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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)**

### **UPDATE ON THE LEGAL PROCEEDINGS IN THE PEOPLE'S REPUBLIC OF CHINA INVOLVING CHIHO-TIANDE (SHANGHAI) METALS RECYCLING CO., LTD\***

The Board wishes to announce that on 25 December 2013, the Baoshan People's Court delivered the Judgment in relation to the Claim brought by SST against the Shanghai JV, an indirect 51%-owned subsidiary of the Company, and the Counterclaim by the Shanghai JV against SST.

The parties are entitled to appeal against the Judgment within 15 days from the date of delivery of the Judgment. After having obtained advice from its PRC legal counsel, the Shanghai JV applied to the Second Intermediate People's Court of Shanghai, the PRC for an appeal against the Judgment within the prescribed time limit. As at the date of this announcement, the Shanghai JV has not received any formal notification from the Appellate Court regarding any appeal by SST against the Judgment.

The Directors take the view that the Legal Proceedings will not have any material adverse effect on the business, operations or financial results of the Group. The Company will keep its shareholders and the investors informed of the development of the Legal Proceedings as and when appropriate.

Reference is made to the announcement (the "**First Announcement**") of Chiho-Tiande Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 14 December 2012 regarding the legal proceedings (the "**Legal Proceedings**") between 上海齊合天地再生資源有限公司 (Chiho-Tiande (Shanghai) Metals Recycling Co., Ltd\*) (the "**Shanghai JV**"), an indirect 51%-owned subsidiary of the Company, and 上海民營科技實業發展公司 (Shanghai Science and Technology Co., Ltd.\*) ("**SST**") in the PRC. Unless otherwise specified, capitalized terms shall have the same meaning as those defined in the First Announcement.

On 25 December 2013, the People’s Court in Baoshan District, Shanghai, the PRC (the “**Baoshan People’s Court**”) delivered its judgment (the “**Judgment**”) in relation to the Claim brought by SST against the Shanghai JV and the counterclaim (the “**Counterclaim**”) by the Shanghai JV against SST. In the Judgment, the Baoshan People’s Court made the following orders:

- (1) within 10 days after the Judgment becomes effective, the Shanghai JV shall pay the outstanding rents of approximately RMB1,698,378 and management fees of RMB200,000 to SST;
- (2) within 10 days after the Judgment becomes effective, SST shall pay to the Shanghai JV a sum of RMB25,239,670 for the loss incurred by the Shanghai JV regarding the fixture and fittings;
- (3) within 10 days after the Judgment becomes effective, SST shall pay to the Shanghai JV a sum of RMB1,422,752 for the relocation fee and a sum of RMB824,953 for the severance expenses paid by the Shanghai JV to its employees;
- (4) within 10 days after the Judgment becomes effective, SST shall pay to the Shanghai JV a sum of RMB15,000,000 for the loss incurred by the Shanghai JV regarding the specialized facility equipment;
- (5) the remaining requests in the Claim and in the Counterclaim are dismissed; and
- (6) the costs of the Claim of RMB121,277 shall be borne by SST and the Shanghai JV as to RMB99,392 and RMB21,885, respectively, and the costs of the Counterclaim of RMB326,748 shall be borne by SST and the Shanghai JV as to RMB127,118 and RMB199,630, respectively. The valuation fees of RMB650,000 shall be borne by SST and the Shanghai JV as to RMB350,000 and RMB300,000, respectively.

The parties are entitled to appeal against the Judgment within 15 days from the date of delivery of the Judgment. After having obtained advice from its PRC legal counsel, the Shanghai JV applied to the Second Intermediate People’s Court of Shanghai, the PRC (the “**Appellate Court**”) for an appeal against the Judgment within the prescribed time limit. As at the date of this announcement, the Shanghai JV has not received any formal notification from the Appellate Court regarding any appeal by SST against the Judgment.

The Directors take the view that the Legal Proceedings will not have any material adverse effect on the business, operations or financial results of the Group.

The Company will keep its shareholders and the investors informed of the development of the Legal Proceedings as and when appropriate.

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

Hong Kong, 15 January 2014

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

<i>Executive Directors:</i>	Fang Ankong, Stephanus Maria van Ooijen, Gu Liyong
<i>Non-executive Director:</i>	Michael Charles Lion
<i>Independent non-executive Directors:</i>	Loke Yu, Li Xikui, Zhang Jingdong

\* *For identification purposes only*