

Client: ChainTek 骏泰联合

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Hybridan Small Cap Wrap

China Chaintek United Co., Ltd (LON:CTEK)

Chaintek this morning announced that it has acquired a Land Use Right (LUR) relating to a plot of land of 145,600 m² from the Government of China. The acquisition is in line with Chaintek's stated strategy of acquiring an LUR on which to construct a new logistics park, as detailed in the Group's AIM admission document and the trading update announcement on 31 October 2012.

The plot of land is located 14 km from the Group's existing operational headquarters in Jinjiang, and is situated in an industrial zone which already houses a number of Chaintek's existing manufacturer customers. The consideration payable for the LUR is RMB 221.0m (approximately £22.1m), which is in addition to the RMB 52.0m deposit already paid in 2011, and is payable in three tranches. The initial payment of RMB81.9m (approximately £8.19m), which was the final condition required for completion of the acquisition, was made on 18 March 2013, with the second payment of RMB 84.5m (approximately £8.45m) payable on 6 April 2013. The final payment of RMB 54.6m (approximately £5.46m) is payable upon commencement of construction of the logistics park, which the Company anticipates starting in the second half of 2013. These payments are being made from the Company's existing cash balances.

The Company will update the market in due course with any further details regarding the construction of the new logistics park. In addition, the Company has recently arranged a bank loan facility of RMB50m (approximately £5.0m). The coupon payable on the facility will be determined at the time of draw down (but would be 6.8 per cent based upon current rates) and is repayable one year after the draw down. It has been provided by Bank of China and will be used to provide additional working capital for the Company.