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If you have sold or transferred all your shares in Chiho-Tiande Group Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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)

CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
THE NEW MASTER SUPPLY AGREEMENT
FOR THE PURCHASE OF SCRAP METAL FROM
SIMS METAL MANAGEMENT ASIA LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders



All capitalised terms used in this circular shall have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 6 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 and 16 of this circular. A letter from Guangdong Securities containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 26 of this circular.

The notice convening the EGM to be held at Level 2, 48 Wang Lok Street, Yuen Long Industrial Estate, Hong Kong on Tuesday, 18 December 2012 at 2:00 p.m. is set out on pages 39 to 41 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

30 November 2012

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DEFINITIONS

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

“2012 Master Supply Agreement”	the master supply agreement entered into on 16 January 2012 between the Company and Sims Asia in respect of the supply of the Products by the relevant member(s) of the Sims Asia Group to the relevant member(s) of the Group during the term between 16 January 2012 and 31 December 2012, as disclosed in the announcement and the circular of the Company dated 17 January 2012 and 9 February 2012, respectively;
“Announcement”	the announcement of the Company dated 15 November 2012 in relation to the Transactions;
“Annual Caps”	the expected maximum aggregate annual values of the Products to be supplied by the Sims Asia Group to the Group under the New Master Supply Agreement within the relevant periods during the Term;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Associated Corporation(s)”	has the meaning ascribed to it in Part XV of the SFO;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for business;
“BVI”	British Virgin Islands;
“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 (Stock Code: 976);
“connected person”	has the meaning ascribed to it in the Listing Rules;
“continuing connected transactions”	has the meaning ascribed to it in the Listing Rules;
“controlled corporation(s)”	has the meaning ascribed to it in Part XV of the SFO;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;

DEFINITIONS

“Convertible Bonds”	the three-year 4% coupon convertible bonds in the aggregate principal amount of HK\$815,800,000 issued by the Company on 1 March 2012 and convertible into Shares at an initial conversion price of HK\$6.00 per Share (subject to adjustments);
“Delco”	Delco Participation B.V., a company incorporated in the Netherlands and a substantial shareholder holding approximately 22.09% of the existing issued share capital of the Company as at the Latest Practicable Date;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at Level 2, 48 Wang Lok Street, Yuen Long Industrial Estate, Hong Kong on Tuesday, 18 December 2012 at 2:00 p.m. for the purpose of considering and if, thought fit, approving the Transactions;
“Green Elite”	Green Elite Limited, a company incorporated in the BVI and a Shareholder holding approximately 5.75% of the existing issued share capital of the Company as at the Latest Practicable Date;
“Group”	the Company and its subsidiaries from time to time;
“Independent Shareholders”	Shareholders other than Sims and its associates;
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“HWH”	HWH Holdings Limited, a company incorporated in the BVI, a substantial shareholder holding approximately 30.39% of the existing issued share capital of the Company as at the Latest Practicable Date;

DEFINITIONS

“Independent Board Committee”	a board committee comprising all independent non-executive Directors established by the Board to advise the Independent Shareholders on the Transactions;
“Latest Practicable Date”	28 November 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long Stop Date”	31 March 2013 or such later date as the Parties shall agree in writing;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules;
“Mr. de Leeuw”	Mr. Herman Maurits de Leeuw, one of the controlling shareholders of Delco;
“Mr. Fang”	Mr. Fang Ankong, the Chairman of the Company, an executive Director and a controlling shareholder of the Company;
“Mr. Gu”	Mr. Gu Liyong, an executive Director;
“Mr. Lion”	Mr. Michael Charles Lion, a non-executive Director;
“Mr. van Ooijen”	Mr. Stephanus Maria van Ooijen, an executive Director and a controlling shareholder of the Company;
“New Master Supply Agreement”	the master supply agreement entered into on 15 November 2012 between the Company and Sims Asia in respect of the supply of the Products by the relevant member(s) of the Sims Asia Group to the relevant member(s) of the Group during the Term;
“Parties”	collectively, the Company and Sims Asia, and a “ Party ” shall mean any of them;
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules;

DEFINITIONS

“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Company on 23 June 2010;
“PRC”	the People’s Republic of China, excluding for the purpose of this circular, Hong Kong, Taiwan and the Macau Special Administrative Region;
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on 23 June 2010;
“Products”	the products which may from time to time be supplied by the relevant member(s) of the Sims Asia Group to the relevant member(s) of the Group which include scrap metal under the New Master Supply Agreement;
“Purchase Order(s)”	the purchase order(s) setting out the particulars and the detailed terms and conditions for the supply of the Products by the relevant member(s) of the Sims Asia Group to the relevant member(s) of the Group;
“Resolution”	the ordinary resolution of the Company to approve the Transactions by the Independent Shareholders at the EGM;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Shareholders”	holder(s) of the Share(s);
“Sims”	Sims Metal Management Dragon Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SMM;
“Sims Asia”	Sims Metal Management Asia Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SMM;
“Sims Asia Group”	Sims Asia and its subsidiaries and associates;
“SMM”	Sims Metal Management Limited, a company incorporated in Australia and the holding company of Sims and Sims Asia;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“subsidiary”	has the meaning ascribed to it in section 2(4) of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong);
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules;
“Term”	the term of the New Master Supply Agreement, being the period between 1 January 2013 and 31 December 2015 unless terminated earlier in accordance with the terms of the New Master Supply Agreement;
“Transactions”	the entering into of the New Master Supply Agreement and the transactions contemplated thereunder;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Warrant(s)”	the warrant(s) issued by the Company on 1 March 2012 which entitle the holders thereof to subscribe for fully paid Shares in the aggregate amount of HK\$75,830,646 at the initial subscription price of HK\$6.00 per Share (subject to adjustments); and
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Fang Ankong
(Chairman and Chief Executive Officer)
Mr. Stephanus Maria van Ooijen
(Vice President)
Mr. Gu Liyong
(Vice President)

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Non-executive Director:

Mr. Michael Charles Lion

Principal Place of

Business in Hong Kong:
48 Wang Lok Street
Yuen Long Industrial Estate
Hong Kong

Independent Non-executive Directors:

Ms. Zhang Jingdong
Dr. Loke Yu
Mr. Li Xikui

30 November 2012

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
THE NEW MASTER SUPPLY AGREEMENT
FOR THE PURCHASE OF SCRAP METAL FROM
SIMS METAL MANAGEMENT ASIA LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Announcement in relation to the Transactions.

LETTER FROM THE BOARD

As disclosed in the Announcement, on 15 November 2012, the Company entered into the New Master Supply Agreement with Sims Asia to renew the existing arrangements under the 2012 Master Supply Agreement in relation to the supply by the relevant member(s) of the Sims Asia Group of the Products which include scrap metal, to the relevant member(s) of the Group for the Term of three years from 1 January 2013 to 31 December 2015. The Transactions constitute non-exempt continuing connected transactions for the Company and are subject to the approval of the Independent Shareholders (i.e. Shareholders other than Sims and its associates) at the EGM.

The purpose of this circular is to provide Shareholders with further information on the Transactions and other information prescribed by the Listing Rules. This circular also contains (i) a letter of advice from Guangdong Securities to the Independent Board Committee and the Independent Shareholders setting out its advice and recommendation in relation to the Transactions; (ii) a letter of advice from the Independent Board Committee setting out its advice to the Independent Shareholders in relation to the Transactions; and (iii) the notice of the EGM, at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the Transactions.

2. CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE NEW MASTER SUPPLY AGREEMENT WITH SIMS ASIA

The New Master Supply Agreement

Reference is made to the announcement of the Company on 17 January 2012 in relation to, among other things, the 2012 Master Supply Agreement. Pursuant to the 2012 Master Supply Agreement, the relevant member(s) of the Sims Asia Group may supply to the relevant member(s) of the Group the Products which include scrap metal at prevailing market prices during the term between 16 January 2012 and 31 December 2012.

In order to renew the existing arrangements under the 2012 Master Supply Agreement, on 15 November 2012, the Company entered into the New Master Supply Agreement with Sims Asia, pursuant to which the relevant member(s) of the Group may purchase from the relevant member(s) of the Sims Asia Group the Products at prevailing market prices for the Term of three years from 1 January 2013 to 31 December 2015.

The principal terms of the New Master Supply Agreement are set out below:

- Date:** 15 November 2012
- Parties:** (a) the Company; and
(b) Sims Asia

LETTER FROM THE BOARD

Supply of Products: The Company agrees to procure the relevant member(s) of the Group to issue Purchase Orders to the relevant member(s) of the Sims Asia Group for the purchase of the Products from time to time. Each Purchase Order shall set out the particulars and the terms and conditions upon which any particular Products shall be supplied by the relevant member(s) of the Sims Asia Group to the relevant member(s) of the Group. The terms of each Purchase Order must comply with the terms of the New Master Supply Agreement and in particular, any Products to be supplied under any Purchase Order must comply with the basis set out in the New Master Supply Agreement.

Basis for the supply of Products: All of the Products shall be supplied by the relevant member(s) of the Sims Asia Group to the relevant member(s) of the Group on the following basis:

- (i) on normal commercial terms (or on terms no less favourable to the Group than terms made available from independent third parties);
- (ii) pricing determined on an arm's length negotiation by reference to the prevailing market prices and having regard to the estimated costs for the supply of the Products; and
- (iii) the aggregate value of the Products to be supplied by the Sims Asia Group to the Group under the New Master Supply Agreement during the Term shall not exceed the Annual Caps as set out in the section headed "Implications of the New Master Supply Agreement under the Listing Rules" in the "Letter from the Board" of this circular.

The charges for Products rendered under the Purchase Order(s) shall be settled by way of cash.

LETTER FROM THE BOARD

Conditions: The New Master Supply Agreement is conditional upon:

- (a) the Company having obtained all necessary approvals, whether corporate or regulatory or otherwise, required for the New Master Supply Agreement and the transactions contemplated thereunder, including but not limited to the passing of the Resolution by the Independent Shareholders; and
- (b) Sims Asia having obtained all necessary approvals, whether corporate or regulatory or otherwise, required for the New Master Supply Agreement and the transactions contemplated thereunder.

If the above conditions are not fulfilled on or before the Long Stop Date, the New Master Supply Agreement shall automatically terminate and neither Party shall have any rights to claim against the other Party under the New Master Supply Agreement.

Term of the New Master Supply Agreement: The New Master Supply Agreement will take effect from 1 January 2013 and shall continue until 31 December 2015 unless terminated earlier in accordance with the terms thereof.

Reasons for and benefits of entering into the New Master Supply Agreement

Sims Asia is an existing business partner of the Group as the Group has been purchasing certain scrap metal products from the Sims Asia Group for a considerable period of time. It is expected that the demand for a constant supply of the Products by the Sims Asia Group will last over the next few years. The New Master Supply Agreement will enable the Group to comply with the applicable requirements under the Listing Rules in respect of continuing connected transactions and allow the Group to continue purchasing the Products from the Sims Asia Group on an uninterrupted basis during the Term.

Implications of the New Master Supply Agreement under the Listing Rules

Sims Asia is the intermediate holding company of Sims which holds approximately 15.98% of the issued share capital of the Company. Therefore, Sims Asia is a substantial shareholder and hence a connected person of the Company. The transactions contemplated under the New Master Supply Agreement therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing

LETTER FROM THE BOARD

Rules. The aggregate values of the transactions between the Group and the Sims Asia Group under the New Master Supply Agreement in the relevant periods during the Term are capped at the following Annual Caps:–

Relevant periods during the Term	Annual Caps
1 January 2013 – 31 December 2013	US\$200 million (approximately HK\$1,560 million)
1 January 2014 – 31 December 2014	US\$350 million (approximately HK\$2,730 million)
1 January 2015 – 31 December 2015	US\$500 million (approximately HK\$3,900 million)

The Annual Caps were arrived at after taking into account:

- (a) the historical volume and average market price of the Products that the Group purchased from the Sims Asia Group under the 2012 Master Supply Agreement. The aggregate value of the Products supplied by the Sims Asia Group to the Group during the period from 16 January 2012 to 31 October 2012 is approximately US\$93 million (approximately HK\$725.4 million);
- (b) the projected increase in the volume and market prices of the Products to be purchased from the Sims Asia Group during the Term. Apart from the traditional mixed scrap metals, the Group plans to purchase waste electrical and electronic equipment and ferrous scrap metals from the Sims Asia Group in the next three years; and
- (c) the estimated increase in the price volatility of the Products over the Term.

In arriving at the Annual Caps, the Company expects that:

- (a) there is a 30% increase per annum in the production capacity for processing the traditional mixed scrap metals. The Company is constructing new production facilities in Hong Kong and the Development Zone in Yantai City, the PRC and it is expected that the processing operations in the new production facilities will begin in stages starting from 2013. The Company therefore expects that such expansion in production facilities will bring about a 30% increase per annum in the production capacity of the Group in the next few years. The Directors are confident that the Group will be able to sell all the scrap metal products which the Group has processed from the traditional mixed scrap metals after the expansion in the production capacity;
- (b) the market prices of the traditional mixed scrap metal products will have a 5% increase due to annual inflation and a 15% increase per annum attributable to price volatility, based on the average upward movements of the 3-month copper price as quoted in the London Metal Exchange during the period between November 2011 and October 2012. During the said period, the highest 3-month

LETTER FROM THE BOARD

copper price as quoted in the London Metal Exchange was US\$8,647 (approximately HK\$67,446.6), representing an upward movement of approximately 20.18% over the lowest 3-month copper price of US\$7,195 (approximately HK\$56,121) and approximately 9.46% over the average 3-month copper price of US\$7,899.95 (approximately HK\$61,619.6) during the same period; and

- (c) the Group will purchase waste electrical and electronic equipment (including but not limited to waste computer products, household appliances and office automation equipment) from the Sims Asia Group starting from January 2013, with an initial value of approximately US\$1 million (approximately HK\$7.8 million) per quarter and an expected 10% increase in the value of purchase per quarter. The Group will dismantle the waste electrical and electronic equipment and turn them into parts and components for resale to the downstream for further processing. In addition, the Group expects to purchase ferrous scrap metals from the Sims Asia Group starting from 2014, with an initial value of approximately US\$50 million (approximately HK\$390 million) per year. The Group will process ferrous scrap metals into standard size for resale to the downstream for further processing. In the past, the Group focused on the processing of traditional mixed scrap metals. With the anticipated expansion in the production facilities in Hong Kong and Yantai City, the Group plans to expand its processing activities by processing other types of scrap materials. Given that the Sims Asia Group is the largest waste electrical and electronic equipment processor in the world, it would be logical and beneficial to the Shareholders as a whole for the Group to tap on the resources of the Sims Asia Group and develop this segment of recycling and processing business. For this reason, waste electrical and electronic equipment and ferrous scrap metals will be processed by the Group as part of the business expansion strategies of the Group. The estimated values of purchase of waste electrical and electronic equipment and ferrous scrap metals were based on the Group's future production capacity for processing these types of scrap materials, which have been formulated by the Directors with reference to the past industry experience of the Group on processing and industry demand on scrap metals.

As the applicable Percentage Ratios in respect of the Annual Caps are more than 5%, the transactions contemplated under the New Master Supply Agreement constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules. The New Master Supply Agreement is therefore subject to the reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the New Master Supply Agreement will be included in the next published annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules, and in the subsequent published annual reports and accounts of the Company for the financial years during the Term in accordance with Rule 14A.46 of the Listing Rules.

LETTER FROM THE BOARD

The Company has appointed Guangdong Securities as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the New Master Supply Agreement and the Annual Caps, and to advise the Independent Shareholders as to how they should vote on the Resolution at the EGM.

The Independent Board Committee comprising all Independent non-executive Directors has been established to advise the Independent Shareholders as to whether the New Master Supply Agreement is on normal commercial terms, the terms of which are fair and reasonable insofar as the Independent Shareholders are concerned, and to advise the Independent Shareholders as to how they should vote on the Resolution at the EGM, after taking into account of the recommendations of Guangdong Securities.

Information on the Group and Sims Asia

The Group principally engages in mixed metal scrap recycling, reuse and processing which involves breaking-down, demolition and separation of mixed metal scrap such as motor scrap and electric wire and cable scrap into their respective metal constituents, comprising mainly copper scrap, steel scrap, aluminum scrap and iron scrap as well as a growing business in scrap metal collection.

Sims Asia is the intermediate holding company of Sims which holds approximately 15.98% of the issued share capital of the Company. Sims in turn is an indirect wholly-owned subsidiary of SMM, the world's largest listed metal recycler with ordinary shares listed on the Australian Securities Exchange (ASX: SGM) and American Depositary Receipts listed on the New York Stock Exchange (NYSE: SMS). The principal business of SMM and its subsidiaries and its associates is metals and electronics recycling.

3. EGM

The EGM will be held at Level 2, 48 Wang Lok Street, Yuen Long Industrial Estate, Hong Kong on Tuesday, 18 December 2012 at 2:00 p.m. for the purpose of considering and, if thought fit, approving the Transactions. The notice convening the EGM is set out on pages 39 to 41 of this circular. At the EGM, the Resolution will be proposed for the approval of the Transactions by the Independent Shareholders.

The register of members of the Company will be closed from Monday, 17 December 2012 to Tuesday, 18 December 2012, both dates inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of the Shareholders who are entitled to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 14 December 2012.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the accompanying form of proxy will not prevent you from attending and voting at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 14A.54 of the Listing Rules, Sims and its associates are required to abstain from voting on the Resolution at the EGM. As at the Latest Practicable Date, Sims held 166,696,754 Shares, representing approximately 15.98% of the issued share capital of the Company, and none of its associates held any Shares.

4. VOTING BY POLL

In compliance with the Listing Rules, the Resolution will be voted on by way of poll at the EGM. The Company will announce the results of the poll in the manner prescribed under Rule 13.39 (5) of the Listing Rules.

5. RECOMMENDATION

The New Master Supply Agreement was entered into by the Company in the ordinary and usual course of business of the Group. The terms of the New Master Supply Agreement (including the Annual Caps) have been arrived at after arm's length negotiation between the Company and Sims Asia. The Directors (excluding the independent non-executive Directors and Mr. Lion, the non-executive Director, who is considered having a material interest in the Transactions by virtue of the fact that he is a director of Sims Asia and has abstained from voting at the relevant meeting of the Board to approve the Transactions in accordance with the requirements of the Listing Rules) consider that the terms of the New Master Supply Agreement (including the Annual Caps) are on normal commercial terms and are fair and reasonable, and that it would be in the interest of the Company and the Shareholders as a whole to enter into the New Master Supply Agreement as it will allow the Group to continue purchasing scrap metal from the Sims Asia Group on an uninterrupted basis.

Having taken into account the recommendation and advice from Guangdong Securities and other factors in relation to the Transactions (as contained in the letter from Guangdong Securities set out on pages 17 to 26 of this circular), the Independent Board Committee is of the view that the terms of the New Master Supply Agreement (including the Annual Caps) are on normal commercial terms and are fair and reasonable insofar as the Independent Shareholders are concerned, and that the Transactions would be in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the Resolution at the EGM.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on pages 15 and 16 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from Guangdong Securities set out on pages 17 to 26 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

6. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
Chiho-Tiande Group Limited
Fang Ankong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

Independent Board Committee:

Dr. Loke Yu (*Chairman*)

Mr. Li Xikui

Ms. Zhang Jingdong

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

30 November 2012

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
THE NEW MASTER SUPPLY AGREEMENT
FOR THE PURCHASE OF SCRAP METAL FROM
SIMS METAL MANAGEMENT ASIA LIMITED**

We refer to the circular (the “**Circular**”) of the Company dated 30 November 2012 of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in our opinion, the Transactions are on normal commercial terms and are fair and reasonable insofar as the Independent Shareholders are concerned.

Guangdong Securities has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions. Your attention is drawn to the letter of advice from Guangdong Securities as set out on pages 17 to 26 of the Circular, which contains its advice and recommendation to us and the Independent Shareholders in relation to the Transactions, as well as the principal factors and reasons for its advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the recommendation and advice of Guangdong Securities, in our opinion, the Transactions are on normal commercial terms and are fair and reasonable insofar as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the Resolution at the EGM.

Yours faithfully,

**The Independent Board Committee
of Chiho-Tiande Group Limited**

Dr. Loke Yu (*Chairman*)

Mr. Li Xikui

Ms. Zhang Jingdong

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the New Master Supply Agreement for the purpose of inclusion in this circular.



Unit 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

30 November 2012

*To: The independent board committee and the independent shareholders of
Chiho-Tiande Group Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the New Master Supply Agreement and the transactions contemplated thereunder (the “**Continuing Connected Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 30 November 2012 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 15 November 2012, the Company announced that in order to renew the existing arrangements under the 2012 Master Supply Agreement, the Company entered into the New Master Supply Agreement with Sims Asia on even date, pursuant to which the relevant member(s) of the Group may purchase from the relevant member(s) of the Sims Asia Group the Products at the prevailing market prices for the Term of three years from 1 January 2013 to 31 December 2015.

The aggregate values of the transactions between the Group and the Sims Asia Group under the New Master Supply Agreement in the relevant periods during the Term are capped at the Annual Caps.

The Continuing Connected Transactions constitute non-exempt continuing connected transactions for the Company pursuant to Rule 14A.35 of the Listing Rules, and are therefore subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will convene the EGM at which resolution(s) will be proposed for the approval of the Continuing Connected Transactions whereby Sims and its associates are required to abstain from voting.

LETTER FROM GUANGDONG SECURITIES

An Independent Board Committee comprising Dr. Loke Yu, Mr. Li Xikui and Ms. Zhang Jingdong (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of the New Master Supply Agreement (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Continuing Connected Transactions and the Annual Caps at the EGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company and Sims Asia or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Continuing Connected Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

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Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

(1) Background of the Continuing Connected Transactions

Business overview of the Group

With reference to the Board Letter, the Group principally engages in mixed metal scrap recycling, reuse and processing which involve breaking-down, demolition and separation of mixed metal scrap such as motor scrap and electric wire and cable scrap into their respective metal constituents, comprising mainly copper scrap, steel scrap, aluminium scrap and iron scrap as well as a growing business in scrap metal collection.

Set out below are the consolidated financial information of the Group for the six months ended 30 June 2012 and the two years ended 31 December 2011 as extracted from the Company's interim report for the six months ended 30 June 2012 (the "2012 Interim Report") and its annual report for the year ended 31 December 2011 (the "2011 Annual Report") respectively:

	For the six months ended 30 June 2012 (unaudited) HK\$'000	For the year ended 31 December 2011 (audited) HK\$'000	For the year ended 31 December 2010 (audited) HK\$'000	Year on year change %
Revenue				
– Metal recycling business	2,974,700	8,260,352	4,920,515	67.88
– Foundry business	234,350	1,029,271	835,306	23.22
– Wholesales business	<u>374,163</u>	<u>525,899</u>	<u>175,768</u>	<u>199.20</u>
Total	<u><u>3,583,213</u></u>	<u><u>9,815,522</u></u>	<u><u>5,931,589</u></u>	<u><u>65.48</u></u>
Profit for the period/ year attributable to owners of the Company	44,966	152,087	352,798	(56.89)

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From the above table, we noted that the total revenue of the Group for the year ended 31 December 2011 rose substantially by approximately 65.48% from approximately HK\$5,931.6 million to approximately HK\$9,815.5 million. As referred to in the 2011 Annual Report, such substantial rise was a result of the significant increase in sales of the Group due to the continuous strong demand in its processed products during the same year under review. Nevertheless, as referred to in the 2012 Interim Report, facing the volatile global metal market, the Group's total revenue dropped by approximately 20.81% for the six months ended 30 June 2012 as compared to the corresponding period in the prior year.

Despite the rise in total revenue, the Group recorded reduction in net profit attributable to owners of the Company from approximately HK\$352.8 million for the year ended 31 December 2010 to approximately HK\$152.1 million for the year ended 31 December 2011. According to the 2011 Annual Report, the main reasons for the reduction in net profit were the significant drop in the global commodity prices in the last quarter of 2011 and the "mark-to-market" basis for provision for inventories and revaluation for financial instruments held by the Group. As confirmed by the Directors, the significant drop in the global commodity prices as well as the "mark-to-market" basis for provision for inventories had continued in the first half of 2012. As a result, the Group's profitability further shrank for the six months ended 30 June 2012.

As indicated in the 2012 Interim Report, with the emphasis of support from the PRC government to develop the recycling industry, the Directors are confident that the metal recycling industry in the PRC can maintain the growing momentum and will become an important source and an integral part of the metal resource supply chain of the PRC in the future. On the basis that metal recycling industry contributes significantly to the protection of the environment and to the preservation of valuable natural resources, the Group will continue to place heavy emphasis on its procurement volume to ensure that it is in line with its processing needs and to cater for its expansion strategy for scrap materials in the PRC.

At present, the Group imports nearly all of its mixed metal scrap and has, over the years, developed a strong international procurement network which covers Europe, North America, Oceania and Asia. In the first quarter of 2012 following the completion of the acquisition of the Yuen Long industrial site, the Group has moved its operations to the Yuen Long facility which will enable the Group to establish a more diversified scrap metal and electronic waste processing platform in Hong Kong. Moreover, the construction of the Group's new processing facilities in the Development Zone in Yantai City, the PRC has already commenced and it is expected that the processing operations will begin in stages starting in 2013.

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Information on Sims Asia

As extracted from the Board Letter, Sims Asia is the intermediate holding company of Sims which holds approximately 15.98% of the issued share capital of the Company. Sims in turn is an indirect wholly-owned subsidiary of SMM, the world's largest listed metal recycler with ordinary shares listed on the Australian Securities Exchange (ASX: SGM) and American Depositary Receipts listed on the New York Stock Exchange (NYSE: SMS). The principal business of SMM and its subsidiaries and associates is metals and electronics recycling.

Reasons for the Continuing Connected Transactions

With reference to the 2012 Interim Report, Sims became the first strategic investor of the Company in January 2012 (for details, please refer to the announcement of the Company dated 17 January 2012). Since Sims became a strategic investor of the Company, the Company has started to reap the synergistic benefit of its tie-up with the gradual increase in the purchase volume with Sims and at the same time, the Group has also started selling scrap materials through Sims to its customers in the Asia region. The Board believes that in view of SMM's global reach and customer network, advanced technologies and solutions in the metals and electronics recycling industry together with its strong global resources, the strategic collaboration between the Group and SMM will significantly add value and expertise which complements that of the Group, and will considerably enhance the Group's current position for future expansion.

As further advised by the Directors, Sims Asia is an existing business partner of the Group as the Group has been purchasing certain scrap metal products from the Sims Asia Group for a considerable period of time. It is expected that the demand for a constant supply of the Products by the Sims Asia Group will last over the next few years. In this regard, the New Master Supply Agreement will enable the Group to comply with the applicable requirements under the Listing Rules in respect of continuing connected transactions and allow the Group to continue purchasing the Products from the Sims Asia Group on an uninterrupted basis during the Term.

Having considered (i) the business expansion plan of the Group for the future as highlighted under the sub-section headed "Business overview of the Group" in this letter; and (ii) the existing strategic business relationship between the Group and the Sims Asia Group as aforementioned, we concur with the Directors that the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole.

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(2) Principal terms of the New Master Supply Agreement

The following table tabulates a summary of the major terms of the New Master Supply Agreement (details of which are contained under the sub-section headed “The New Master Supply Agreement” of the Board Letter):

Date:	15 November 2012	
Term:	From 1 January 2013 to 31 December 2015 unless terminated earlier in accordance with the terms thereof	
Nature of transaction:	The Company agrees to procure the relevant member(s) of the Group to issue the Purchase Orders to the relevant member(s) of the Sims Asia Group for the purchase of the Products from time to time. Each Purchase Order shall set out the particulars and the terms and conditions upon which any particular Product shall be supplied by the relevant member(s) of the Sims Asia Group to the relevant member(s) of the Group. The terms of each Purchase Order must comply with the terms of the New Master Supply Agreement and in particular, any Products to be supplied under any Purchase Order must comply with the basis set out in the New Master Supply Agreement.	
Annual Caps:	<i>Relevant periods during the Term</i>	<i>Amount of the Annual Caps</i>
	1 January 2013 – 31 December 2013	US\$200 million (equivalent to approximately HK\$1,560 million)
	1 January 2014 – 31 December 2014	US\$350 million (equivalent to approximately HK\$2,730 million)
	1 January 2015 – 31 December 2015	US\$500 million (equivalent to approximately HK\$3,900 million)

Pursuant to the New Master Supply Agreement, all of the Products shall be supplied by the relevant member(s) of the Sims Asia Group to the relevant member(s) of the Group on the following basis:

- (i) on normal commercial terms (or on terms no less favourable to the Group than terms made available from independent third parties);
- (ii) pricing determined on an arm’s length negotiation by reference to the prevailing market prices and having regard to the estimated costs for the supply of the Products; and

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- (iii) the aggregate value of the Products to be supplied by the Sims Asia Group to the Group under the New Master Supply Agreement during the Term shall not exceed the Annual Caps.

The charges for the Products rendered under the Purchase Order(s) shall be settled by way of cash.

For our due diligence purpose, we have requested the Company to provide us with the invoices of the historical purchase of the Products by the Group from the Sims Asia Group as well as the invoices of the historical purchase of products similar to the Products by the Group from other independent third parties. From those invoices provided, we noted that the prices payable to the Sims Asia Group had been comparable and were no more favourable to the Sims Asia Group than to the other independent third parties, representing the then prevailing market prices.

Based on the terms of the New Master Supply Agreement as summarised above, in particular that the transactions contemplated under the New Master Supply Agreement will be conducted on normal commercial terms (or on terms no less favourable to the Group than terms made available from independent third parties) and the pricing of the Products will be fixed by reference to the prevailing market prices and having regard to the estimated costs for the supply of the Products, we are of the view that the terms of the New Master Supply Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

(3) Basis of the Annual Caps

As stated in the Board Letter, the Annual Caps were arrived at after taking into account:

- (i) the historical volume and average market price of the Products that the Group purchased from the Sims Asia Group under the 2012 Master Supply Agreement. The aggregate value of the Products supplied by the Sims Asia Group to the Group during the period from 16 January 2012 to 31 October 2012 is approximately US\$93 million (equivalent to approximately HK\$725.4 million);
- (ii) the projected increase in the volume and market prices of the Products to be purchased from the Sims Asia Group during the Term. Apart from the traditional mixed scrap metals, the Group plans to purchase waste electrical and electronic equipment (including but not limited to waste computer products, household appliances and office automation equipment) and ferrous scrap metals from the Sims Asia Group in the next three years; and
- (iii) the estimated increase in the price volatility of the Products over the Term.

Shareholders may refer to the sub-section headed “Implications of the New Master Supply Agreement under the Listing Rules” of the Board Letter for further elaboration of the basis of the Annual Caps.

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To assess the fairness and reasonableness of the Annual Caps, we have discussed with the Directors regarding the basis of the Annual Caps. In this respect, we understand from the Directors that as aforesaid, the Products include traditional mixed scrap metals and other new types of scrap materials, being the waste electrical and electronic equipment and ferrous scrap metals. For traditional mixed scrap metals, the Company has estimated the relevant annual caps required based on (i) the average monthly amount of traditional mixed scrap metals purchased by the Group in the first ten months in 2012 under the 2012 Master Supply Agreement; (ii) the expected expansion in production capacity of the Group; and (iii) certain buffer for future inflation and price volatility of the traditional mixed scrap metals.

We have requested and obtained from the Company information regarding the average monthly amount of traditional mixed scrap metals purchased by the Group in the first ten months in 2012 under the 2012 Master Supply Agreement. We have also obtained information on the expected expansion in production capacity of the Group, being at an estimated rate of 30% per annum following its production expansion plan in the coming years, especially in Hong Kong and Yantai City as mentioned under the sub-section headed “Business overview of the Group” in this letter. As advised by the Directors, based on their past experience and industry demand, they are confident that the Group will be able to sell all the scrap metal products which the Group has processed from the traditional mixed scrap metals utilising its available production capacity. In addition, we consider the buffer for future inflation (being 5% per annum) and price volatility (being 15% per annum) of the traditional mixed scrap metals set by the Company to be acceptable based on the range of fluctuation of (i) the actual prices of the traditional mixed scrap metals transacted by the Group in the first ten months of 2012; and (ii) the London Metal Exchange (LME) 3-month copper price (seller). We have researched over Bloomberg and found that the LME 3-month copper price (seller) was at the lowest of US\$7,195 on 23 November 2011 and the highest of US\$8,647 on 28 February 2012, with an average of US\$7,899.95 during the past approximate one-year period. The maximum copper price thus represented upward movements of approximately 20.18% and 9.46% respectively as compared to the minimum and average copper prices during the said period under review.

With regard to the waste electrical and electronic equipment and ferrous scrap metals, the Directors advised us that the Group will dismantle the waste electrical and electronic equipment and turn them into parts and components for resale to the downstream for further processing. The Group will also process ferrous scrap metals into standard size for resale to the downstream for further processing as part of the business expansion strategies of the Group following its production expansion plan as aforementioned. Upon our enquiry with the Directors, we understand that the Group has in the past focused on the processing of traditional mixed scrap metals, with the expected expansion in its production capacity in Hong Kong and Yantai City, the Group plans to process new scrap materials including but not limited to the waste electrical and electronic equipment and ferrous scrap metals. In this relation, we noted that the Directors have estimated the relevant annual caps required based on the Group’s future processing plan on those new types of scrap materials, which has been formulated thoroughly with reference to its past industry experience on processing and the expected industry demand of scrap metals. Given the Group’s leading position and

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satisfactory business operations within the mixed metal scrap industry, together with the fact that the annual caps required by the other new types of scrap materials contribute less than 20% of the Annual Caps for each year during the Term, we are of the view that although the relevant estimations were made without the statistics on similar historical transactions and actual purchase order(s), the estimated caps for those new types of scrap materials are acceptable.

With the above being the case, we consider that the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2015, and they do not represent forecasts of revenue to be generated from the Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual revenue to be generated under the Continuing Connected Transactions will correspond with the Annual Caps.

(4) Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.37 to 14A.41 of the Listing Rules pursuant to which (i) the values of the Products purchased and to be purchased must be restricted by the Annual Caps during the Term; (ii) the terms of the New Master Supply Agreement (including the Annual Caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the New Master Supply Agreement (including the Annual Caps) must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, that the Continuing Connected Transactions are carried out in accordance with the Purchase Order(s), and the Annual Caps are not being exceeded. In the event that the total amounts of the Products purchased and to be purchased exceed the Annual Caps, or that there is any material amendment to the terms of the New Master Supply Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the New Master Supply Agreement (including the Annual Caps) and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the New Master Supply Agreement (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Continuing Connected Transactions are in the interests of the

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Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to approve the Continuing Connected Transactions and the Annual Caps at the EGM and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of each of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its Associated Corporations which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

The Company

(i) Long positions in Shares and underlying Shares:

Name of Director	Capacity/Nature of Interest	Number of Shares interested	Number of underlying Shares interested	Total number of Shares interested	Approximate percentage shareholding in the Company
Mr. Fang	Beneficial owner	5,614,000	35,450,000 <i>(Note 1)</i>	41,064,000	
	Interest in controlled corporations	376,985,265 <i>(Note 2)</i>	31,266,667 <i>(Note 2)</i>	408,251,932	
	Interest of the other parties to an agreement under section 317 of the SFO	397,392,735 <i>(Note 3)</i>	141,875,536 <i>(Note 3)</i>	539,268,271	
			Total:	<u>988,584,203</u>	94.77%

Name of Director	Capacity/Nature of Interest	Number of Shares interested	Number of underlying Shares interested	Total number of Shares interested	Approximate percentage shareholding in the Company
Mr. van Ooijen	Beneficial owner	300,000	3,700,000 (Note 4)	4,000,000	
	Interest in controlled corporations	290,395,981 (Note 5)	52,100,000 (Note 5)	342,495,981	
	Interest of the other parties to an agreement under section 317 of the SFO	489,296,019 (Note 6)	152,792,203 (Note 6)	642,088,222	
			Total:	<u>988,584,203</u>	94.77%
Mr. Gu	Beneficial owner	127,500	1,822,500 (Note 7)	1,950,000	0.19%
Dr. Loke Yu	Beneficial owner	–	225,000 (Note 8)	225,000	0.02%
Ms. Zhang Jingdong	Beneficial owner	–	225,000 (Note 9)	225,000	0.02%
Mr. Li Xikui	Beneficial owner	–	225,000 (Note 10)	225,000	0.02%

(ii) Short positions in Shares:

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate percentage shareholding in the Company
Mr. Fang	Interest of the other parties to an agreement under section 317 of the SFO	20,837,095 (Note 11)	1.99%
Mr. van Ooijen	Interest in controlled corporations	20,837,095 (Note 11)	1.99%

(iii) Long positions in debentures of the Company:

Name of Director	Capacity/Nature of Interest	Principal amount of the debentures held (HK\$)
Mr. Fang	Interest in controlled corporations	187,600,000 (Note 12)
Mr. van Ooijen	Interest in controlled corporations	312,600,000 (Note 13)

Notes:

- (1) Mr. Fang was granted Share Options under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme to subscribe for 3,500,000 Shares and 33,000,000 Shares, respectively. Mr. Fang exercised Share Options on 18 May 2012 to subscribe for 1,050,000 Shares.
- (2) 316,985,265 Shares are held by HWH as beneficial owner and HWH is wholly-owned by Mr. Fang. Green Elite holds 60,000,000 Shares as beneficial owner and is 50%-owned by each of HWH and Delco. The 31,266,667 underlying Shares represent such number of underlying Shares which fall to be issued to HWH upon full conversion of the Convertible Bonds. Therefore, Mr. Fang is deemed to be interested in an aggregate of 408,251,932 Shares held by his controlled corporations.
- (3) Mr. Fang, Mr. van Ooijen, Mr. de Leeuw, HWH, Delco, Sims and Sims Asia are considered having entered into an agreement under section 317 of the SFO. The 397,392,735 Shares comprise (i) 230,395,981 Shares held by Delco as beneficial owner; (ii) 166,696,754 Shares held by Sims as beneficial owner; and (iii) 300,000 Shares held by Mr. van Ooijen as beneficial owner. The 141,875,536 underlying Shares comprise (i) 3,700,000 underlying Shares held by Mr. van Ooijen as beneficial owner as referred to in Note 4 below; (ii) 52,100,000 underlying Shares held by Delco as beneficial owner which fall to be issued to Delco upon full conversion of the Convertible Bonds; (iii) 20,837,095 underlying Shares held by Sims as beneficial owner which Delco is obliged to deliver to Sims upon exercise of the Option by Sims; (iv) 52,600,000 underlying Shares held by Sims as beneficial owner which fall to be issued to Sims upon full conversion of the Convertible Bonds; and (v) 12,638,441 underlying Shares held by Sims as beneficial owner which fall to be issued to Sims upon full conversion of the Warrants. Therefore, Mr. Fang is deemed to be interested in an aggregate of 539,268,271 Shares held by the other parties to an agreement under section 317 of the SFO.
- (4) 300,000 Shares are held by Mr. van Ooijen as beneficial owner. Mr. van Ooijen was granted Share Options under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme to subscribe for 1,000,000 Shares and 3,000,000 Shares, respectively. Mr. van Ooijen exercised Share Options on 18 May 2012 to subscribe for 300,000 Shares.
- (5) 230,395,981 Shares are held by Delco as beneficial owner and Delco is indirectly 50%-owned by Mr. van Ooijen. Green Elite holds 60,000,000 Shares as beneficial owner and is 50%-owned by each of HWH and Delco. The 52,100,000 underlying Shares represent such number of underlying Shares which fall to be issued to Delco upon full conversion of the Convertible Bonds. Therefore, Mr. van Ooijen is deemed to be interested in an aggregate of 342,495,981 Shares held by his controlled corporations.
- (6) Mr. Fang, Mr. van Ooijen, Mr. de Leeuw, HWH, Delco, Sims and Sims Asia are considered having entered into an agreement under section 317 of the SFO. The 489,296,019 Shares comprise (i) 5,614,000 Shares held by Mr. Fang as beneficial owner; (ii) 316,985,265 Shares held by HWH as beneficial owner; and (iii) 166,696,754 Shares held by Sims as beneficial owner. The 152,792,203 underlying Shares comprise (i) 35,450,000 underlying Shares held by Mr. Fang as beneficial owner as referred to in Note 1 above; (ii) 31,266,667 underlying Shares

held by HWH as beneficial owner which fall to be issued to HWH upon full conversion of the Convertible Bonds; (iii) 20,837,095 underlying Shares held by Sims as beneficial owner which Delco is obliged to deliver to Sims upon exercise of the Option by Sims; (iv) 52,600,000 underlying Shares held by Sims as beneficial owner which fall to be issued to Sims upon full conversion of the Convertible Bonds; and (v) 12,638,441 underlying Shares held by Sims as beneficial owner which fall to be issued to Sims upon full conversion of the Warrants. Therefore, Mr. van Ooijen is deemed to be interested in an aggregate of 642,088,222 Shares held by the other parties to an agreement under section 317 of the SFO.

- (7) 127,500 Shares are held by Mr. Gu as beneficial owner. Mr. Gu was granted Share Options under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme to subscribe for 425,000 Shares and 1,525,000 Shares, respectively. Mr. Gu exercised Share Options on 18 May 2012 to subscribe for 127,500 Shares.
- (8) Dr. Loke Yu was granted Share Options under the Post-IPO Share Option Scheme to subscribe for 225,000 Shares.
- (9) Ms. Zhang Jingdong was granted Share Options under the Post-IPO Share Option Scheme to subscribe for 225,000 Shares.
- (10) Mr. Li Xikui was granted Share Options under the Post-IPO Share Option Scheme to subscribe for 225,000 Shares.
- (11) The short position in respect of 20,837,095 Shares represent the number of the Option Shares which Delco is obliged to deliver to Sims upon exercise of the Option by Sims. Mr. van Ooijen is deemed to have the same short position as Delco since Delco is indirectly 50%-owned by Mr. van Ooijen. Mr. Fang is also deemed to have the same short position as Delco since Mr. Fang and Delco are parties to an agreement under section 317 of the SFO referred to in Notes 3 and 6 above.
- (12) This represents the principal amount of the Convertible Bonds subscribed by HWH, by virtue of which HWH is deemed to be interested in 31,266,667 underlying Shares as referred to in Notes 2, 3 and 6 above. Mr. Fang is deemed to be interested in the same principal amount of the Convertible Bonds as HWH since HWH is wholly-owned by Mr. Fang.
- (13) This represents the principal amount of the Convertible Bonds subscribed by Delco, by virtue of which Delco is deemed to be interested in 52,100,000 underlying Shares as referred to in Notes 3, 5 and 6 above. Mr. van Ooijen is deemed to be interested in the same principal amount of the Convertible Bonds as Delco since Delco is indirectly 50%-owned by Mr. van Ooijen.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its Associated Corporations which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) (a) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company under Section 336 of the SFO; or (b) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of the Group:

(i) Long positions in Shares and underlying Shares:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares interested	Number of underlying Shares interested	Total number of Shares interested	Approximate percentage shareholding in the Company	
HWH	Beneficial owner	316,985,265 (Note 1)	31,266,667 (Note 1)	348,251,932		
	Interest in controlled corporations	60,000,000 (Note 1)	–	60,000,000		
	Interest of the other parties to an agreement under section 317 of the SFO	403,006,735 (Note 2)	177,325,536 (Note 2)	580,332,271		
				Total:	988,584,203	94.77%
Delco	Beneficial owner	230,395,981 (Note 3)	52,100,000 (Note 3)	282,495,981		
	Interest in controlled corporations	60,000,000 (Note 3)	–	60,000,000		
	Interest of the other parties to an agreement under section 317 of the SFO	489,596,019 (Note 4)	156,492,203 (Note 4)	646,088,222		
				Total:	988,584,203	94.77%

Name of Shareholder	Capacity/Nature of Interest	Number of Shares interested	Number of underlying Shares interested	Total number of Shares interested	Approximate percentage shareholding in the Company
Mr. de Leeuw	Interest in controlled corporations	290,395,981 <i>(Notes 3 & 5)</i>	52,100,000 <i>(Notes 3 & 5)</i>	342,495,981	
	Interest of the other parties to an agreement under section 317 of the SFO	489,596,019 <i>(Notes 4 & 5)</i>	156,492,203 <i>(Notes 4 & 5)</i>	646,088,222	
				Total:	
				<u>988,584,203</u>	94.77%
SVO Company B.V. ("SVO")	Interest in controlled corporations	779,992,000 <i>(Notes 3, 4 & 5)</i>	208,592,203 <i>(Notes 3, 4 & 5)</i>	988,584,203	94.77%
H.P.L. Metals B.V. ("HPL")	Interest in controlled corporations	779,992,000 <i>(Notes 3, 4 & 5)</i>	208,592,203 <i>(Notes 3, 4 & 5)</i>	988,584,203	94.77%
Stichting Beheer Aandelen H.P.L. Metals ("Stichting HPL")	Interest in controlled corporations	779,992,000 <i>(Notes 3, 4 & 5)</i>	208,592,203 <i>(Notes 3, 4 & 5)</i>	988,584,203	94.77%
Green Elite	Beneficial owner	60,000,000	–	60,000,000	5.75%
Sims	Beneficial owner	166,696,754 <i>(Note 6)</i>	86,075,536 <i>(Note 6)</i>	252,772,290	
	Interest of the other parties to an agreement under section 317 of the SFO	613,295,246 <i>(Note 7)</i>	122,516,667 <i>(Note 7)</i>	735,811,913	
				Total:	
				<u>988,584,203</u>	94.77%

Name of Shareholder	Capacity/Nature of Interest	Number of Shares interested	Number of underlying Shares interested	Total number of Shares interested	Approximate percentage shareholding in the Company
Sims Metal Management China Holdings Limited (“SMM China”)	Interest in controlled corporations	779,992,000 (Notes 6, 7 & 8)	208,592,203 (Notes 6, 7 & 8)	988,584,203	94.77%
Sims Asia	Interest in controlled corporations	779,992,000 (Notes 6, 7 & 8)	208,592,203 (Notes 6, 7 & 8)	988,584,203	94.77%
SMM	Interest in controlled corporations	779,992,000 (Notes 6, 7 & 8)	208,592,203 (Notes 6, 7 & 8)	988,584,203	94.77%

(ii) Short positions in underlying Shares:

Name of Shareholder	Capacity/Nature of Interest	Number of underlying Shares interested	Approximate percentage shareholding in the Company
Delco	Beneficial owner	20,837,095 (Note 9)	1.99%
HWH	Interest of the other parties to an agreement under section 317 of the SFO	20,837,095 (Note 9)	1.99%
Mr. de Leeuw	Interest in controlled corporations	20,837,095 (Notes 5 & 9)	1.99%
SVO	Interest in controlled corporations	20,837,095 (Notes 5 & 9)	1.99%
HPL	Interest in controlled corporations	20,837,095 (Notes 5 & 9)	1.99%
Stichting HPL	Interest in controlled corporations	20,837,095 (Notes 5 & 9)	1.99%
Sims	Interest of the other parties to an agreement under section 317 of the SFO	20,837,095 (Note 9)	1.99%
SMM China	Interest in controlled corporations	20,837,095 (Notes 8 & 9)	1.99%

Name of Shareholder	Capacity/Nature of Interest	Number of underlying Shares interested	Approximate percentage shareholding in the Company
Sims Asia	Interest in controlled corporations	20,837,095 (Notes 8 & 9)	1.99%
SMM	Interest in controlled corporations	20,837,095 (Notes 8 & 9)	1.99%

(iii) Long positions in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of the Group:

Name of the member of the Group	Name of shareholder(s)	Capacity/Nature of Interest	Number of shares/Amount of equity interest held	Approximate percentage shareholding /equity interest
Chiho-Tiande (HK) Metals Recycling Co. Limited	Capitol Ocean Limited	Beneficial owner	10,500,000 shares of HK\$1.00 each	30%
Chiho-Tiande (HK) Logistics Co. Limited	Kwok Suk Ling	Beneficial owner	2,400 shares of HK\$1.00 each	24%
	Chen Maicheng	Beneficial owner	2,400 shares of HK\$1.00 each	24%
天津齊合天地再生資源有限公司 (Tianjin Chiho-Tiande Metal Recycling Company Limited*)	王勤 (Wang Qin*)	Beneficial owner	–	10%
	張友四 (Zhang Yousi*)	Beneficial owner	–	39%
上海齊合天地再生資源有限公司 (Shanghai Chiho-Tiande Recycled Resources Ltd.*)	上海路永金屬有限公司 (Shanghai Luyong Metal Resources Co., Limited*)	Beneficial owner	–	49%

* For identification purposes only

Notes:

- (1) 316,985,265 Shares are held by HWH as beneficial owner. The 31,266,667 underlying Shares represent such number of underlying Shares which fall to be issued to HWH upon full conversion of the Convertible Bonds. Green Elite holds 60,000,000 Shares as beneficial owner and is 50%-owned by each of HWH and Delco and therefore HWH is deemed to be interested in the same number of Shares as held by Green Elite.

- (2) Mr. Fang, Mr. van Ooijen, Mr. de Leeuw, HWH, Delco, Sims and Sims Asia are considered having entered into an agreement under section 317 of the SFO. The 403,006,735 Shares comprise (i) 5,614,000 Shares held by Mr. Fang as beneficial owner; (ii) 300,000 Shares held by Mr. van Ooijen as beneficial owner; (iii) 230,395,981 Shares held by Delco as beneficial owner; and (iv) 166,696,754 Shares held by Sims as beneficial owner. The 177,325,536 underlying Shares comprise (i) 35,450,000 underlying Shares held by Mr. Fang as beneficial owner as referred to in Note 1 to the section "Directors' Disclosure of Interests" above; (ii) 3,700,000 underlying Shares held by Mr. van Ooijen as beneficial owner as referred to in Note 4 to the section "Directors' Disclosure of Interests" above; (iii) 52,100,000 underlying Shares held by Delco as beneficial owner which fall to be issued to Delco upon full conversion of the Convertible Bonds; (iv) 20,837,095 underlying Shares held by Sims as beneficial owner which Delco is obliged to deliver to Sims upon exercise of the Option by Sims; (v) 52,600,000 underlying Shares held by Sims as beneficial owner which fall to be issued to Sims upon full conversion of the Convertible Bonds; and (vi) 12,638,441 underlying Shares held by Sims as beneficial owner which fall to be issued to Sims upon full conversion of the Warrants. Therefore, HWH is deemed to be interested in an aggregate of 580,332,271 Shares held by the other parties to an agreement under section 317 of the SFO.
- (3) 230,395,981 Shares are held by Delco as beneficial owner. The 52,100,000 underlying Shares represent such number of underlying Shares which fall to be issued to Delco upon full conversion of the Convertible Bonds. Green Elite holds 60,000,000 Shares as beneficial owner and is 50%-owned by each of HWH and Delco and therefore Delco is deemed to be interested in the same number of Shares as held by Green Elite.
- (4) Mr. Fang, Mr. van Ooijen, Mr. de Leeuw, HWH, Delco, Sims and Sims Asia are considered having entered into an agreement under section 317 of the SFO. The 489,596,019 Shares comprise (i) 5,614,000 Shares held by Mr. Fang as beneficial owner; (ii) 300,000 Shares held by Mr. van Ooijen as beneficial owner; (iii) 316,985,265 Shares held by HWH as beneficial owner; and (iv) 166,696,754 Shares held by Sims as beneficial owner. The 156,492,203 underlying Shares comprise (i) 35,450,000 underlying Shares held by Mr. Fang as beneficial owner as referred to in Note 1 to the section "Directors' Disclosure of Interests" above; (ii) 3,700,000 underlying Shares held by Mr. van Ooijen as beneficial owner as referred to in Note 4 to the section "Directors' Disclosure of Interests" above; (iii) 31,266,667 underlying Shares held by HWH as beneficial owner which fall to be issued to HWH upon full conversion of the Convertible Bonds; (iv) 20,837,095 underlying Shares held by Sims as beneficial owner which Delco is obliged to deliver to Sims upon exercise of the Option by Sims; (v) 52,600,000 underlying Shares held by Sims as beneficial owner which fall to be issued to Sims upon full conversion of the Convertible Bonds; and (vi) 12,638,441 underlying Shares held by Sims as beneficial owner which fall to be issued to Sims upon full conversion of the Warrants. Therefore, Mr. van Ooijen is deemed to be interested in an aggregate of 646,088,222 Shares held by the other parties to an agreement under section 317 of the SFO.
- (5) Delco is 50%-owned by each of SVO and HPL. SVO is wholly-owned by Mr. van Ooijen. HPL is wholly-owned by Stichting HPL, a foundation for the sole benefit of Mr. de Leeuw. Therefore, each of SVO, Mr. van Ooijen, Mr. de Leeuw, HPL and Stichting HPL is deemed to be interested in the long positions and short positions held by and through Delco.
- (6) 166,696,754 Shares are held by Sims as beneficial owner. The 86,075,536 underlying Shares comprise (i) 20,837,095 underlying Shares held by Sims as beneficial owner which Delco is obliged to deliver to Sims upon exercise of the Option by Sims; (ii) 52,600,000 underlying Shares held by Sims as beneficial owner which fall to be issued to Sims upon full conversion of the Convertible Bonds; and (iii) 12,638,441 underlying Shares held by Sims as beneficial owner which fall to be issued to Sims upon full conversion of the Warrants.
- (7) Mr. Fang, Mr. van Ooijen, Mr. de Leeuw, HWH, Delco, Sims and Sims Asia are considered having entered into an agreement under section 317 of the SFO. The 613,295,246 Shares comprise (i) 5,614,000 Shares held by Mr. Fang as beneficial owner; (ii) 300,000 Shares held by Mr. van Ooijen as beneficial owner; (iii) 316,985,265 Shares held by HWH as beneficial owner; (iv) 230,395,981 Shares held by Delco as beneficial owner; and (v) 60,000,000 Shares

held by Green Elite as beneficial owner. The 122,516,667 underlying Shares comprise (i) 35,450,000 underlying Shares held by Mr. Fang as beneficial owner as referred to in Note 1 to the section "Directors' Disclosure of Interests" above; (ii) 3,700,000 underlying Shares held by Mr. van Ooijen as beneficial owner as referred to in Note 4 to the section "Directors' Disclosure of Interests" above; (iii) 31,266,667 underlying Shares held by HWH as beneficial owner which fall to be issued to HWH upon full conversion of the Convertible Bonds; and (iv) 52,100,000 underlying Shares held by Delco as beneficial owner which fall to be issued to Delco upon full conversion of the Convertible Bonds. Therefore, Sims is deemed to be interested in an aggregate of 735,811,913 Shares held by the other parties to an agreement under section 317 of the SFO.

- (8) Sims is a wholly-owned subsidiary of SMM China, which in turn is a wholly-owned subsidiary of Sims Asia. Sims Asia is a wholly-owned subsidiary of SMM. Therefore, each of SMM, SMM China and Sims Asia is deemed to be interested in the long positions and short positions held by and through Sims.
- (9) The short position in respect of 20,837,095 Shares represent the number of the Option Shares which Delco is obliged to deliver to Sims upon exercise of the Option by Sims.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no other person (who was not a Director or chief executive of the Company) (a) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO; or (b) was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of the Group.

As at the Latest Practicable Date:

- (i) Mr. Fang was the sole director of HWH;
- (ii) Mr. Fang and Mr. Gu were directors of Green Elite;
- (iii) Mr. van Ooijen was the sole director of SVO; and
- (iv) Mr. Lion was a director of Sims, Sims Asia and SMM China.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company (or its subsidiary) which had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' INTEREST IN ASSETS OF THE GROUP, CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, no Director was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group taken as a whole.

Since 31 December 2011, being the date to which the latest published audited financial statements of the Group were made up, none of the Directors has or has had any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was considered having interests in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which is contained in this circular:

Name	Qualification
Guangdong Securities	a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Guangdong Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinion prepared for the purpose of incorporation in this circular, and the references to its name and opinion in the form and context in which they respectively appear.

Guangdong Securities has confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any direct or indirect interests in any assets which have since 31 December 2011 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any members of the Group.

8. NO MATERIAL ADVERSE CHANGE

As disclosed in the announcement of the Company dated 17 August 2012 in relation to the unaudited interim results of the Company for the 6 months ended 30 June 2012, the Group recorded a net profit attributable to the owners of the Company of HK\$45.0 million, representing a net profit margin of 1.3% and decreased by 85.5% when compared with the same period of 2011. The main reasons for the reduction in net profit were due to the reduction in sales from HK\$4.5 billion in the same period of 2011 to HK\$3.6 billion, representing a reduction of 20.8% over the same period of 2011. This decrease was the adverse impact of the dramatic fall in global metal prices in the second quarter of 2012 and “mark-to-market” basis for provision for inventories held by the Group.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited consolidated accounts of the Company have been made up.

9. MISCELLANEOUS

- (a) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.
- (b) Amounts denominated in US\$ in this circular have been converted into HK\$ at the rate of US\$1 = HK\$7.8 for illustration purposes.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the 2012 Master Supply Agreement and the New Master Supply Agreement are available for inspection during normal business hours at any weekday (public holidays excepted) at the principal place of business of the Company in Hong Kong at 48 Wang Lok Street, Yuen Long Industrial Estate, Hong Kong up to and including the date of the EGM.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Chiho-Tiande Group Limited (the “**Company**”) will be held at Level 2, 48 Wang Lok Street, Yuen Long Industrial Estate, Hong Kong on Tuesday, 18 December 2012 at 2:00 p.m. or any adjournment thereof for the purpose of considering, and if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the master supply agreement (the “**New Master Supply Agreement**”) dated 15 November 2012 entered into between the Company and Sims Metal Management Asia Limited (“**Sims Asia**”) in respect of the supply of scrap metal by the relevant member(s) of Sims Asia and its subsidiaries to the relevant member(s) of the Company and its subsidiaries during the term (the “**Term**”) between 1 January 2013 and 31 December 2015 (a copy of which is produced to this meeting and marked “A” and initialed by the Chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder or incidental thereto subject to the proposed annual caps for the relevant periods during the Term set out therein be and are hereby approved, confirmed and ratified, **AND THAT** the Directors be and are hereby authorised to do all things and acts and sign all documents which they consider necessary, desirable or expedient in connection or to implement and/or to give effect to the New Master Supply Agreement and the transactions contemplated thereunder.”

By order of the Board
Chiho-Tiande Group Limited
Fang Ankong
Chairman

Hong Kong, 30 November 2012

NOTICE OF EGM

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

48 Wang Lok Street
Yuen Long Industrial Estate
Hong Kong

Notes:

- (1) A member entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
- (3) To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, must be deposited at Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting or any adjournment thereof and in such event, the form of proxy will be deemed to be revoked.
- (4) The register of members of the Company will be closed from Monday, 17 December 2012 to Tuesday, 18 December 2012, both dates inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of the shareholders of the Company who are entitled to attend and vote at the Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 14 December 2012.
- (5) Shareholders are advised to read the circular to the shareholders of the Company dated 30 November 2012 which contains information concerning the resolution to be proposed in this notice.
- (6) Pursuant to Rule 14A.54 of the Listing Rules, Sims Metal Management Dragon Holdings Limited and its associates are required to abstain from voting on the ordinary resolution.

NOTICE OF EGM

- (7) According to Rule 13.39(4) of the Listing Rules, any vote of shareholders of the Company at a general meeting of the Company must be taken by poll. Accordingly, the Chairman of the Meeting will exercise his power under the articles of association of the Company to demand a poll in relation to the proposed ordinary resolution at the Meeting.

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

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

Non-executive Director: Michael Charles Lion

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