Tiande Chemical Holdings Limited
天德化工控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 609)

CONNECTED TRANSACTION

On 23 January 2015, Weifang Binhai, a wholly owned subsidiary of the Company, and Weifang Xiang Rui entered into the Agreement pursuant to which Weifang Binhai has agreed to purchase and Weifang Xiang Rui has agreed to sell the Property for a total Consideration of RMB13,800,000 (equivalent to approximately HK$17,250,000).

The Consideration of RMB13,800,000 (equivalent to approximately HK$17,250,000) for the sale and purchase of the Property shall be settled by Weifang Binhai in cash on the date of the Agreement.

Weifang Xiang Rui and Weifang Binhai have agreed to appoint an independent property valuer to conduct a valuation on the Property prior to Completion.

As Weifang Xiang Rui is a connected person of the Company, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As each of the percentage ratios (other than the profits ratio) is less than 5%, the Acquisition is only subject to reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE AGREEMENT

Date: 23 January 2015

Parties: (1) Weifang Xiang Rui, as vendor

(2) Weifang Binhai, a wholly owned subsidiary of the Company, as purchaser

Weifang Xiang Rui is principally engaged in property development, sale of residential properties and property management and maintenance and is a direct subsidiary of Weifang Tianhong. As Mr. Liu Hongliang, Mr. Wang Zijiang, Mr. Guo Xitian and Mr. Guo Yucheng, all being executive Directors, have a majority equity interests in Weifang Tianhong, Weifang Xiang Rui is a connected person of the Company.

Asset to be acquired

Pursuant to the Agreement, Weifang Xiang Rui has agreed to sell and Weifang Binhai has agreed to acquire the Property.

The Land has an aggregate area of 3,859 sq.m.. Weifang Xiang Rui acquired in 2011 at an aggregate cost of RMB1,470,279 (equivalent to approximately HK$1,838,000).

Weifang Xiang Rui has constructed the Building on the Land and intend to sell to Weifang Binhai the Property subject to and upon the terms and conditions of the Agreement.

The Building is a block of residential units located adjacent to the northern exit of parcel A land at 居民社區(transliterated as Jumin Shequ), 祥瑞雅居 (transliterated as Xiangrui Yaju), Weifang Binhai Economic-Technological Development Area, Shandong Province, the PRC and the Property is located on the sixth to eleventh floor of the Building. The Property comprises of 78 residential units and an aggregate building area of approximately 4,614 sq.m..

Consideration

The Consideration of RMB13,800,000 (equivalent to approximately HK$17,250,000) for the sale and purchase of the Property shall be settled by Weifang Binhai in cash on the date of the Agreement.

Weifang Xiang Rui and Weifang Binhai have agreed to appoint an independent property valuer to conduct a valuation on the Property prior to Completion. The Consideration was determined with reference to the valuation of the Property to be conducted by the independent property valuer. The Consideration was arrived at after arm's length negotiations between Weifang Xiang Rui and Weifang Binhai on normal commercial terms. The Consideration will be paid by the Group from its internal resources.

In the Board meeting (which Mr. Liu Hongliang, Mr. Wang Zijiang, Mr. Guo Xitian and Mr. Guo Yucheng have abstained from voting), the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable as the amount has taken into account the market price of the Property. The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and in normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Completion

Completion shall take place before 30 January 2015. Weifang Xiang Rui shall deliver the possession of the Property to Weifang Binhai. If Weifang Xiang Rui fails to deliver the Property to Weifang Binhai before 30 January 2015 (or such other date as may be agreed by Weifang Binhai), it will constitute a breach of the Agreement. If the failure to deliver is fewer than 180 days, Weifang Xiang Rui shall refund 0.005% of the Consideration paid on a daily basis to Weifang Binhai. If the failure to deliver exceeds 180 days, Weifang Binhai is entitled to terminate the Agreement and Weifang Xiang Rui shall refund the total amount of the Consideration paid by Weifang Binhai to Weifang Binhai.

REASONS FOR THE ACQUISITION

The Group is principally engaged in research and development, production and sale of fine chemical products.

At the date of this announcement, Weifang Binhai owned a block of building purchased in 2013 as a centralised staff quarters for the Weifang Binhai production plant of the Group. The Group has also rented a number of different properties around the Weifang city area as staff quarters, but these properties are dispersed in different locations. The Weifang city area is approximately 40 kilometres away from the Weifang Binhai production plant. The Group intends to expand its centralised staff quarters to accommodate the existing staff who are scattered in different staff quarters in the Weifang city. In addition, the Group targets to hire more staff for the Weifang Binhai production plant in the next few years and they will also be assigned to the expanded centralised staff quarters.

The location of the Property is close to the existing centralised staff quarters, which enable it to be a suitable property for the expansion of the staff quarter in terms of management effectiveness. The Property, same as the existing centralised staff quarters, will be in close proximity to the Weifang Binhai production plant, which will provide easy access to the staff of the Group and reduce their travelling time to and from the staff quarters and the production plant. Commercial units to be constructed adjacent to the Property will also provide food and entertainment to the staff. As such, the Acquisition will enhance the productivity and incentive for the existing or potential staff at the Weifang Binhai production plant.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

LISTING RULES IMPLICATIONS

As Weifang Xiang Rui is a connected person of the Company, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As each of the percentage ratios (other than the profits ratio) is less than 5%, the Acquisition is only subject to reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following respective meaning:

"Acquisition"	the proposed acquisition of the Property by Weifang Binhai subject to and upon the terms and conditions of the Agreement
"Agreement"	the agreement dated 23 January 2015 and entered into between Weifang Xiang Rui and Weifang Binhai in relation to the sale and purchase of the Property
"Board"	the board of Directors
"Building"	Tower 4 of Xiangrui Yaju with 11 storeys constructed on the Land by Weifang Xiang Rui
"Company"	Tiande Chemical Holdings Limited, an exempted company with limited liability incorporated under the Companies Law of the Cayman Islands whose shares are listed and traded on the main board of the Stock Exchange (Stock code: 00609)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Agreement
"connected person"	has the meaning ascribed to this term under the Listing Rules

"Consideration"	the consideration to be satisfied by Weifang Binhai to Weifang Xiang Rui for the sale and purchase of the Property
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Land"	the parcel of land located adjacent to the northern exit of parcel A land at 居民社區(transliterated as Jumin Shequ), 祥瑞雅居 (transliterated as Xiangrui Yaju), Weifang Binhai Economic-Technological Development Area, Shandong Province, the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Property"	78 residential units of the Building with an aggregate building area of approximately 4,614 sq.m.
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Weifang Binhai"	Weifang Binhai Petro-Chem Co., Ltd., an entity established in the PRC and a wholly owned subsidiary of the Company
"Weifang Tianhong"	Weifang Tianhong Equity Investment Company Limited, an entity established in the PRC, in which Mr. Liu Hongliang, Mr. Wang Zijiang, Mr. Guo Xitian and Mr. Guo Yucheng have a majority equity interests and a connected person of the Company
"Weifang Xiang Rui"	Weifang Xiang Rui Properties Management Ltd., an entity established in the PRC, a direct subsidiary of Weifang Tianhong and a connected person of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"sq.m."	square metres

For the purpose of this announcement, amount denominated in RMB has been translated (for information only) into HK$ using the exchange rate of RMB1.00 = HK$1.25.

By order of the Board of
Tiande Chemical Holdings Limited
Liu Hongliang
Executive Director

Hong Kong, 23 January 2015

As at the date of this announcement, the executive Directors are Mr. Liu Hongliang, Mr. Wang Zijiang, Mr. Guo Xitian and Mr. Guo Yucheng; whilst the independent non-executive Directors are Mr. Gao Baoyu , Mr. Leung Kam Wan and Mr. Liu Chenguang.