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)

CONTINUING CONNECTED TRANSACTIONS

On 14 April 2015, Weifang Comchem, a wholly owned subsidiary of the Company, and Afinitica entered into the Agreement pursuant to which Afinitica has agreed to provide the Know-how and technical services to assist Weifang Comchem to distribute and manufacture the Manufacturing Products and to be supplied to Afinitica annually. Under the Agreement, Weifang Comchem shall pay Afinitica a consideration in the sum of EUR600,000 (equivalent to approximately HK$4,929,000) for the Know-how provided and the technical services rendered by Afinitica.

As Henkel Hong Kong is a substantial shareholder of the JV Company and Henkel AG is a substantial shareholder of Afinitica, Afinitica becomes a connected person of the Company. The Transactions therefore constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. Since (1) Afinitica is a connected person of the Company at subsidiary level, (2) the Board has approved the Transactions and (3) the terms of the Transactions are fair and reasonable and on normal commercial terms or better, the Transactions are exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules and will only be subject to announcement and reporting requirements under Chapter 14A of the Listing Rules.

THE AGREEMENT

Date **:** 14 April 2015

Parties **:** 1) Weifang Comchem

2) Afinitica

Terms **:** A fixed term from 14 April 2015 to 13 April 2018

SUBJECT MATTER

Pursuant to the Agreement, Afinitica shall provide the Know-how and technical services to assist Weifang Comchem in distributing and manufacturing the Manufacturing Products. The Manufacturing Products may, from time to time during the term of the Agreement be supplied to Afinitica at the discretion of Weifang Comchem.

Weifang Comchem is also entitled to, at its own discretion, whether during the term of the Agreement or thereafter, freely manufacture, market, distribute and/or sell the Manufacturing Products.

PRINCIPAL BUSINESS ACTIVITIES OF THE GROUP AND THE PARTIES

The Group and Weifang Comchem are principally engaged in research and development, manufacture and sale of fine chemical products. Afinitica is principally engaged in the design, manufacturing, packaging and shipping of instant adhesives.

PRICING BASIS

The price of the Manufacturing Products to be supplied to Afinitica shall be determined based on the fair market value at the time of purchase and in any event shall fall within the range of the Reference Price List.

THE CONSIDERATION

The consideration in the sum of EUR600,000 (equivalent to approximately HK$4,929,000) for the Know-how provided and the technical services rendered by Afinitica (the "**Consideration**") shall be settled by Weifang Comchem in the following manner:

a) EUR300,000 (equivalent to approximately HK$2,464,500) shall be paid by Weifang Comchem to Afinitica within two weeks after the date of the Agreement;

b) EUR300,000 (equivalent to approximately HK$2,464,500) shall be paid by Weifang Comchem to Afinitica within two weeks upon Afinitica providing the Know-how to Weifang Comchem for manufacturing the Manufacturing Products under the Agreement.

The Consideration will be paid by the Group from its internal resources. The Consideration was arrived at after arm's length negotiations between Weifang Comchem and Afinitica on normal commercial terms. The Consideration was determined with reference to the following factors for researching and developing the Know-how:

a) it is estimated that ten technicians are necessary in conducting the related research;
b) the annual costs of hiring ten technicians in conducting the related research is estimated to be RMB700,000 (equivalent to HK$873,600 per year);
c) the time required for developing the Know-how is expected to take five years; and
d) costs of materials required.

During the Board meeting for approving the Transactions, the Directors (including the independent non-executive Directors) considered that the Consideration was fair and reasonable as it was estimated that the total costs for researching and developing the Know-how for manufacturing the Manufacturing Products taking into account of the above factors shall exceed EUR600,000. The Directors (including the independent non-executive Directors) therefore consider that the Transactions and the terms of the Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

ANNUAL CAPS FOR THE SUPPLY OF THE MANUFACTURING PRODUCTS

The Group did not have any previous sale transactions with Afinitica.

The annual caps for the supply of the Manufacturing Products under the Agreement have been determined by reference to:

a) the estimated quantity of the Manufacturing products to be supplied annually by Weifang Comchem to Afinitica having regard to the business strategy of the Group;
b) the Reference Price List; and
c) the economic climate and its effects on the PRC fine chemical products industry.

When making reference to the Reference Price List, the type of Manufacturing Products with the highest unit price was selected for calculating the annual caps.

Based on the above, the annual caps for the supply of the Manufacturing Products by Weifang Comchem to Afinitica under the Agreement are therefore as follows:

Financial year/period ending	Annual Cap
31 December 2015	Nil
31 December 2016	EUR1,829,000 (equivalent to approximately HK$15,025,000)
31 December 2017	EUR4,571,000 (equivalent to approximately HK$37,551,000)
13 April 2018	EUR5,486,000 (equivalent to approximately HK$45,068,000)

The Directors (including the independent non-executive Directors) are of the view that the annual caps above for the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPROVAL OF THE BOARD

The board has approved the Transactions. None of the Directors has material interests in the Transactions contemplated under the Agreement. Therefore, no Director is required to abstain from voting on the resolutions of the Board approving the Transactions contemplated under the Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Know-how to be provided by Afinitica to Weifang Comchem under the Agreement contains the know-how in marketing the Manufacturing Products in the PRC, and in manufacturing the Manufacturing Products which are adhesives that are highly marketable and valuable within the market. Through the Know-how and technical assistance provided by Afinitica under the Agreement, Weifang Comchem will be able to freely manufacture, market, distribute and/or sell the Manufacturing Products to any other parties including but not limited to Afinitca. Having taken into account the factors set out above in researching and developing the Know-how, the Directors also believe that it would be beneficial to the Company and the Shareholders as a whole to enter into the Agreement and make use of the Know-how and technical services provided by Afinitica in manufacturing the Manufacturing Products.

The Directors (including the independent non-executive Directors) confirmed 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 Henkel Hong Kong is a substantial shareholder of the JV Company and Henkel AG is a substantial shareholder of Afinitica, Afinitica is therefore a connected person of the Company at subsidiary level. The Transactions therefore constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. Since (1) Afinitica is a connected person of the Company at subsidiary level, (2) the Board has approved the Transactions and (3) the terms of the Transactions are fair and reasonable and on normal commercial terms or better, the Transactions are exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules and will only be subject to announcement and reporting requirements under Chapter 14A of the Listing Rules.

The Company will comply with the continuing obligations under Chapter 14A of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time and will re-comply with the applicable Listing Rules in the event that any of the annual caps set out above is exceeded or when there is a material change to the terms of any of the Agreement pursuant to Rule 14A.54 of the Listing Rules.

DEFINITIONS

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

"Afinitica"	Afinitica Technologies SL, a company incorporated in Spain
"Agreement"	the toll manufacturing supply agreement dated 14 April 2015 and entered into between Weifang Comchem and Afinitica in relation to the manufacture and supply of the Manufacturing Products by Weifang Comchem to Afinitica and the provision of the Know-how and technical services by Afinitica to Weifang Comchem
"associate"	has the meaning ascribed to this term under the Lisitng Rules

“Board”	the board of Directors
“Company”	Tiande Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“EUR”	Euros, the lawful currency of the eurozone
“Group”	the Company and its subsidiaries from to time
“Henkel AG	Henkel AG & Co. KGaA, a company incorporated in Germany with limited liability and an associate of Henkel Hong Kong
“Henkel Hong Kong”	Henkel Hong Kong Holding Limited, a company incorporated in Hong Kong with limited liability
“HK$”	Hong Kong dollars, the lawful currency of Hong Kong
“JV Company”	Dekel Investment Holdings Limited, a company incorporated in Hong Kong with limited liability, 55% and 45% of the entire issued share capital of which are held by the Company and Henkel Hong Kong respectively
“Know-how”	the chemical formulae for manufacturing the Manufacturing Products
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manufacturing Products	the types of adhesives products which Weifang Comchem shall manufacture for Afinitica and to be supplied to Afinitica at the discretion of Weifang Comchem.
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Reference Price List”	the range of reference prices of the Manufacturing Products as listed in the Agreement
“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)
"Transactions"	the supply of the Manufacturing Products by Weifang Comchem to Afinitica and the provision of the Know-how and technical services by Afinitica to Weifang Comchem subject to and upon the terms of the Agreement
"Weifang Comchem"	Weifang Common Chem Co. Ltd, a company established in the PRC and a wholly-owned subsidiary of the Company.

For the purpose of this announcement, amount denominated in:

a) EUR has been translated (for information only) into HK$ using the exchange rate of EUR1.00 = HK$8.215.
b) RMB has been translated (for information only) into HK$ using the exchange rate of RMB1.00 = HK$1.248.

By order of the Board of
Tiande Chemical Holdings Limited
Liu Hongliang
Chairman

Hong Kong, 14 April 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.