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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)**

### **DISCLOSEABLE TRANSACTION RELATING TO THE ACQUISITION AND DEVELOPMENT OF AN INDUSTRIAL SITE AT THE YUEN LONG INDUSTRIAL ESTATE**

#### **THE ACQUISITION**

On 9 September 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Formal Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the leasehold interest of the Property for the Consideration of HK\$148 million. The Consideration comprises the Purchase Price of HK\$108 million payable to the Vendor and the Administrative Fee of HK\$40 million payable to HKSTP, the lessor of the Property.

The Property is an industrial site located at the Yuen Long Industrial Estate with a total area of 385,735 sq. ft. and three buildings erected thereon. The Group intends to develop the Property into an integrated processing facility capable of processing mixed metal scrap and electronics recycling. The Property will be developed in three stages over a period of 84 months. The total investment amount of the Project (including the Consideration) will be approximately HK\$697.6 million.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios in respect of the total investment amount of the Project (including the Consideration) of approximately HK\$697.6 million exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements as set out under the Listing Rules.

## A. INTRODUCTION

The Board is pleased to announce that on 9 September 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Formal Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the leasehold interest of the Property for the Consideration of HK\$148 million.

The Property is an industrial site located at the Yuen Long Industrial Estate with a total area of 385,735 sq. ft. and three buildings erected thereon. The Group intends to develop the Property into an integrated processing facility capable of processing mixed metal scrap and electronics recycling. The Property will be developed in three stages over a period of 84 months. The total investment amount of the Project (including the Consideration) will be approximately HK\$697.6 million.

## B. MAJOR TERMS OF THE FORMAL SALE AND PURCHASE AGREEMENT

The principal terms of the Formal Sale and Purchase Agreement are as follows:

**Date:** 9 September 2011

**Parties:** (i) Brigantine International Holdings Limited as the vendor; and  
(ii) Chiho-Tiande (HK) Limited as the purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of the Company and its connected persons.

**The Property:** The Property is an industrial site situated at the Yuen Long Industrial Estate, New Territories, Hong Kong with a total area of 385,735 sq. ft. and three buildings erected thereon.

**Consideration:** The Consideration for the Acquisition is HK\$148 million, comprising the Purchase Price of HK\$108 million payable to the Vendor and the Administrative Fee of HK\$40 million payable to HKSTP, the lessor of the Property. The Consideration shall be paid by the Purchaser in cash in the following manner:

- (i) HK\$5.4 million, being initial deposit and part payment of the Purchase Price, has been paid upon the signing of the Memorandum for Sale and Purchase;
- (ii) HK\$5.4 million, being further deposit and part payment of the Purchase Price, has been paid upon the signing of the Formal Sale and Purchase Agreement; and

(iii) HK\$97.2 million, being the balance of the Purchase Price, and the Administrative Fee of HK\$40 million shall be paid upon completion of the Formal Sale and Purchase Agreement.

**Completion:** Completion of the Formal Sale and Purchase Agreement shall take place on or before 1 December 2011 or such other date as the parties shall from time to time agree when the balance of the Purchase Price and the Administrative Fee shall be fully paid in the manner according to the terms of the Formal Sale and Purchase Agreement.

**Undertakings:** Each of the Vendor and the Purchaser undertakes to comply with and perform on its part all the terms and conditions as contained in the Approvals given by HKSTP.

## **C. THE PROJECT**

The Group intends to develop the Property into an integrated processing facility capable of processing mixed metal scrap and electronics recycling. The electronics recycling will focus on IT equipment and home appliances such as refrigerators and/or air conditioning units. The Property will be developed in three stages over a period of 84 months, and the Project will involve refurbishment of the existing buildings and construction of new buildings, which are to be used by the Group as processing plants. The Project further includes the purchase and installation of all machinery, plant and equipment necessary for the commencement of operation by the Group. The total investment amount of the Project (including the Consideration) will be approximately HK\$697.6 million.

## **D. REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Directors consider that the Transaction (i.e., the Acquisition and the Project) will reinforce the Group's traditional business of mixed metal scrap recycling, reuse and processing. The Transaction will also enable the Group to expand into the business of electronics recycling. Electronic products are a source of various precious and non-precious metals and electronics recycling represents a strong potential synergy with the traditional mixed metal business. In view of the rapid growth in Hong Kong metal scrap processing business, the Directors believe that the Transaction will further increase the Group's market shares and will help establish the electronics recycling business within the region and will thus generate reasonable return to the Group.

The terms of the Formal Sale and Purchase Agreement (including the Consideration) have been arrived at after arm's length negotiations between the Group and the Vendor, having taken into account an independent valuation of the Property of HK\$150 million as at 19 May 2011 and the Administrative Fee of HK\$40 million payable by the Purchaser to the HKSTP for obtaining the Approvals. The Directors are of the view that the terms of the Formal Sale and Purchase Agreement (including the Consideration) are on normal commercial terms and are fair and reasonable and that

the Acquisition on the terms of the Formal Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

In addition, the total investment amount of the Project has been determined based on the expected funding requirements for the Project. It is currently expected that the total investment amount of the Project will be financed by the internal financial resources of the Group.

#### **E. INFORMATION ABOUT THE VENDOR, THE PURCHASER AND THE GROUP**

The Purchaser is an indirect wholly-owned subsidiary of the Company and an investment holding company incorporated in Hong Kong with limited liability. The principal activity of the Purchaser is purchasing agent of the Group and the wholesale of metal scrap without processing. The Group is principally engaged in the business of mixed metal scrap recycling, reuse and processing which involves the breaking down, demolition and separation of mixed metal scrap.

The Vendor is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of container, vessel and marine engine repair services.

#### **F. IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios in respect of the total investment amount of the Project (including the Consideration) of approximately HK\$697.6 million exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements as set out under the Listing Rules.

#### **G. DEFINITIONS**

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the leasehold interest of the Property by the Purchaser from the Vendor on the terms of the Formal Sale and Purchase Agreement;
“Administrative Fee”	the administrative fee payable to HKSTP for granting the Approvals, being HK\$40 million;
“Approvals”	the approvals for the Acquisition and the Project given by HKSTP by two letters to the Vendor and the Purchaser, respectively, both dated 3 August 2011;
“Board”	the board of Directors;

“Company”	Chiho-Tiande Group Limited, a company incorporated in the Cayman Islands and whose Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 976);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the Purchase Price and the Administrative Fee, being HK\$148 million in aggregate;
“Directors”	the directors of the Company;
“Formal Sale and Purchase Agreement”	the formal sale and purchase agreement dated 9 September 2011 and entered into between the Vendor and the Purchaser in respect of the Acquisition;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSTP”	Hong Kong Science and Technology Parks Corporation, the lessor of the Property;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Memorandum for Sale and Purchase”	the memorandum for sale and purchase dated 30 April 2011 and entered into between the Vendor and the Purchaser in respect of the Acquisition;
“percentage ratio(s)”	has the meaning ascribed to it under Chapter 14 of the Listing Rules;
“Project”	the development of the Property into an integrated processing facility capable of processing mixed metal scrap and electronics recycling;
“Property”	the pieces of land registered in the Land Registry of Hong Kong as the remaining portion of section A of sub-section 1 of section E of Yuen Long Town Lot No. 313 and the extensions thereto, the remaining portion of section E of Yuen Long Town Lot No. 313 and the extension thereto and sub-section 3 of section E of Yuen Long Town Lot No. 313 and the extension thereto, with a total area of 385,735 sq. ft. and three buildings erected thereon;
“Purchase Price”	the purchase price payable by the Purchaser to the Vendor for the Acquisition, being HK\$108 million;

“Purchaser”	Chiho-Tiande (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	registered holder(s) of the Shares;
“Transaction”	collectively, the Acquisition and the Project;
“Vendor”	Brigantine International Holdings Limited, a company incorporated in Hong Kong with limited liability;
“sq. ft.”	square feet; and
“%”	percent.

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

Hong Kong, 9 September 2011

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

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

*Non-executive Director:* Ralph Sytze Ybema

*Independent non-executive Directors:* Loke Yu, Li Xikui, Zhang Jingdong