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

PRICING BASIS

Reference is made to the announcement of the Company dated 6 December 2013 and 2 September 2015 (the "**Announcements**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Company wish to provide further information on the unit prices of the Products supplied and to be supplied to Henkel Group under the Framework Supply Agreement.

PRICING BASIS

The pricing of the Products supplied and to be supplied under the Framework Supply Agreement are divided into two categories, namely (i) Products with agreed price and (ii) Products with variable price.

For certain Products with agreed price, the range of the agreed price set out in the Price List during the term of the Framework Supply Agreement is from USD 3.13 to USD 3.56 per kg.

The unit prices of the Products set out under the Price List were determined based on the fair market value at the time of entering into the Framework Supply Agreement with reference to:

a) Historical unit prices of the Products supplied by the Group to Henkel Group;

b) Average unit prices of Products supplied by the Group for the past 12 months to third parties who are independent of the Company and are not connected persons of the Company;

c) The anticipated trend of the price of raw materials for manufacturing the Products from 2014 to 2016;

d) The quantity of Products expected to be purchased by Henkel Group during the term of the Framework Supply Agreement; and

e) Market value of products of similar type and quality available in the market at the time of entering into the Framework Supply Agreement.

In entering into the Framework Supply Agreement, the general manager/deputy general manager of the Company is responsible for negotiating with Henkel Group and determining the unit prices in the Price List. The Price List is updated every three years upon expiry of the term of the Framework Supply Agreement.

For certain Products with variable price, the unit prices were not agreed and set out in the Price List, and shall be determined at the time when purchase orders are placed, and on terms no less favourable to the Group than those available to independent third parties with reference to:

a) Market price of products of similar type and quality supplied to third parties who are independent of the Company and are not connected persons of the Company;

b) Target profit margin for the Group for such Products with reference to anticipated trend of the price of raw materials for manufacturing such Products;

c) The quantity of such Products to be purchased by Henkel Group under the purchase orders and their credit history; and

d) Price of such Products offered by the competitors of the Group within the market.

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

Hong Kong, 22 September 2015

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