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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 OF AN INDUSTRIAL SITE AT THE YUEN LONG INDUSTRIAL ESTATE

THE ACQUISITION

On 20 June 2013, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement for Assignment and the Supplemental Agreement with the Vendor, pursuant to which the Vendor has agreed to assign to the Purchaser the leasehold interest of the Premises for the Purchase Price of HK\$200 million, subject to the obtaining of the Approvals from the Hong Kong Science and Technology Parks Corporation, the lessor of the Premises and the other terms and conditions of the Agreement for Assignment.

The Premises are an industrial site located at the Yuen Long Industrial Estate and adjacent to the existing facility of the Group, with a gross floor area of approximately 324,000 sq. ft. and four buildings erected thereon. The Group intends to make use of the Premises to expand its operations into processing of other types of products, including but not limited to those products derived from the upstream and downstream of the recycling chain after they have been processed in the existing facility, as well as other new products such as low grade waste electrical and electronic equipment, glasses and plastics.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of the Purchase Price of HK\$200 million and the Approval Fee of HK\$103,311,653 payable by the Purchaser to the HKSTP exceed 5% but are less than 25%, the Acquisition 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 20 June 2013, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement for Assignment and the Supplemental Agreement with the Vendor, pursuant to which the Vendor has agreed to assign to the Purchaser the leasehold interest of the Premises for the Purchase Price of HK\$200 million, subject to the obtaining of the Approvals from the HKSTP and the other terms and conditions of the Agreement for Assignment.

The Premises are an industrial site located at the Yuen Long Industrial Estate and adjacent to the existing facility of the Group, with a gross floor area of approximately 324,000 sq. ft. and four buildings erected thereon. The Group intends to make use of the Premises to expand its operations into processing of other types of products, including but not limited to those products derived from the upstream and downstream of the recycling chain after they have been processed in the existing facility, as well as other new products such as low grade waste electrical and electronic equipment, glasses and plastics.

B. MAJOR TERMS OF THE AGREEMENT FOR ASSIGNMENT AS AMENDED BY THE SUPPLEMENTAL AGREEMENT

The principal terms of the Agreement for Assignment, as amended by the Supplemental Agreement, are as follows:-

Date: 20 June 2013

Parties: (i) China Dyeing 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 Premises: The Premises are an industrial site situated at 50-68 Wang Lok Street, Yuen Long, New Territories, Hong Kong and adjacent to the existing facility of the Group, with a gross floor area of approximately 324,000 sq. ft. and four buildings erected thereon.

Purchase Price: The Purchase Price for the Acquisition is HK\$200 million, which shall be paid by the Purchaser in cash in the following manner:-

(i) HK\$10 million (i.e. 5% of the Purchase Price), being Initial Deposit and part payment of the Purchase Price, has been paid upon the signing of the Agreement for Assignment;

- (ii) HK\$10 million (i.e. 5% of the Purchase Price), being further deposit and part payment of the Purchase Price, shall be paid within 14 days from the date of the Approvals; and
- (iii) HK\$180 million, being the balance of the Purchase Price, shall be paid upon completion of the Acquisition.

Approvals from the HKSTP:

The Acquisition and the new operation to be carried out by the Purchaser in the Premises are subject to the approval of HKSTP.

The Purchaser shall submit an application for the Approval for New Operation to the HKSTP on or before 30 July 2013 and at the same time when the Purchaser submits its application for the Approval for New Operation, the Vendor shall submit an application for Approval for Assignment to the HKSTP.

The Purchaser shall bear the Approval Fee (which is currently determined by the HKSTP to be HK\$103,311,653) solely. However, if, due to the change in the circumstances beyond the control of the Vendor and the Purchaser (including but not limited to the date of the Approvals being later than 31 August 2013), the Approval Fee is finally assessed by the HKSTP at a sum greater than HK\$103,311,653, the excess amount shall be borne by the Vendor and the Purchaser in equal shares.

Conditions:

The Acquisition is subject to the obtaining of the Approvals on or before the Long Stop Date.

If the Approvals are not granted on or before the Long Stop Date (other than due to the defaults of the Vendor or the Purchaser), either Party shall have an option to extend the Long Stop Date up to 3 months.

If:-

- (a) none of the Parties exercises the option; or
- (b) either Party shall have exercised the option and the Approvals are not granted on or before the extended Long Stop Date (other than due to the defaults of the Vendor or the Purchaser),

then either Party may terminate the Agreement for Assignment, in which case both Parties shall enter into a cancellation agreement and shall not take any action to claim for damages or to enforce specific performance, save that the Vendor shall return the Initial Deposit to the Purchaser without interest and compensation, and shall use its reasonable endeavour to obtain refund of any part payment of the Approval Fee by the HKSTP and upon receipt of the same, pay any such refunded amount to the Purchaser.

Completion Date: Completion of the Agreement for Assignment shall take place within two months after (and exclusive of) the date of the Approvals, but in any event not earlier than 3 January 2014.

C. REASONS FOR, AND BENEFITS OF, THE ACQUISITION

The Premises are adjacent to the existing facility of the Group at the Yuen Long Industrial Estate, with a gross floor area of approximately 324,000 sq. ft. and four buildings erected thereon.

The Group has been carrying on the business of high-graded electronics recycling alongside the traditional mixed metal business in its existing facility. The Directors consider that the Acquisition will provide the much needed space for the Group to further expand its recycling business. The Group intends to make use of the Premises to expand its operations into processing of other types of products, including but not limited to those products derived from the upstream and downstream of the recycling chain after they have been processed in the existing facility, as well as other new products such as low grade waste electrical and electronic equipment, glasses and plastics. The Directors believe that the Acquisition will further increase the Group's capacity and hence enable the Group to diversify its business and will thus generate reasonable return to the Group.

The terms of the Agreement for Assignment (including the Purchase Price) have been arrived at after arm's length negotiations between the Group and the Vendor, with reference to an independent valuation of the Premises as at 17 June 2013 conducted by an independent valuer. The Directors are of the view that the terms of the Agreement for Assignment (including the Purchase Price) are on normal commercial terms and are fair and reasonable and that the Acquisition on the terms of the Agreement for Assignment is in the interests of the Company and the Shareholders as a whole.

Given that the Acquisition is subject to the Approvals of the HKSTP, the Group is unable at this stage to ascertain the total investment amount for the development of the Premises. The Company will comply with the applicable requirements under the Listing Rules as and when the total investment amount for the development of the Premises has been determined.

D. INFORMATION ABOUT THE VENDOR, THE PURCHASER AND THE GROUP

The Vendor is a company incorporated in Hong Kong with limited liability and is part of The Cha Textiles Group, which principally engages in traditional woven textile business and non-woven industrial products.

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.

E. IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of the Purchase Price of HK\$200 million and the Approval Fee of HK\$103,311,653 payable by the Purchaser to the HKSTP exceed 5% but are less than 25%, the Acquisition 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.

F. DEFINITIONS

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

“Acquisition”	the assignment of the leasehold interest of the Premises from the Vendor to the Purchaser on the terms of the Agreement for Assignment;
“Agreement for Assignment”	the agreement for assignment of lease dated 20 June 2013 and entered into between the Vendor and the Purchaser in respect of the Acquisition, as amended by the Supplemental Agreement;
“Approval for Assignment”	the approval by the HKSTP of the Acquisition;
“Approval for New Operation”	the approval by the HKSTP of the new operation to be carried on by the Purchaser in the Premises;
“Approval Fee”	all the administrative/approval/consent fees, premiums payable to the HKSTP in connection with or in relation to obtaining the Approval or required under the Approvals;
“Approvals”	collectively, the Approval for Assignment and the Approval for New Operation;
“Board”	the board of Directors;
“China Dyeing” or “Vendor”	China Dyeing Holdings, Limited, a company incorporated in Hong Kong with limited liability;
“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;
“Directors”	the directors of the Company;

“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 Premises;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Initial Deposit”	the initial deposit of HK\$10 million (i.e. 5% of the Purchase Price) paid by the Purchaser to the Vendor upon the signing of the Agreement for Assignment;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long Stop Date”	the date falling on the expiry of 6 calendar months from the date of submission of application for the Approval for New Operation by the Purchaser or such later date as may be mutually agreed by the Parties;
“Parties”	collectively, the Vendor and the Purchaser, and a “Party” shall mean any of them;
“percentage ratio(s)”	has the meaning ascribed to it under Chapter 14 of the Listing Rules;
“Premises”	the piece or parcel of land registered in the Land Registry of Hong Kong as subsection 2 of section E of Yuen Long Town Lot No. 313 and the extensions thereto together with the messuages erections and buildings erected thereon and/or thereunder now known as 50-68 Wang Lok Street, Yuen Long, New Territories, Hong Kong;
“Purchase Price”	the purchase price payable by the Purchaser to the Vendor for the Acquisition, being HK\$200 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;

“Supplemental Agreement” the supplemental agreement dated 20 June 2013 and entered into between the Vendor and the Purchaser to amend certain terms of the Agreement for Assignment;

“sq. ft.” square feet; and

“%” per cent.

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

Hong Kong, 20 June 2013

As at the date of this announcement, the Board 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