income Tax	**594**	237
Deferred tax	**4,481**	102,763
	129,478	167,540

PRC

The Group's PRC subsidiaries were subject to PRC Enterprises Income Tax at the rate of 25% for the year ended 31 December 2010 (2009: 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

A final dividend of HK9 cents per share in respect of the year ended 31 December 2010 (2009: Nil) has been proposed by the directors and is subject to the approval by the shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**352,798**	419,654
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**868,493,151**	750,000,000
Effect of diluted potential ordinary shares as a result of the share options granted under the Pre-IPO Scheme	**1,029,999**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**869,523,150**	750,000,000

The weighted average number of ordinary shares used in the calculation of basic earnings per share for the year ended 31 December 2009 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.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options granted under the Share Option Scheme because the exercise price of those options was higher than the average market price of the shares for the year ended 31 December 2010.

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:

	2010	2009
	HK$'000	*HK$'000*
Trade receivables:		
0 – 30 days	**110,310**	45,805
31 – 60 days	**4,270**	13,248
61 – 90 days	**10**	1,161
91 – 180 days	**484**	5,104
Over 180 days	**596**	564
	115,670	65,882
Other receivables:		
Deposits and prepayments	**73,054**	51,852
Deposits paid for purchase of raw materials	**124,415**	51,774
Rental receivable	**2,204**	2,123
VAT recoverable	**90,190**	15,413
Others	**6,114**	1,782
	295,977	122,944
	411,647	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:

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**3,034**	1,365
31 – 60 days	**6,848**	–
61 – 90 days	**1,889**	–
91 – 180 days	**2,858**	–
	14,629	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:

	2010	2009
	HK$'000	*HK$'000*
Trade payables:		
0 – 30 days	**101,086**	64,630
31 – 60 days	**325**	18,519
61 – 90 days	**–**	8,780
91 – 180 days	**1,933**	8,020
Over 180 days	**81**	1,679
	103,425	101,628
Other payables:		
Other payables and accruals	**71,589**	23,512
Interest payable	**5,335**	918
Receipts in advance from customers	**7,888**	10,547
	84,812	34,977
	188,237	136,605

13. BILLS PAYABLES

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

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**40,985**	8,510
31 – 60 days	**23,614**	–
61 – 90 days	**84,551**	22,752
91 – 180 days	**–**	82,864
	149,150	114,126

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

During the year ended 31 December 2010, we have achieved better than expected performance both in terms of revenue and profitability. Our revenue exceeded HK$5.9 billion (2009: HK$2.3 billion), representing an increase of 153.6% from the previous year. With regard to the profitability, we recorded a net profit of HK$352.6 million (2009: HK$187.6 million (without taking into account the write back of the Inventory Provision)). Our performance in 2010 reflected the continuous strong demand of our recycled products during the year.

On 12 July 2010, the Company's shares were successfully listed on the Stock Exchange. This marked a major milestone in the development of our Group. Net proceeds from the Listing amounted to approximately HK$581.0 million and majority of the funds raised continued to be used for procurement of raw materials and investing in business developments in the PRC.

Backed by the continuous strong demand in the PRC and the funds raised from the Listing, the Group continued to increase its procurement volume of raw materials to cater for expansion plan going forward. During the year, we have sold over 518,600 tonnes of processed products from our three business segments. This represents an increase of 84.6% when compared with over 280,900 tonnes in the previous year.

In 2010, price volatility remained high especially between May and September. On the back of such volatile market condition and the differences in sales mix, we managed to achieve an overall gross profit margin of 9.6% (2009: 10.5% (without taking into account the write back of Inventory Provision)) which is in line with management expectation. We continued our usual practices of buying mixed metal scrap and selling its recycled products in accordance with our processing ability so as to mitigate the short-term impact of price volatility on our overall performance.

Basic earnings per share amounted to HK$0.41 (2009: HK$0.56 and HK$0.25 (without taking into account the write back of the Inventory Provision)), representing a decrease of 26.8% and an increase of 64.0% (without taking into account the write back of the Inventory Provision) when compared with the previous year.

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 the PRC. 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 are 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 development of our Group. On 12 July 2010, the Company's shares were successfully listed on the Main Board of the Stock Exchange. Net proceeds from the Listing amounted to approximately HK$581.0 million and majority of the funds raised was being and will be used for procurement of raw materials and in the areas of business development. Consequently, we have further established ourselves as a key participant in the scrap metal recycling industry and have also established a solid foundation on which business developments can be built upon in a more effective and efficient manners.

In line with the management's expansion plan and as indicated in the Company's prospectus, the Company applied HK$290.0 million out of the net proceeds to increase purchase of raw materials and at the same time applied a total of HK$74.2 million out of net proceeds to expand the processing and production capacity in our existing Ningbo plant and to expand operating facilities through the establishment of two new joint venture companies in Shanghai and Hong Kong during the second half of 2010. Details of the joint venture companies can be found in the Company's announcements.

With the injection of additional capital to expand the processing and production capacity in our Ningbo plant, the annual capacity combining Taizhou and Ningbo for 2011 will be increased to over 600,000 tonnes. Since the two new joint venture companies were only established in the last quarter of 2010, their results have insignificant impact to the overall performance of the Group in 2010.

Social Responsibilities

On the environmental protection front, we continued to place 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), our Taizhou facilities 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.

We are committed to extend our social responsibilities when setting up facilities in major cities of the PRC to contribute to the successful development of an environmentally friendly recycling industry.

Prospects

With encouraging signs indicating that the world economy is gradually recovering, and the increasing signs of support from the PRC Government to develop the recycling industry especially the "12th Five-Year-Plan" stated recently by the PRC Government, 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 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 non-ferrous metals are conducted in a sustainable and environmentally responsible manners. 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 continue to increase our procurement volume in line with the rapidly increasing demand and our expansion strategy for scrap raw materials in the PRC.

With regard to business developments, we are actively seeking potential merger and acquisition opportunities and have recently identified two targets in Beijing and Tianjin (Details of both potential merger and acquisitions can be found in the recent Company's announcement). Through the Beijing and Tianjin investments, we intend to participate in the scrap vehicle recycling and more diverse recycling businesses in the regions. We believe that as an increasing number of vehicles are produced in the PRC, there will also be an increasing demand for scrap vehicles, which the Group identifies as an emerging business opportunities in the PRC.

Towards the end of 2010, our Shanghai joint venture started to supply processed ferrous scrap to neighbouring steel mills, and we believe that such business relationship would enable our Shanghai joint venture to continue increasing the capacity and hence to increase the sales volume going forward. We expect the processing capacity for our Shanghai joint venture to reach 300,000 tonnes in the coming year.

Following the formation of the Hong Kong joint venture, we plan to build an advanced recycling facility capable of handling more diverse scrap materials. In 2011, we expect to materialise continuing growth in both volume and profitability.

With the PRC Government policies stated in its "12th Five-Year Plan", we are confident that our current position and business strategy will allow the Group to be benefited in such policies going forward.

Detailed Comparison of Profit and Loss Summary

	Year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Revenue	**5,931,589**	2,339,243
Cost of sales	**(5,361,645)**	(1,784,806)
Gross profit	**569,944**	554,437
Gross profit (without taking into account the write back of the Inventory Provision)	**569,944**	245,824
Gross profit margin	**9.6%**	23.7%
Gross profit margin (without taking into account the write back of the Inventory Provision)	**9.6%**	10.5%
Net profit	**352,556**	419,654
Net profit (without taking into account the write back of the Inventory Provision)	**352,556**	187,587

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 and the increase in demand of our recycled products during 2009 resulting in 2009 overall gross profit of HK$187.6 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, and the strong encouragement from the PRC Government to use recycling materials, we achieved an encouraging overall gross profit of HK$569.9 million in 2010. Hence, a net profit of HK$352.6 million was recorded in the year.

We continued to increase our purchase volumes to cater for processing needs through our well established overseas procurement network since the second half of 2009. During the year, we sold over 518,600 tonnes (2009: 280,900 tonnes) of our processed products within our three business segments, representing an increase of 84.6% over 2009.

In 2010, price volatility remained high especially between May and September. On the back of such volatile market condition and the differences in sales mix, we managed to achieve an overall gross profit margin of 9.6% (2009: 10.5% (without taking into account the write back of the Inventory Provision)) which is generally in line with management expectation. During the year, we continued to follow our usual practices of consistently buying mixed metals scrap and selling our recycled products in accordance with our processing ability so as to mitigate the short-term impact of price volatility on our overall performance.

With the signs indicating the world economy is recovering slowly, and the increasing support from the PRC government as stated in the recent “12th Five-Year-Plan”, 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. In February 2011, a joint statement was issued by the Ministry of Industry and Information, the Ministry of Science and Technology and the Ministry of Finance on “Regulating, and promoting the development of non-ferrous metal recycling industry” aims to accelerate the restructuring, consolidating, regulating and upgrading the metal recycling industry in PRC with the intention to achieve a sustainable growth in this business sector. The joint statement also stated that the PRC Government strongly encourages increase in import of non-ferrous scrap metals to compensate the shortages that the PRC is currently facing.

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, we are aiming to procure 50,000 to 60,000 tonnes of Mixed Metal Scrap materials a month to cater for its processing needs. Such purchase volume is expected to increase as we continue to expand. The management is committed to continue making efforts to capitalize on such direction in achieving satisfactory returns to the Shareholders.

FINANCIAL REVIEW

Revenue

Revenue increased by HK$3.6 billion, or 153.6%, from HK$2.3 billion in 2009 to HK$5.9 billion in the year. 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$3.3 billion, or 156.1%, from HK$2.1 billion in 2009 (without taking into account the write back of the Inventory Provision) to HK$5.4 billion in the year. The increase is in line with the increase in revenue and primarily due to an increase in sales volume and in the average purchase prices of raw materials.

Gross profit and gross profit margin

Our gross profit for the year was HK$569.9 million as compared to a gross profit of HK$245.8 million (without taking into account the write back of the Inventory Provision) for 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. We recorded a gross profit margin (without taking into account the write back of the Inventory Provision) of 10.5% last year as compared to gross profit margin in the year of 9.6%.

The decrease in overall gross profit margin when compared with the gross profit margin without taking into account the write back of the Inventory Provision in 2009 was mainly due to price volatility remained high especially between May and September 2010 and the differences in sales mix during the year, we managed to achieve an overall gross profit margin of 9.6% (2009: 10.5% (without taking into account the write back of Inventory Provision)) which is generally in line with management expectation.

Distribution and selling expenses

Distribution and selling expenses increased by approximately HK$11 million, or 611.1%, from HK$1.8 million in 2009 to HK$12.8 million in the year due to increase in sales volume. The distribution costs were mainly incurred for the delivery of our Foundry Products directly to our customers.

Administrative expenses

Administrative expenses increased by approximately HK$39.3 million, or 112.6%, from HK$34.9 million in 2009 to HK$74.2 million in the year. This was mainly due to additional expenses for salaries and allowances, professional and legal fees, and share-base payment incurred during the year.

Other income

Other income increased by approximately HK$5.8 million, or 101.8%, from HK$5.7 million in 2009 to HK$11.5 million in the year. This was mainly due to increase in interest income during the year.

Other gains and losses

Other gains decreased by approximately HK$43.2 million from HK$98.2 million in 2009 to HK$55.0 million in the year mainly due to the fact that we had significantly reduced positions in the commodities derivative market during the first half of 2010. To offset such decrease, an amount of approximately HK$43.6 million of net exchange gains were recorded during the year.

Other expenses

Other expenses increased by approximately HK$19.1 million mainly due to one-off listing expenses incurred during the year.

Finance costs

Finance costs increased by approximately HK$13.8 million, or 47.9%, from HK$28.8 million in 2009 to HK$42.6 million in the year. This was mainly due to increase in bank borrowings.

Profit for the year and net profit margin

As a result of the factors discussed above, the net profit for the year increased by HK$165.0 million, or 88.0% from HK$187.6 million (without taking into account the write back of the Inventory Provision) in 2009 to HK$352.6 million in the year.

Key Financial Ratios

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

Liquidity Ratios

	At 31 December 2010	At 31 December 2009
Current ratio	**1.75**	1.41
Quick ratio	**0.54**	0.43
Gearing ratio (%)	**41.8**	43.2

	Year ended 31 December	
	2010	2009
Inventory turnover days	**118**	178
Debtor's turnover days	**6**	7
Creditor's turnover days	**7**	14

Liquidity and Financial Resources and Capital Structure

Included in net current assets were cash and various bank deposits totalling HK$603.0 million (2009: HK$316.4 million). Total bank borrowings were HK$1.5 billion (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 31 December 2010 was 41.8% (2009: 43.2%). This was mainly due to net increase in total assets during the year.

Debtor's turnover days and creditor's turnover days were both decreased from 7 days and 14 days for the year ended 31 December 2009 to 6 days and 7 days for the year ended 31 December 2010 respectively.

Inventory turnover days decreased from 178 days for the year ended 31 December 2009 to 118 days for the year ended 31 December 2010. We target to maintain our inventory turnover days within 90 days, and our management is working to balance our processing need and at the same time 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 as indicated by the above ratios and this would allow the Group to be in a better position to work in accordance with its business directions.

Capital Commitments and Contingent Liabilities

As at 31 December 2010, we had pledged certain buildings, land use rights and bank deposits with an aggregate carrying value of approximately HK$491.5 million (2009: approximately HK$328.6 million) to secure bank borrowings.

As at 31 December 2010, we had capital commitments in respect of acquisition of property, plant and equipment but not provided for in the consolidated financial statements amounted to HK$10.4 million (2009: HK$4.8 million).

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

Risk Management

Our 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. Our 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 risk management, we continued to buy US dollars forward contracts during the year 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. We 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, we have not entered into any interest rate hedging contracts or any other interest rate related derivative financial instrument. However, we continue to monitor its related interest rate exposure closely and will consider hedging significant interest rate exposure when the need arises.

As for credit risk, we continue 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 our Group's financial statements. In addition, we will continue to monitor closely the trade debtors for the Foundry business to minimize potential impairment losses.

With the liquidity risk, we will continue maintaining a balance between continuity of funding and the flexibility through the use of bank borrowings.

Related Party Transactions

Starting from 12 July 2010, all related party transactions that existed in prior to 2009 were discontinued. Pursuant to the Capitalisation Issue as indicated in the Company's prospectus, our Group had subsequent to 30 June 2010 capitalised amounts due to related parties of HK$223.7 million. 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, our Group has settled all remaining amounts due to related parties before or upon listing.

Funds raised by the Company's initial public offering and use of proceeds

The Company was listed on the Stock Exchange during the year and proceeds, less listing expenses, amounted to approximately HK$581.0 million, was raised by the public offering. During the year ended 31 December 2010, the net proceeds were utilised as follows:

	HK$ million
Purchase raw material	290.0
Enhancement of procurement network and capabilities through joint ventures, mergers or acquisition	19.9
Expansion of production capacity	54.3
Repayment of shareholder's loan	50.0
General working capital	51.0

The remaining amounts of approximately HK$115.8 million will be used before the year 2012 and we are actively seeking supplier to enhance our procurement network.

Employees

As at 31 December 2010, we had a workforce of 449 employees. In addition, we engaged approximately 3,730 separation and selection workers through local contractors. We have 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. We continue to maintain good relationships with our employees.

The Remuneration Policy

We remunerates employees based on their performance, experience and prevailing industry practices so as to retain competent employees. In addition to benefits normally provided in line with industry practices, the Company also has a share option scheme in place for the purpose of providing incentives and rewards to the eligible persons including employees of Group companies for their contributions to the long term success of our Group.

As indicated in the Company's prospectus the Company granted Pre-IPO share options to acquire Shares in the Company to 36 employees and directors of the Group. In September 2010, 3.77 million Post-IPO share options were granted under the Post-IPO share option scheme.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The management of the Company believes that effective and proper investor relations play a vital role in creating shareholders' value, enhancing the corporate transparency as well as establishing market confidence. As such, the Company has adopted a stringent internal control system to ensure true, accurate, complete and timely disclosure of relevant information pursuant to requirements of relevant laws and regulations in order to ensure all shareholders equal access to information. To strive for effective communication and transparency of the Company, the personnel in charge have frequent contacts with the shareholders and investors through various channels such as interview, internet, telephone and email.

Since the Listing, the personnel in charge have communicated with several current institutional investors. Several visits to the Company have been arranged. The personnel in charge also have communicated with several potential institutional investors from Hong Kong and overseas and several analysts. Several visits to the Company have been arranged for fund managers and analysts. Through these activities the investors have known more about the Company's development, which leads to a positive effect. The Company has also introduced its development strategy and recent business development to the investors in large investment forums.

The Company endeavors to create opportunities for investment and communication and to provide the latest development of the Company as well as information of the mixed metal scrap recycling industry to the market. As such, investors' understanding of and confidence in the Company can be enhanced.

CORPORATE GOVERNANCE AND OTHER INFORMATION

FINAL DIVIDENDS

The Board proposed the payment of a final dividend for the year ended 31 December 2010 of HK9 cents per ordinary share ("Final Dividend"). The proposed Final Dividend will be paid to the shareholders whose names appear on the Company's Register of Members on 8 April 2011. The proposed Final Dividend will be paid in the form of scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements ("Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed Final Dividend at the 2011 Annual General Meeting; and (ii) the Stock Exchange granting listing of and permission to deal in the new shares to be allotted thereunder. Full details of the Scrip Dividend Scheme will be set out in a circular to be dispatched to the shareholders.

ANNUAL GENERAL MEETING

The Annual General Meeting is to be held on 19 May, 2011 and the notice of Annual General Meeting will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 1 April 2011 to 8 April 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed Final Dividend and to determine the identity of the shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited at Shop 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 31 March 2011.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of all three independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls system and financial reporting matters including the review of the Group's audited consolidated results for the year ended 31 December 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has adopted Corporate Governance Policy with reference to the principles set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules and has updated regularly so as to maintain a high standard of corporate governance practices.

The Company has complied with the code provisions of the Code for the period commencing from 12 July 2010 (the "Listing Date") to 31 December 2010 except the following deviation:

The roles of the chairman and chief executive officer of the Company have not been segregated as required by the provision A.2.1 of the Code.

Mr. Fang Ankong is the Chairman and Chief Executive Officer of the Company. With extensive experience in the mixed metal scrap recycling business, Mr. Fang is responsible our Group's overall strategic planning and the management of our business. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of our Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises three executive Directors (including Mr. Fang), one non-executive Director and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted a code of conduct regarding securities transactions of directors (the "Securities Code") on no less exacting the required standard set out in the Model code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. All Directors confirmed that they have complied with the required standard set out in the Securities Code during period commencing from the Listing Date to 31 December 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period commencing from the Listing Date to 31 December 2010, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Shares of the Company.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chiho-tiande.com). The annual report of the Company for the year ended 31 December 2010 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

APPRECIATION

The Board would like to attribute our performance achieved in the past year to the management of our 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 throughout the year.

By Order of the Board
Fang Ankong
Chairman

Hong Kong, 11 March, 2011

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