Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

DISCLOSEABLE TRANSACTION: ACQUISITION OF 100% EQUITY INTERESTS IN THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 30 August 2016 (after trading hours), Shanghai Dehong, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendors, pursuant to which Shanghai Dehong agreed to purchase, and the Vendors agreed to sell, 100% equity interests in the Target Company but excluding the Excluded Property at the Consideration of RMB38,579,970, subject to the Adjustment.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

As of the date of this announcement, the Target Company is principally engaged in the new pharmaceutical products research and development, 1,1-Cyclohexanediacetic acid mono amide (CAM) production, chemical products (except hazardous chemicals) sales, import and export of various commodities and technologies (except those that are restricted for sales or export by the PRC government authorities).

LISTING RULES IMPLICATION

As the applicable percentage ratios in respect of the Acquisition are more than 5% but less than 25%, the Equity Transfer Agreement and the Acquisition contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 30 August 2016 (after trading hours), Shanghai Dehong, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendors, pursuant to which Shanghai Dehong agreed to purchase, and the Vendors agreed to sell, 100% equity interests in the Target Company but excluding the Excluded Property at a consideration of RMB38,579,970, subject to the Adjustment.

THE ACQUISITION

The Equity Transfer Agreement

Date:

30 August 2016

Parties:

(i) Shanghai Dehong, as purchaser; and
(ii) Mr. Li and Ms. Zhang, as vendors.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Vendors are Independent Third Parties.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, Shanghai Dehong agreed to purchase, and the Vendors agreed to sell, 100% equity interests but excluding the Excluded Property in the Target Company.

Condition precedents (the “Conditions”)

Completion will be conditional upon the following Conditions having been fulfilled:

(1) the passing of resolutions by the equity owners of the Target Company approving the Equity Transfer Agreement and the Acquisition contemplated thereunder;

(2) the Seizures having been discharged, released or settled;

(3) all Outstanding Litigations having been resolved to the satisfaction of Shanghai Dehong;

(4) all mortgages over the properties of the Target Company having been released, discharged or settled.

In the event that the Conditions are not fulfilled by 30 September 2016, the Vendors will be liable to pay liquidated damages to Shanghai Dehong of RMB30,000 per day until the Conditions are fulfilled. Shanghai Dehong is entitled to deduct such liquidated damages from the Consideration directly.

Consideration

The Consideration for the Acquisition is RMB38,579,970, which shall be subject to the Adjustment and paid in cash in the following manner:

1. the Deposit in the sum of RMB30,000,000 to be paid upon the execution of the Equity Transfer Agreement;

2. two-thirds (2/3) of remaining Adjusted Consideration to be paid within 30 days after the Conditions having been fulfilled;

3. one-thirds (1/3) of the remaining Adjusted Consideration to be paid within 3 months after the Conditions having been fulfilled.

The Consideration will be financed by the Group's internal resources.

Adjustment

The Consideration shall be adjusted in accordance with the Audited Report by the following formula:

Adjusted Consideration =	Consideration PLUS/LESS any changes in assets PLUS/LESS any changes in liabilities

Basis of the consideration

The Consideration was determined after arm's length negotiations between the parties with references to the net assets value of the Target Company (excluding the Excluded Property) as at 31 March 2016 and being 2.8 times thereof as finally agreed before Adjustment. The Directors are of the view that the Consideration for the Acquisition is fair and reasonable.

Refund of Deposit

In the event that the Vendors are in breach of any of the following event(s), the Vendors shall refund the Deposit to the Shanghai Dehong and the Vendors shall be liable to pay damages of RMB10,000,000 to Shanghai Dehong:-

(1) During the Transition Period, the Vendors shall ensure the Target Company maintain its usual ordinary course of business and continue to perform its obligations under all important contracts, collect account receivables, keep the books, records and accounts in accordance with all applicable accounting rules and regulations in the PRC and shall not change its current accounting standards, accounting, financial or tax treatment or rules.

(2) During the Transition Period, the Vendors shall not transfer or pledge any of their equity interests in the Target Company, except with the prior written consent of Shanghai Dehong. The Vendors or Shanghai Dehong shall not assign or transfer any rights, benefits or obligations contemplated under the Equity Transfer Agreement to any third party.

(3) During the Transition Period, the Vendors shall actively maintain the equipment and facilities of the Target Company to ensure that there will be no significant impairment of existing assets of the Target Company. In the event that there is any impact on the value of the equity interests of the Target Company or there is incident that adversely impact the operations of the Target Company, the Vendors shall notify Shanghai Dehong within 1 day.

(4) During the Transition Period, the Vendors shall not transfer or sell any assets or business of the Target Company, shall not create any encumbrances on or cause the loss of value in the major asset of the Target Company, or lease or dispose of the major asset or business of the Target Company.

(5) During the Transition Period, the Vendors shall not conduct any acts or make any speech that adversely affects the Target Company.

Completion

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the main board of the Stock Exchange. The Company is an investment holding company. The principal business of the Group includes research and development, manufacture and sale of fine chemical products, which is broadly categorised into four major product groups, namely the cyanide and its derivative products, the alcohol products, the chloroacetic acid and its derivative products and other chemical products.

Shanghai Dehong is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company principally engaged in research and development, and sales of fine chemical products business.

INFORMATION ON THE TARGET COMPANY

As of the date of this announcement, the Target Company is principally engaged in the new pharmaceutical products research and development, 1,1-Cyclohexanediacetic acid mono amide (CAM) production, chemical products (except hazardous chemicals) sales, import and export of various commodities and technologies (except those that are restricted for sales or export by the PRC government authorities).

Financial information about the Target Company

For the year ended 31 December (Unaudited)				As at 31 March 2016 (Latest management accounts)*
2014		2015		
Net loss before taxation (RMB)	**Net loss after taxation (RMB)**	**Net profit before taxation (RMB)**	**Net profit after taxation (RMB)**	**Net Assets value (RMB)**
4,503,088	4,503,088	3,156,380	3,156,380	13,561,531

* Excluding the Excluded Property

REASONS FOR THE ACQUISITION

The Group stays put with its business strategy to sustain its business development by diversifying its products portfolios and developing downstream businesses with an aim to expand its products chain. The Acquisition would help to further optimise the Company's business strategy and increase the Group's revenue and market share.

Accordingly, the Directors consider that the Acquisition is carried out on normal commercial terms which are fair and reasonable and is in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratios in respect of the Acquisition are more than 5% but less than 25%, the Equity Transfer Agreement and the Acquisition contemplated thereunder constitute a discloseable transaction for the Company, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"**Acquisition**"	the acquisition of 100% equity interests in the Target Company but excluding the Excluded Property as contemplated under the Equity Transfer Agreement
"Adjusted Consideration"	the Consideration after taking into account the Adjustment
"Adjustment"	the adjustment to the Consideration as further particularised in the paragraph headed "Adjustment" in this announcement
"**Audited Report**"	the due diligence report on the Target Company as at 30 August 2016 to be prepared by the independent auditor engaged by Shanghai Dehong
"**Board**"	the board of Directors

“**Company**”	Tiande Chemical Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the main board of the Stock Exchange (stock code: 609)
“Completion”	completion of the Equity Transfer Agreement
“**connected person(s)**”	has the meaning ascribed to it under the Listing Rules
“**Consideration**”	RMB38,579,970 subject to the Adjustment
“Deposit”	a sum of RMB30,000,000 as part of the Consideration to be paid to the Vendors
“**Directors**”	directors of the Company
“**Equity Transfer Agreement**”	the equity transfer agreement dated 30 August 2016 entered into between the Vendors and Shanghai Dehong with respect to the Acquisition
“**Excluded Property**”	the real estate development named 時代花園 (Shidai Garden) developed by 連雲港金開置業有限公司 (Lianyungang Jinkai Properties Limited) and situated at Lingang Industry Zone, Yanweigang Town, Guanyun County, Lianyungang, Jiangsu Province, the PRC which the Target Company is acquiring and paid a deposit amount of RMB3,000,000 for acquisition as at 31 March 2016
“**Group**”	the Company and its subsidiaries
“HK$”	Hong Kong dollars, the lawful currency of Hong Kong
“**Hong Kong**”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	an individual or a company who is not connected with (within the meaning of the Listing Rules) the directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
“**Listing Rules**”	the Rules Governing the Listing of Securities on the Stock Exchange
“**Mr. Li**”	李春曉 (Li Chunxiao), the spouse of Ms. Zhang
“**Ms. Zhang”**	張莉 (Zhang Li), the spouse of Mr. Li
“Outstanding Litigations”	those outstanding litigations in relating to the Seizures involving Mr. Li and/or the Target Company as defendants which have not been resolved or settled before Completion

"**PRC**"	the People's Republic of China
"**RMB**"	Renminbi, the lawful currency of the PRC
"Seizures"	the seizures of properties by certain PRC courts over the assets of the Target Company as a result of the Outstanding Litigations
"**Shanghai Dehong**"	Shanghai Dehong Chemical Company Limited (上海德弘化工有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"**Shareholder(s)**"	holder(s) of the Share(s)
"**Share(s)**"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Target Company**"	江蘇春曉醫藥化工科技有限公司 (Jiang Su Chun Xiao Chemical Company Limited), a company established in the PRC with limited liability whose equity interests are owned as to 90% by Mr. Li and 10% by Ms. Zhang
"**Transition Period**"	upon the parties entered into the Equity Transfer Agreement and before the Acquisition having been duly completed in accordance with all applicable laws and regulations in the PRC and all necessary consents, approvals, permits and/or authorisations in respect of Acquisition having been obtained
"Vendors"	Mr. Li and Ms. Zhang
"%"	per cent.

By order of the Board
Tiande Chemical Holdings Limited
Gao Feng
Chairman

Hong Kong, 30 August 2016

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