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 AND CONNECTED TRANSACTION ACQUISITION OF 45% EQUITY INTERESTS IN DEKEL INVESTMENT HOLDINGS LIMITED

THE ACQUISITION

The Seller, the Company and Dekel entered into the Agreement on 30 June 2017 (after trading hours) pursuant to which the Seller has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Shares, representing 45% of the issued share capital of Dekel for the Consideration.

As at the date of this announcement, Dekel is owned as to 55% by the Company and as to 45% by the Seller. Following Completion, Dekel will become a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but does not require Shareholders' approval.

As at the date of this announcement, Dekel is owned as to 55% by the Company and as to 45% by the Seller. As such, the Seller is a connected person of the Company at subsidiary level and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board (including the independent non-executive Directors) has considered, confirmed and approved that the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Acquisition as a connected transaction of the Company is only subject to the reporting and announcement, but is exempt from the circular and independent shareholders' approval requirements.

As the Acquisition is subject to certain conditions precedent under the Agreement, it may or may not become unconditional or be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE ACQUISITION

The Board is pleased to announce that on 30 June 2017 (after trading hours), the Company, the Seller and Dekel entered into the Agreement, pursuant to which the Seller has conditionally agreed to sell and the Company has agreed to purchase the Sale Shares, representing 45% of the allotted and issued share capital of Dekel for the Consideration.

As at the date of this announcement, Dekel is owned as to 55% by the Company and as to 45% by the Seller. Following Completion, Dekel will become a wholly-owned subsidiary of the Company.

THE AGREEMENT

Principal terms of the Agreement

Date : 30 June 2017

Parties : (1) the Company as purchaser;
(2) the Seller as seller; and
(3) Dekel.

Assets to be acquired

Pursuant to the Agreement, the Seller has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Shares, representing 45% of the allotted and issued share capital of Dekel.

Consideration

Pursuant to the Agreement, the Consideration shall be satisfied by the Company's transfer of immediately available funds in HK$ for the same value to the Seller's designated bank account.

Basis of the Consideration

The Consideration for the Acquisition was arrived at after arm's length negotiation between the parties after taking into account, among other things, (i) the capital contribution made by the Seller to Dekel; (ii) the audited net book value as at 31 December 2016 of Dekel; (iii) the improvement of track records of Dekel in terms of revenue recently; (iv) know-how and technique on production of CA Monomer and the intellectual property rights licensed by Henkel AG; and (v) the business development and future prospects of Dekel.

The Consideration will be funded by using the Group's available internal resources.

Conditions precedent

It shall be the Conditions Precedent of Completion that prior thereto (i) all necessary consents, approvals, permits, or authorisations (as the case may be) for the execution, implementation and completion of the Agreement by the Seller and the Company having been obtained pursuant to applicable laws, regulations or rules and their respective constitutional documents, and all such consents, approvals, permits and authorisations not having been revoked or withdrawn at any time before Completion; and (ii) Dekel's bank account having been closed in accordance with the terms of the Agreement.

The Company and the Seller undertook to make all reasonable efforts to achieve satisfaction of the Conditions Precedent.

If the Conditions Precedent have not been fulfilled or waived jointly by the parties (as the case may be) by the Long Stop Date, the Agreement shall automatically terminate with immediate effect. Each party's further rights and obligations shall cease immediately on termination, save for a party's accrued rights and obligations at the date of termination.

Completion

Completion of the Agreement shall take place on the fifth (5th) business day after the Conditions Precedent are fulfilled (or otherwise waived by the Seller and/or the Company) or such other date as the Company and the Seller may agree in writing.

Following Completion, Dekel will become a wholly-owned subsidiary of the Company.

REASONS FOR THE ACQUISITION

As at the date of this announcement, Dekel is owned as to 55% and 45% by the Company and the Seller respectively. Following Completion, Dekel will become a wholly-owned subsidiary of the Company. The Group will thereby gain full control of Dekel, which will improve the management and operational efficiency of Dekel as well as the Group in developing business strategies and implementing business decisions, thereby enhancing the Group's competitiveness.

The change in market condition in the demand for ECYA has also prompted the necessity of acquiring Dekel for the Group's long-term development. In the past, around 90% of the ECYA produced by the Group was used by downstream manufacturers for production of adhesives. However, the market trend has shown a shift of demand for raw materials from ECYA to CA Monomer by those manufacturers for saving production costs. Therefore, the Group must expand its CA Monomer production business to adapt to the market trend. Since the Group is the sole supplier of the essential raw materials of ECYA in Dekel's production of CA Monomer, the Acquisition can ensure the Group's sustainable business development.

The Group will also be able to rapidly expand its CA Monomer production business building on Dekel's existing clientele.

Upon Completion, Dekel will retain the license of certain intellectual property rights owned by the Seller in the production of CA Monomer. The Group will therefore save its costs and efforts on research and development.

The Board has approved the Agreement and the transactions contemplated thereunder. The Directors, including the independent non-executive Directors, are of the opinion that the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have a material interest in the transactions contemplated under the Agreement. As such, no Directors are required to abstain from voting on the board meeting to approve the transactions contemplated under the Agreement.

INFORMATION ABOUT DEKEL

Dekel is a company incorporated in Hong Kong with limited liability and is owned as to 55% and 45% by the Company and the Seller respectively. Dekel was the sole shareholder of a wholly foreign-owned enterprise established under the laws of the PRC which engages in the business of manufacture, marketing and sale of CA Monomer for industrial use.

Financial information of Dekel

Set out below is the financial information of Dekel extracted from its Audited Accounts:

	For the year ended 31 December 2015	**For the year ended 31 December 2016**
	RMB	*RMB*
Net loss before taxation	17,010,288	16,191,142
Net loss after taxation	12,656,513	12,243,216
Total assets value	145,218,542	151,338,584
Net assets value	58,536,560	42,900,570

INFORMATION OF THE SELLER

The Seller is an indirect subsidiary of Henkel AG and serves as a holding company for certain subsidiaries of Henkel Group in Hong Kong and the PRC. Henkel Group operates worldwide with leading brands and technologies in three business areas: laundry and home care, cosmetics/toiletries and adhesive technologies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement and with the exception of the Seller's interests in Dekel as disclosed, the Seller and its ultimate beneficial owners are Independent Third Parties not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates. None of the Directors of the Company have any interest in the Acquisition.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but does not require Shareholders' approval.

As at the date of this announcement, Dekel is owned as to 55% by the Company and as to 45% by the Seller. As such, the Seller is a connected person of the Company at subsidiary level and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board (including the independent non-executive Directors) has considered, confirmed and approved that the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Acquisition as a connected transaction of the Company is only subject to the reporting and announcement, but is exempt from the circular and independent shareholders' approval requirements.

DEFINITIONS

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

"Acquisition"	the acquisition of the Sale Shares by the Company from the Seller in accordance with the Agreement;
"Agreement"	the agreement entered into between the Company, the Seller and Dekel on 30 June 2017;
"Audited Accounts"	the audited accounts of Dekel for the year ended 31 December 2016;
"associate"	has the meaning ascribed to this term under the Listing Rules;
"Board"	the board of Directors;
"business day"	a day (other than Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks are generally open in Hong Kong for general banking business throughout their normal business hours;
"Company"	Tiande Chemical Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands whose Shares are listed and traded on the Main Board of the Stock Exchange (Stock code: 00609);
"Completion"	completion of the Agreement;
"Conditions Precedent"	the conditions precedent to the Completion;
"connected person"	has the meaning ascribed to this term under the Listing Rules;
"Consideration"	the consideration of HK$35,000,000 payable by the Company to the Seller for the Acquisition in accordance with the Agreement;

“CA Monomer”	bulk cyanoacrylate monomer;
“Dekel”	Dekel Investment Holdings Limited, a company incorporated in Hong Kong with limited liability;
“Directors”	the directors of the Company;
“ECYA”	an acronym for ethyl cyanoacetate
“Group”	the Company and its subsidiaries;
“Henkel AG”	Henkel AG & Co. KGaA, a company incorporated in Germany with limited liability and an associate of Henkel Hong Kong;
“Henkel Group”	Henkel AG and its subsidiaries including Henkel Hong Kong
“**HK$**”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party”	a person(s) or company(ies) who or which is or are independent of, and not connected with, any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	the ninetieth (90th) business day after the date of the Agreement or such other date as the Company and the Seller may agree in writing
“Sale Shares”	90 ordinary issued shares in Dekel, representing 45% of the allotted and issued share capital of Dekel;
“**Seller**”	Henkel Hong Kong Holding Limited, a company incorporated in Hong Kong with limited liability;
“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;
“subsidiary”	has the meaning ascribed to this term under the Listing Rules;
“%”	per cent.

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

Hong Kong, 30 June 2017

As at the date of this announcement, the Board comprises seven Directors, including four executive Directors, namely, Mr. Gao Feng, Mr. Guo Xitian, Mr. Sun Zhenmin, Mr. Wang Zijiang; and three independent non-executive Directors, namely, Mr. Gao Baoyu, Mr. Leung Kam Wan, and Mr. Liu Chenguang.